

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 198

FINAL READING

Introduced by Williams, 36.

Read first time January 13, 2015

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to insurance; to amend sections 44-3904,
- 2 44-3909, 44-4049, 44-4054, and 44-4055, Reissue Revised Statutes of
- 3 Nebraska; to change prelicensing and continuing education
- 4 requirements; to define terms; to authorize licenses for limited
- 5 line pre-need funeral insurance; to harmonize provisions; and to
- 6 repeal the original sections.
- 7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 44-3904, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 44-3904 (1)(a)(i) Licensees qualified to solicit property and
4 casualty insurance shall be required to complete twenty-one hours of
5 approved continuing education activities in each two-year period
6 commencing before January 1, 2010. Licensees qualified to solicit life,
7 accident and health or sickness, property, casualty, or personal lines
8 property and casualty insurance shall be required to complete six hours
9 of approved continuing education activities for each line of insurance,
10 including each miscellaneous line, in which he or she is licensed in each
11 two-year period commencing before January 1, 2010. Licensees qualified to
12 solicit life, accident and health or sickness, property, casualty, or
13 personal lines property and casualty insurance shall be required to
14 complete twenty-one hours of approved continuing education activities in
15 each two-year period commencing on or after January 1, 2010.

16 (ii) Licensees qualified to solicit only crop insurance shall be
17 required to complete three hours of approved continuing education
18 activities in each two-year period.

19 (iii) Licensees qualified to solicit only limited line pre-need
20 funeral insurance shall be required to complete (A) three hours of
21 approved continuing education activities in each two-year period if such
22 licensee holds a license as a funeral director and embalmer under the
23 Funeral Directing and Embalming Practice Act or (B) six hours of approved
24 continuing education activities in each two-year period if such licensee
25 does not hold a license as a funeral director and embalmer under the
26 Funeral Directing and Embalming Practice Act.

27 (iv ~~iii~~) Licensees qualified to solicit any lines of insurance other
28 than those described in subdivisions (i), (ii), and (iii) and ~~(ii)~~ of
29 subdivision (a) of this subsection shall be required to complete six
30 hours of approved continuing education activities in each two-year period
31 for each line of insurance, including each miscellaneous line, in which

1 he or she is licensed. Licensees qualified to solicit variable life and
2 variable annuity products shall not be required to complete additional
3 continuing education activities because the licensee is qualified to
4 solicit variable life and variable annuity products.

5 (b) Licensees who are not insurance producers shall be required to
6 complete twenty-one hours of approved continuing education activities in
7 each two-year period commencing on or after January 1, 2000.

8 (c) In each two-year period, every licensee shall furnish evidence
9 to the director that he or she has satisfactorily completed the hours of
10 approved continuing education activities required under this subsection
11 for each line of insurance in which he or she is licensed as a resident
12 insurance producer, except that no licensee shall be required to complete
13 more than twenty-four cumulative hours required under this subsection in
14 any two-year period commencing on or after January 1, 2000.

15 (d) A licensee shall not repeat a continuing education activity for
16 credit within a two-year period.

17 (2) In each two-year period, licensees required to complete approved
18 continuing education activities under subsection (1) of this section
19 shall, in addition to such activities, be required to complete three
20 hours of approved continuing education activities on insurance industry
21 ethics.

22 (3) When the requirements of this section have been met, the
23 licensee shall furnish to the department evidence of completion for the
24 current two-year period.

