

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 678**

Introduced by Lathrop, 12.

Read first time January 19, 2011

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to insurance; to amend section 44-1525, Reissue  
2 Revised Statutes of Nebraska; to prohibit certain acts or  
3 practices having the effect of discrimination because of  
4 race, creed, national origin, or religion; and to repeal  
5 the original section.  
6 Be it enacted by the people of the State of Nebraska,

1                   Section 1. Section 44-1525, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3                   44-1525 Any of the following acts or practices, if  
4 committed in violation of section 44-1524, shall be unfair trade  
5 practices in the business of insurance:

6                   (1) Making, issuing, circulating, or causing to be made,  
7 issued, or circulated any estimate, illustration, circular,  
8 statement, sales presentation, omission, or comparison which:

9                   (a) Misrepresents the benefits, advantages, conditions,  
10 or terms of any policy;

11                   (b) Misrepresents the dividends or share of the surplus  
12 to be received on any policy;

13                   (c) Makes any false or misleading statements as to the  
14 dividends or share of surplus previously paid on any policy;

15                   (d) Misleads as to or misrepresents the financial  
16 condition of any insurer or the legal reserve system upon which any  
17 life insurer operates;

18                   (e) Uses any name or title of any policy or class of  
19 policies which misrepresents the true nature thereof;

20                   (f) Misrepresents for the purpose of inducing or tending  
21 to induce the purchase, lapse, forfeiture, exchange, conversion, or  
22 surrender of any policy, including intentionally misquoting any  
23 premium rate;

24                   (g) Misrepresents for the purpose of effecting a pledge  
25 or assignment of or effecting a loan against any policy; or

1 (h) Misrepresents any policy as being shares of stock;

2 (2) Making, publishing, disseminating, circulating, or  
3 placing before the public, or causing, directly or indirectly, to be  
4 made, published, disseminated, circulated, or placed before the  
5 public, in a newspaper, magazine, or other publication, or in the  
6 form of a notice, circular, pamphlet, letter, or poster, or over any  
7 radio or television station, or in any other way, an advertisement,  
8 announcement, or statement containing any assertion, representation,  
9 or statement with respect to the business of insurance or with  
10 respect to any insurer in the conduct of his or her insurance  
11 business which is untrue, deceptive, or misleading;

12 (3) Making, publishing, disseminating, or circulating,  
13 directly or indirectly, or aiding, abetting, or encouraging the  
14 making, publishing, disseminating, or circulating of any oral or  
15 written statement or any pamphlet, circular, article, or literature  
16 which is false or maliciously critical of or derogatory to the  
17 financial condition of any insurer and which is calculated to injure  
18 such insurer;

19 (4) Entering into any agreement to commit or by any  
20 concerted action committing any act of boycott, coercion, or  
21 intimidation resulting in or tending to result in unreasonable  
22 restraint of or monopoly in the business of insurance;

23 (5)(a) Knowingly filing with any supervisory or other  
24 public official, or knowingly making, publishing, disseminating,  
25 circulating, or delivering to any person, or placing before the

1 public, or knowingly causing, directly or indirectly, to be made,  
2 published, disseminated, circulated, delivered to any person, or  
3 placed before the public, any false material statement of fact as to  
4 the financial condition of an insurer; or

5 (b) Knowingly making any false entry of a material fact  
6 in any book, report, or statement of any insurer or knowingly  
7 omitting to make a true entry of any material fact pertaining to the  
8 business of such insurer in any book, report, or statement of such  
9 insurer;

10 (6) Issuing or delivering or permitting agents, officers,  
11 or employees to issue or deliver agency company stock or other  
12 capital stock, or benefit certificates or shares in any common-law  
13 corporation, or securities or any special or advisory board contracts  
14 or other contracts of any kind promising returns and profits as an  
15 inducement to insurance;

16 (7)(a) Making or permitting any unfair discrimination  
17 between individuals of the same class and equal expectation of life  
18 in the rates charged for any life insurance policy or annuity or in  
19 the dividends or other benefits payable thereon or in any other of  
20 the terms and conditions of such policy or annuity;

21 (b) Making or permitting any unfair discrimination  
22 between individuals of the same class involving essentially the same  
23 hazards in the amount of premium, policy fees, or rates charged for  
24 any sickness and accident insurance policy or in the benefits payable  
25 thereunder, in any of the terms or conditions of such policy, or in

1 any other manner, except that this subdivision shall not limit the  
2 negotiation of preferred provider policies and contracts under  
3 sections 44-4101 to 44-4113;

4 (c) Making or permitting any unfair discrimination  
5 between individuals or risks of the same class and of essentially the  
6 same hazards by refusing to issue, refusing to renew, canceling, or  
7 limiting the amount of insurance coverage on a property or casualty  
8 risk because of the geographic location of the risk unless:

9 (i) The refusal, cancellation, or limitation is for a  
10 business purpose which is not a pretext for unfair discrimination; or

11 (ii) The refusal, cancellation, or limitation is required  
12 by law, rule, or regulation;

13 (d) Making or permitting any unfair discrimination  
14 between individuals or risks of the same class and of essentially the  
15 same hazards by refusing to issue, refusing to renew, canceling, or  
16 limiting the amount of insurance coverage on a residential property  
17 risk, or the personal property contained therein, because of the age  
18 of the residential property unless:

19 (i) The refusal, cancellation, or limitation is for a  
20 business purpose which is not a pretext for unfair discrimination; or

21 (ii) The refusal, cancellation, or limitation is required  
22 by law, rule, or regulation;

23 (e) Refusing to insure, refusing to continue to insure,  
24 or limiting the amount of coverage available to an individual solely  
25 because of the sex or marital status of the individual. This

1 subdivision shall not prohibit an insurer from taking marital status  
2 into account for the purpose of defining individuals eligible for  
3 dependent benefits; ~~or~~

4 (f) Terminating or modifying coverage or refusing to  
5 issue or refusing to renew any property or casualty insurance policy  
6 solely because the applicant or insured or any employee of the  
7 applicant or insured is mentally or physically impaired unless:

8 (i) The termination, modification, or refusal is for a  
9 business purpose which is not a pretext for unfair discrimination; or

10 (ii) The termination, modification, or refusal is  
11 required by law, rule, or regulation.

12 This subdivision (f) shall not apply to any sickness and  
13 accident insurance policy sold by a casualty insurer and shall not be  
14 interpreted to modify any other provision of law relating to the  
15 termination, modification, issuance, or renewal of any policy; or

16 (g) Engaging in any act or practice in connection with  
17 the issuance, underwriting, rating, renewal, cancellation, or denial  
18 of or any other action related to a property or casualty insurance  
19 policy in a manner that has the effect of discrimination against any  
20 consumer because of his or her race, creed, national origin, or  
21 religion;

22 (8)(a) Except as otherwise expressly provided by law:

23 (i) Knowingly permitting or offering to make or making  
24 any life insurance policy, annuity, or sickness and accident  
25 insurance policy, or agreement as to any such policy or annuity,

1 other than as plainly expressed in the policy or annuity issued  
2 thereon, or paying, allowing, or giving, or offering to pay, allow,  
3 or give, directly or indirectly, as inducement to such policy or  
4 annuity, any rebate of premiums payable on the policy or annuity, or  
5 any special favor or advantage in the dividends or other benefits  
6 thereon, or any valuable consideration or inducement whatever not  
7 specified in the policy or annuity; or

8 (ii) Giving, selling, purchasing, or offering to give,  
9 sell, or purchase as inducement to such policy or annuity or in  
10 connection therewith any stocks, bonds, or other securities of any  
11 insurer or other corporation, association, partnership, or limited  
12 liability company, or any dividends or profits accrued thereon, or  
13 anything of value not specified in the policy or annuity.

14 (b) Nothing in subdivision (7) or (8)(a) of this section  
15 shall be construed as including within the definition of  
16 discrimination or rebates any of the following acts or practices:

17 (i) In the case of any life insurance policy or annuity,  
18 paying bonuses to policyholders or otherwise abating their premiums  
19 in whole or in part out of surplus accumulated from nonparticipating  
20 insurance if such bonuses or abatement of premiums are fair and  
21 equitable to policyholders and for the best interests of the insurer  
22 and its policyholders;

23 (ii) In the case of life insurance policies issued on the  
24 industrial debit plan, making allowance to policyholders who have  
25 continuously for a specified period made premium payments directly to

1 an office of the insurer in an amount which fairly represents the  
2 saving in collection expenses; or

3 (iii) Readjustment of the rate of premium for a group  
4 insurance policy based on the loss or expense thereunder, at the end  
5 of the first or any subsequent policy year of insurance thereunder,  
6 which may be made retroactive only for such policy year;

7 (9) Failing of any insurer to maintain a complete record  
8 of all the complaints received since the date of its last examination  
9 conducted pursuant to the Insurers Examination Act. This record shall  
10 indicate the total number of complaints, their classification by line  
11 of insurance, the nature of each complaint, the disposition of each  
12 complaint, and the time it took to process each complaint. For  
13 purposes of this subdivision, complaint shall mean any written  
14 communication primarily expressing a grievance;

15 (10) Making false or fraudulent statements or  
16 representations on or relative to an application for a policy for the  
17 purpose of obtaining a fee, commission, money, or other benefit from  
18 any insurer, agent, broker, or individual person;

19 (11) Failing of any insurer, upon receipt of a written  
20 inquiry from the department, to respond to such inquiry or request  
21 additional reasonable time to respond within fifteen working days;

22 (12) Accepting applications for or writing any policy of  
23 insurance sold, negotiated, or solicited by an insurance producer or  
24 business entity not licensed or appointed as required by the  
25 Insurance Producers Licensing Act; and



1                   (13) Violating any provision of section 44-320, 44-348,  
2 44-360, 44-361, 44-369, 44-393, 44-515 to 44-518, 44-522, 44-523,  
3 44-7,101, 44-2132 to 44-2134, 44-3606, 44-4809, 44-4812, 44-4817, or  
4 44-5266, the Privacy of Insurance Consumer Information Act, or the  
5 Unfair Discrimination Against Subjects of Abuse in Insurance Act.

6                   Sec. 2. Original section 44-1525, Reissue Revised  
7 Statutes of Nebraska, is repealed.