

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 93

Introduced by Slama, 1.

Read first time January 06, 2023

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to insurance; to amend sections 44-319.02,
2 44-319.03, 44-319.06, and 44-3308, Reissue Revised Statutes of
3 Nebraska; to change provisions relating to security deposits
4 required to be deposited by insurers with the Department of
5 Insurance; to harmonize provisions; and to repeal the original
6 sections.

7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 44-319.02, Reissue Revised Statutes of Nebraska,
2 is amended to read:

3 44-319.02 Every domestic insurer hereafter organized to transact the
4 business of insurance in this state shall deposit and continually
5 maintain with the Department of Insurance eligible securities for the
6 benefit of all of its policyholders or policyholders and creditors in the
7 United States in the amount of one hundred thousand dollars.

8 Sec. 2. Section 44-319.03, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 44-319.03 Every domestic assessment association hereafter organized
11 to transact the business of insurance in this state, except (1) health
12 and accident assessment associations and (2) assessment associations
13 organized primarily to write insurance coverage on farm properties
14 against the perils of fire, lightning, windstorm, and hail, shall deposit
15 with the Department of Insurance eligible securities for the benefit of
16 all of its policyholders or policyholders and creditors in the United
17 States equal to one-fifth of the minimum surplus funds required of
18 domestic mutual insurance companies licensed to write the same kind or
19 kinds of insurance.

20 Sec. 3. Section 44-319.06, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 44-319.06 No foreign insurer or assessment association now or
23 hereafter authorized to do business in this state shall henceforth
24 transact such business unless it shall deposit and continually maintain
25 with the Department of Insurance or with the proper official of some one
26 state of the United States designated by law to accept such deposit,
27 eligible securities in the amount of not less than one hundred thousand
28 dollars for the benefit of all of its policyholders or policyholders and
29 creditors in the United States.

30 Sec. 4. Section 44-3308, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 44-3308 (1) An insurer whose purposes according to its articles of
2 incorporation are restricted to transacting legal expense insurance and
3 business reasonably related thereto shall deposit with the director
4 securities eligible for deposit by an insurance company, which shall have
5 at all times a market value of not less than one hundred fifty thousand
6 dollars, or as provided by subsection (7) of this section. A deposit
7 under this section shall be held to assure the faithful performance of
8 the insurer's obligations to its policyholders or policyholders and
9 creditors.

10 (2) In lieu of any deposit of securities required under subsection
11 (1) of this section, the insurer may file with the director a surety bond
12 in the amount of one hundred fifty thousand dollars, or as provided by
13 subsection (7) of this section. The bond shall be one issued by an
14 insurance company authorized to do business in the State of Nebraska. The
15 bond shall be for the same purposes as the deposit in lieu of which it is
16 filed, and it shall be subject to the director's approval. No such bond
17 shall be canceled or subject to cancellation unless at least thirty days'
18 advance notice thereof, in writing, is filed with the director.

19 (3) Securities or bond posted by the insurer pursuant to subsection
20 (1) or (2) of this section shall be for the benefit of and subject to
21 action thereon in the event of insolvency of the insurer by any person or
22 persons sustaining an actionable injury due to the failure of the insurer
23 to faithfully perform its obligations to its policyholders or
24 policyholders and creditors.

25 (4) The State of Nebraska shall be responsible for the safekeeping
26 of all securities deposited with the director under this section. The
27 securities shall not, on account of being in this state, be subject to
28 taxation.

29 (5) The depositing insurer shall, during its solvency, have the
30 right to exchange or substitute other securities of a like quality and
31 value for securities on deposit, to receive the interest and other income

1 accruing on such securities, and to inspect the deposit at all reasonable
2 times.

3 (6) The deposit or bond shall be maintained unimpaired as long as
4 the insurer continues in business in this state. Whenever the insurer
5 ceases to do business and furnishes to the director proof satisfactory to
6 the director that the insurer adequately provided for all of its
7 obligations to its policyholders, creditors, or contract holders in this
8 state, the director shall release the deposited securities to the parties
9 entitled thereto, on presentation of the director's receipts for such
10 securities, or shall release any bond filed with it in lieu of such
11 deposit.

12 (7) The director may reduce the minimum market value of securities
13 required under subsection (1) of this section or the amount of the surety
14 bond required under subsection (2) of this section if he or she finds
15 that the reduction is justified by:

16 (a) The terms and number of existing contracts with subscribers;

17 (b) Support by financially sound public or private organizations or
18 agencies;

19 (c) Agreements with lawyers or paralegal personnel for the providing
20 of legal services;

21 (d) Agreements with other persons for insuring the payment of the
22 cost of legal services or the provision for alternative coverage in the
23 event the insurer is unable to perform its obligations; or

24 (e) Other reliable financial guarantees.

25 (8) No part of the securities or bond to be filed under this section
26 shall be supplied directly or indirectly by dues payments made for the
27 purpose of meeting requirements to practice a profession.

28 Sec. 5. Original sections 44-319.02, 44-319.03, 44-319.06, and
29 44-3308, Reissue Revised Statutes of Nebraska, are repealed.