25 Sec. 2. Section 44-3909, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 44-3909 Except as otherwise provided by the Insurance Producers
28 Licensing Act, no individual shall be eligible to apply for a license as
29 an insurance producer unless he or she has completed the following
30 prelicensing education requirements:

31 (1) An individual seeking a qualification for a license in the life

1 insurance line shall complete at least six hours of education on
2 insurance industry ethics in addition to fourteen hours of education in
3 the area of life insurance;

4 (2) An individual seeking a qualification for a license in the
5 accident and health or sickness insurance line shall complete at least
6 six hours of education on insurance industry ethics in addition to
7 fourteen hours of education in the area of accident and health or
8 sickness insurance;

9 (3) An individual seeking a qualification for a license in the
10 property insurance line shall complete at least six hours of education on
11 insurance industry ethics in addition to fourteen hours of education in
12 the area of property insurance;

13 (4) An individual seeking a qualification for a license in the
14 casualty insurance line shall complete at least six hours of education on
15 insurance industry ethics in addition to fourteen hours of education in
16 the area of casualty insurance;

17 (5) An individual seeking a qualification for a license in the
18 personal lines property and casualty insurance line shall complete at
19 least six hours of education on insurance industry ethics in addition to
20 fourteen hours of education in the area of personal lines property and
21 casualty insurance;

22 (6) An individual seeking a qualification for a license in the title
23 insurance line shall complete at least six hours of education on
24 insurance industry ethics in addition to six hours of education in the
25 area of title insurance;~~and~~

26 (7) An individual seeking a qualification for a license in the crop
27 insurance line shall complete at least three hours of education on
28 insurance industry ethics in addition to three hours of education in the
29 area of crop insurance; and -

30 (8) An individual seeking a qualification for a license to sell
31 limited line pre-need funeral insurance shall complete at least three

1 hours of education on insurance industry ethics in addition to (a) three
2 hours of education in the area of life insurance if such individual holds
3 a license as a funeral director and embalmer under the Funeral Directing
4 and Embalming Practice Act or (b) five hours of education in the area of
5 life insurance if such individual does not hold a license as a funeral
6 director and embalmer under the Funeral Directing and Embalming Practice
7 Act.

8 Sec. 3. Section 44-4049, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 44-4049 For purposes of the Insurance Producers Licensing Act:

11 (1) Business entity means a corporation, association, partnership,
12 limited liability company, limited liability partnership, or other legal
13 entity;

14 (2) Director means the Director of Insurance;

15 (3) Home state means the state in which an insurance producer
16 maintains his or her principal place of residence or principal place of
17 business and is licensed to act as an insurance producer;

18 (4) Insurance has the same meaning as in section 44-102;

19 (5) Insurance producer or producer has the same meaning as in
20 section 44-103;

21 (6) Insurer has the same meaning as in section 44-103;

22 (7) License means a document issued by the director authorizing a
23 person to act as an insurance producer for the lines of authority
24 specified in the document. The license itself does not create any
25 authority, actual, apparent, or inherent, in the holder to represent or
26 commit an insurer;

27 (8) Limited line credit insurance includes credit life, credit
28 disability, credit property, credit unemployment, involuntary
29 unemployment, mortgage life, mortgage guaranty, mortgage disability,
30 guaranteed automobile protection insurance, and any other form of
31 insurance offered in connection with an extension of credit that is

1 limited to partially or wholly extinguishing that credit obligation that
2 the director determines should be designated a form of limited line
3 credit insurance;

4 (9) Limited line credit insurance producer means a person who sells,
5 solicits, or negotiates one or more forms of limited line credit
6 insurance coverage to individuals through a master, corporate, group, or
7 individual policy;

8 (10) Limited line pre-need funeral insurance means life insurance or
9 a fixed annuity contract purchased by or on behalf of the insured solely
10 to pay the costs of funeral services or funeral service merchandise to be
11 purchased from a funeral home establishment or cemetery;

12 (11) Limited line pre-need funeral insurance producer means a person
13 who sells, solicits, or negotiates limited line pre-need funeral
14 insurance coverage to individuals;

15 (~~12~~ 10) Limited lines insurance means any authority granted by the
16 home state which restricts the authority of the license to less than the
17 total authority prescribed in the associated major lines pursuant to
18 subsection (1) of section 44-4054 or any line of insurance that the
19 director may deem it necessary to recognize for the purposes of complying
20 with subsection (5) of section 44-4055;

