

AMENDMENTS TO LB1012

Introduced by Banking, Commerce and Insurance.

1           1. Strike the original sections and insert the following new  
2 sections:

3           Section 1. Section 44-3903, Revised Statutes Cumulative Supplement,  
4 2016, is amended to read:

5           44-3903 Sections 44-3901 to 44-3908 shall not apply to the following  
6 persons:

7           (1) Licensees for whom an examination is not required under the laws  
8 of this state;

9           (2) Licensees who sell or consult only in the areas of credit life  
10 insurance and credit accident and health insurance;

11           (3) Licensees who sell or consult only in the area of travel  
12 insurance; ~~and~~

13           (4) Licensees who sell or consult only in the area of self-service  
14 storage facility insurance pursuant to section 5 of this act; and

15           (5) (4) Licensees holding such limited or restricted licenses as the  
16 director may exempt.

17           Sec. 2. Section 44-3910, Revised Statutes Cumulative Supplement,  
18 2016, is amended to read:

19           44-3910 The prelicensing education requirements of section 44-3909  
20 shall not apply to an individual who, at the time of application for an  
21 insurance producer license:

22           (1) Is applying for qualification for the life insurance line of  
23 authority and has the certified employee benefit specialist designation,  
24 the chartered financial consultant designation, the certified insurance  
25 counselor designation, the certified financial planner designation, the  
26 chartered life underwriter designation, the fellow life management  
27 institute designation, or the Life Underwriter Training Council fellow

1 designation;

2 (2) Is applying for qualification for the accident and health or  
3 sickness insurance line of authority and has the registered health  
4 underwriter designation, the certified employee benefit specialist  
5 designation, the registered employee benefit consultant designation, or  
6 the health insurance associate designation;

7 (3) Is applying for qualification for the property insurance,  
8 casualty insurance, or personal lines property and casualty insurance  
9 line of authority and has the accredited advisor in insurance  
10 designation, the associate in risk management designation, the certified  
11 insurance counselor designation, or the chartered property and casualty  
12 underwriter designation;

13 (4) Is applying for a limited lines travel insurance producer  
14 license pursuant to section 44-4068;

15 (5) Is applying for a limited license for self-service storage  
16 facility insurance pursuant to section 5 of this act;

17 (6) (5) Has a college degree with a concentration in insurance from  
18 an accredited educational institution;

19 (7) (6) Is an individual described in section 44-4056 or 44-4058; or

20 (8) (7) Is a person who the director may exempt pursuant to a rule  
21 or regulation adopted and promulgated pursuant to the Administrative  
22 Procedure Act.

23 Sec. 3. Section 44-4047, Revised Statutes Cumulative Supplement,  
24 2016, is amended to read:

25 44-4047 Sections 44-4047 to 44-4068 and section 5 of this act shall  
26 be known and may be cited as the Insurance Producers Licensing Act.

27 Sec. 4. Section 44-4052, Revised Statutes Cumulative Supplement,  
28 2016, is amended to read:

29 44-4052 (1) A resident individual applying for an insurance producer  
30 license shall pass a written examination unless exempt pursuant to  
31 section 44-4056 or 44-4068 or section 5 of this act. The examination

1 shall test the knowledge of the individual concerning the lines of  
2 authority for which application is made, the duties and responsibilities  
3 of an insurance producer, and the insurance laws, rules, and regulations  
4 of this state. Examinations required by this section shall be developed  
5 and conducted under rules and regulations adopted and promulgated by the  
6 director.

7 (2) The director may make arrangements, including contracting with  
8 an outside testing service, for administering examinations and collecting  
9 the nonrefundable fee set forth in section 44-4064.

10 (3) Each individual applying for an examination shall remit a  
11 nonrefundable fee as prescribed by the director as set forth in section  
12 44-4064.

13 (4) An individual who fails to appear for the examination as  
14 scheduled or fails to pass the examination shall reapply for an  
15 examination and remit all required fees and forms before being  
16 rescheduled for another examination.

17 Sec. 5. (1) The director may issue to the operator of a self-  
18 service storage facility that has complied with this section a limited  
19 license to act as an insurance producer with reference to the kinds of  
20 insurance specified in this section for any insurer authorized to write  
21 such kinds of insurance in this state.

22 (2) An applicant for a limited license shall file with the director:

23 (a) A written application for a limited license, signed by an  
24 officer of the applicant, containing such information as the director  
25 prescribes;

26 (b) A list of all self-service storage facilities at which the  
27 applicant conducts business in this state;

28 (c) On request of the director, a list of all employees of the  
29 applicant who may act on behalf and under the supervision of the  
30 applicant pursuant to this section;

31 (d) A training program which meets the requirements of subsection

1 (9) of this section; and

2 (e) A certificate executed by the insurer, stating that the insurer  
3 will appoint such applicant to act as the insurance producer in reference  
4 to the doing of such kind or kinds of insurance specified in this section  
5 if the limited license applied for is issued by the director. Such  
6 certificate shall be signed by an officer or managing agent of such  
7 insurer.

8 (3) Before a limited license is issued, the applicant shall pay or  
9 cause to be paid to the director an application fee established by the  
10 director, not to exceed one hundred dollars. Before a limited license is  
11 renewed, the limited licensee shall pay or cause to be paid to the  
12 director a renewal fee established by the director, not to exceed one  
13 hundred dollars per year. The renewal fee shall be due on the anniversary  
14 date of the issuance of the limited license.

15 (4) A limited licensee shall provide to the director an updated list  
16 of all self-service storage facilities and of all employees of the  
17 limited licensee who may act on behalf and under the supervision of the  
18 limited licensee. Such list shall be provided to the director quarterly.

19 (5)(a) If any provision of this section or if one or more of the  
20 grounds provided under section 44-4059 is violated by a limited licensee,  
21 the director may, after notice and hearing:

22 (i) Revoke or suspend a limited license issued under this section;

23 (ii) Impose such other penalties, including suspending the  
24 transaction of insurance at specific self-service storage facilities  
25 where violations have occurred, as the director deems to be necessary or  
26 convenient to carry out the purposes of this section; and

27 (iii) Order payment of an administrative fine of not more than one  
28 thousand dollars per violation.

29 (b) An order issued pursuant to this subsection may be appealed, and  
30 the appeal shall be in accordance with the Administrative Procedure Act.

31 (6) A limited licensee may act as an insurance producer for an

1 authorized insurer only in connection with insurance providing coverage  
2 for the loss of, or damage to, tangible personal property that is  
3 contained in storage space or in transit during a rental agreement  
4 period, which may be offered on a month-to-month or other periodic basis  
5 under an individual policy, or as a group, commercial, or master policy  
6 to provide insurance for the self-service storage facility's occupants.

7 (7) No insurance may be issued pursuant to this section unless:

8 (a) The limited licensee provides brochures or other written  
9 materials to the occupant that:

10 (i) Summarize the material terms of the insurance offered by the  
11 limited licensee to occupants, including the identity of the insurer and  
12 any third-party administrator or supervising entity authorized to act on  
13 behalf of the insurer;

14 (ii) Describe the process for filing a claim; and

15 (iii) Contain information on the price, benefits, exclusions,  
16 conditions, or other limitations of such insurance as the director may by  
17 rule and regulation prescribe;

18 (b) The limited licensee makes the following disclosures to the  
19 occupant:

20 (i) That the insurance offered by the limited licensee to occupants  
21 may provide a duplication of coverage already provided by an occupant's  
22 homeowner's insurance policy or by another source of coverage. This  
23 disclosure shall be prominently displayed in the brochure or other  
24 written materials provided to the occupant in at least twelve-point bold  
25 type;

26 (ii) That, if purchased, the insurance offered by the limited  
27 licensee to occupants is primary over any other coverages applicable to  
28 the occupant;

29 (iii) That the purchase by the occupant of any kind of insurance  
30 specified in this section from the limited licensee is not required in  
31 order for the occupant to lease space at a self-service storage facility;

1        (iv) That, if purchased, the insurance offered by the limited  
2 licensee to occupants is not an automobile liability policy and would not  
3 provide compliance with the Motor Vehicle Safety Responsibility Act; and

4        (v) That a limited licensee's employee who is not licensed as an  
5 insurance producer may not evaluate or interpret the technical terms,  
6 benefits, or conditions of the kinds of insurance specified in this  
7 section and may not evaluate or provide advice concerning an occupant's  
8 existing insurance coverage;

9        (c) Evidence of coverage is issued at the time the insurance is  
10 purchased; and

11        (d) Costs for insurance are separately itemized in the rental  
12 agreement or an invoice issued to the occupant.

13        (8) Any limited license issued under this section shall also  
14 authorize any employee of the limited licensee who is trained pursuant to  
15 subsection (9) of this section to act individually on behalf and under  
16 the supervision of the limited licensee with respect to the kinds of  
17 insurance specified in this section.

18        (9) Each limited licensee shall conduct a training program which  
19 shall meet the following minimum standards:

20        (a) Each trainee shall be instructed about the kinds of insurance  
21 specified in this section offered for purchase by occupants;

22        (b) Each trainee shall be instructed that an occupant may have an  
23 insurance policy that already provides the coverage being offered by the  
24 limited licensee pursuant to this section and may not need to purchase  
25 from the limited licensee the insurance specified in this section; and

26        (c) The training program shall be submitted and approved by the  
27 director and shall contain, at a minimum, instructions on the types of  
28 insurance offered, ethical sales practices, and required disclosures to  
29 prospective occupants.

30        (10) All records pertaining to transactions under any limited  
31 license shall be kept available and open to the inspection of the

1 director or his or her representatives at any time with notice and during  
2 business hours. Records shall be maintained for three years following the  
3 completion of transactions under a limited license.

4 (11) Notwithstanding any other provision of this section or rule or  
5 regulation adopted and promulgated by the director, a limited licensee  
6 shall not be required to treat money collected from occupants purchasing  
7 insurance as funds received in a fiduciary capacity, except that the  
8 charges for coverage shall be itemized and be ancillary to a rental  
9 agreement.

10 (12) No limited licensee subject to this section shall:

11 (a) Offer or sell any kind of insurance specified in this section  
12 except in conjunction with and incidental to a rental agreement;

13 (b) Advertise, represent, or otherwise hold itself or any of its  
14 employees out as authorized insurers or licensed insurance producers;

15 (c) Pay its employees any additional compensation, fee, or  
16 commission dependent on the placement of insurance under the limited  
17 license issued pursuant to this section; or

18 (d) