

LEGISLATIVE BILL 26

Approved by the Governor June 04, 2019

Introduced by Kolterman, 24.

A BILL FOR AN ACT relating to legal service insurance corporations; to amend sections 44-3302 and 44-3303, Reissue Revised Statutes of Nebraska; to redefine a term; to exclude certain plans from the insurance laws as prescribed; to harmonize provisions; and to repeal the original sections. Be it enacted by the people of the State of Nebraska,

Section 1. Section 44-3302, Reissue Revised Statutes of Nebraska, is amended to read:

44-3302 As used in sections 44-3301 to 44-3327, unless the context otherwise requires:

(1) Director shall mean the Director of Insurance;
(2) Department shall mean the Department of Insurance;
(3) Insurer shall mean any person, as defined in section 49-801, authorized to conduct an insurance business as an insurer in this state, including corporations organized under sections 44-3312 and 44-3313; and

(4) Legal expense insurance shall mean the assumption of a contractual obligation to pay or reimburse for provide specified legal services or ~~to reimburse for specified legal expenses~~, in consideration of a specified payment for an interval of time, regardless of whether the payment is made by the beneficiaries individually or by a third person for them, in such a manner that the total cost incurred by assuming the obligation is to be spread directly or indirectly among a group of persons. Legal expense insurance includes arrangements that create reasonable expectations of enforceable rights, but does not include the provision of or reimbursement for legal services incidental to other insurance coverages. The payment of only an administrative fee to an attorney shall not be considered payment or reimbursement for specified legal services or specified legal expenses for the purposes of this definition.

Sec. 2. Section 44-3303, Reissue Revised Statutes of Nebraska, is amended to read:

44-3303 The insurance laws of this state, including sections 44-3301 to 44-3327, do not apply to:

(1) Retainer contracts made by attorneys at law with individual clients with fees based on estimates of the nature and amount of services to be provided to the specific client and similar contracts made with a group of clients involved in the same or closely related legal matters;

(2) Plans providing no benefits other than consultation and advice in connection with or in combination with referral services;

(3) The furnishing of limited legal assistance on an informal basis, involving neither an express contractual obligation nor reasonable expectations, in the context of an employment, membership, education, or similar relationship;

(4) The furnishing of legal assistance by labor unions and other employee organizations to their members in matters relating to employment or occupation;

(5) Employee welfare benefit plans to the extent that state laws are superseded by Section 514 of the Employee Retirement Income Security Act of 1974; ~~or~~

(6) Automobile club service contracts which supply incidental or limited legal services or reimbursement for legal services in automobile related matters; ~~and -~~

(7) Plans that do not include the assumption of risk or obligation to pay or reimburse for specified legal services or specified legal expenses. The payment of only an administrative fee to an attorney shall not be considered payment or reimbursement for specified legal services or a specified legal expense.

Sec. 3. Original sections 44-3302 and 44-3303, Reissue Revised Statutes of Nebraska, are repealed.