21 (~~13~~ 11) Limited lines producer means a person authorized by the
22 director to sell, solicit, or negotiate limited lines insurance;

23 (~~14~~ 12) Negotiate means the act of conferring directly with or
24 offering advice directly to a purchaser or prospective purchaser of a
25 particular contract of insurance concerning any of the substantive
26 benefits, terms, or conditions of the contract, if the person engaged in
27 that act either sells insurance or obtains insurance from insurers for
28 purchasers;

29 (~~15~~ 13) Person means any individual or business entity;

30 (~~16~~ 14) Sell means to exchange a contract of insurance by any means,
31 for money or its equivalent, on behalf of an insurance company;

1 (17 ~~15~~) Solicit means attempting to sell insurance or asking or
2 urging a person to apply for a particular kind of insurance from a
3 particular company;

4 (18 ~~16~~) State means a state of the United States, the District of
5 Columbia, Puerto Rico, the United States Virgin Islands, or any territory
6 or insular possession subject to the jurisdiction of the United States;

7 (19 ~~17~~) Terminate means the cancellation of the relationship between
8 an insurance producer and the insurer or the termination of a producer's
9 authority to transact insurance;

10 (20 ~~18~~) Uniform application means the uniform application as
11 prescribed by the director which conforms substantially to the uniform
12 application for resident and nonresident producer licensing adopted by
13 the National Association of Insurance Commissioners; and

14 (21 ~~19~~) Uniform business entity application means the uniform
15 business entity application as prescribed by the director which conforms
16 substantially to the uniform business entity application for resident and
17 nonresident business entities adopted by the National Association of
18 Insurance Commissioners.

19 Sec. 4. Section 44-4054, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 44-4054 (1) Unless denied licensure pursuant to section 44-4059, a
22 person who has met the requirements of sections 44-4052 and 44-4053 shall
23 be issued an insurance producer license. An insurance producer may
24 receive qualification for a license in one or more of the following lines
25 of authority:

26 (a) Life insurance coverage on human lives, including benefits of
27 endowment and annuities, and may include benefits in the event of death
28 or dismemberment by accident and benefits for disability income;

29 (b) Accident and health or sickness, insurance coverage for
30 sickness, bodily injury, or accidental death and may include benefits for
31 disability income;

1 (c) Property insurance coverage for the direct or consequential loss
2 or damage to property of every kind;

3 (d) Casualty insurance coverage against legal liability, including
4 that for death, injury, or disability or damage to real or personal
5 property;

6 (e) Variable life and variable annuity products, insurance coverage
7 provided under variable life insurance contracts, and variable annuities;

8 (f) Limited line credit insurance;

9 (g) Limited line pre-need funeral insurance;

10 (~~h~~ g) Personal lines property and casualty insurance coverage sold
11 to individuals and families for primarily noncommercial purposes; and

12 (~~i~~ h) Any other line of insurance permitted under Nebraska laws,
13 rules, or regulations.

14 (2) An insurance producer license shall remain in effect unless
15 revoked or suspended if the fee set forth in section 44-4064 is paid and
16 education requirements for resident individual producers are met by the
17 due date.

18 (3) All business entity licenses issued under the Insurance
19 Producers Licensing Act shall expire on April 30 of each year, and all
20 producers licenses shall expire on the last day of the month of the
21 producer's birthday in the first year after issuance in which his or her
22 age is divisible by two. Such producer licenses may be renewed within the
23 ninety-day period before their expiration dates. Business entity and
24 producer licenses also may be renewed within the thirty-day period after
25 their expiration dates upon payment of a late renewal fee as established
26 by the director pursuant to section 44-4064 in addition to the applicable
27 fee otherwise required for renewal of business entity and producer
28 licenses as established by the director pursuant to such section. All
29 business entity and producer licenses renewed within the thirty-day
30 period after their expiration dates pursuant to this subsection shall be
31 deemed to have been renewed before their expiration dates.

1 (4) The director may establish procedures for renewal of licenses by
2 rule and regulation adopted and promulgated pursuant to the
3 Administrative Procedure Act.

4 (5) An individual insurance producer who allows his or her license
5 to lapse may, within twelve months from the due date of the renewal fee,
6 reinstate the same license without the necessity of passing a written
7 examination. Producer licenses reinstated pursuant to this subsection
8 shall be issued only after payment of a reinstatement fee as established
9 by the director pursuant to section 44-4064 in addition to the applicable
10 fee otherwise required for renewal of producer licenses as established by
11 the director pursuant to such section.

12 (6) The director may grant a licensed insurance producer who is
13 unable to comply with license renewal procedures due to military service
14 or some other extenuating circumstance, including, but not limited to, a
15 long-term medical disability, a waiver of those procedures. The director
16 may grant a producer a waiver of any examination requirement or any other
17 fine, fee, or sanction imposed for failure to comply with renewal
18 procedures.

19 (7) The license shall contain the licensee's name, address, and
20 personal identification number, the date of issuance, the lines of
21 authority, the expiration date, and any other information the director
22 deems necessary.

23 (8) Licensees shall inform the director by any means acceptable to
24 the director of a change of legal name or address within thirty days
25 after the change. Any person failing to provide such notification shall
26 be subject to a fine by the director of not more than five hundred
27 dollars per violation, suspension of the person's license until the
28 change of address is reported to the director, or both.

29 (9) The director may contract with nongovernmental entities,
30 including the National Association of Insurance Commissioners or any
31 affiliates or subsidiaries that the National Association of Insurance

1 Commissioners oversees, to perform any ministerial functions, including
2 the collection of fees, related to producer licensing that the director
3 may deem appropriate.

4 Sec. 5. Section 44-4055, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 44-4055 (1) Unless denied licensure pursuant to section 44-4059, a
7 nonresident person shall receive a nonresident insurance producer license
8 if:

9 (a) The person is currently licensed as a resident and in good
10 standing in his or her home state;

11 (b) The person has submitted the proper request for licensure and
12 has paid the fees required by section 44-4064;

13 (c) The person has submitted or transmitted to the director the
14 application for licensure that the person submitted to his or her home
15 state, or in lieu of the same, a completed uniform application; and

16 (d) The person's home state awards nonresident producer licenses to
17 residents of this state on the same basis.

18 (2) The director may verify the insurance producer's licensing
19 status through the producer data base maintained by the National
20 Association of Insurance Commissioners or its affiliates or subsidiaries.

21 (3) A nonresident insurance producer who moves from one state to
22 another state or a resident producer who moves from this state to another
23 state shall file a change of address and provide certification from the
24 new resident state within thirty days of the change of legal residence.
25 No fee or license application is required for the filing of the change of
26 address.

27 (4) Notwithstanding any other provision of the Insurance Producers
28 Licensing Act, a person licensed as a surplus lines insurance producer in
29 his or her home state shall receive a nonresident surplus lines producer
30 license pursuant to subsection (1) of this section. Except as to
31 subsection (1) of this section, nothing in this section otherwise amends

1 or supersedes any provision of the Surplus Lines Insurance Act.

2 (5) Notwithstanding any other provisions of the Insurance Producers
3 Licensing Act, a person licensed as a limited line credit insurance
4 producer, a limited line pre-need funeral insurance producer, or other
5 type of limited lines producer in his or her home state shall receive a
6 nonresident limited lines insurance producer license, pursuant to
7 subsection (1) of this section, granting the same scope of authority as
8 granted under the license issued by the producer's home state.

9 Sec. 6. Original sections 44-3904, 44-3909, 44-4049, 44-4054, and
10 44-4055, Reissue Revised Statutes of Nebraska, are repealed.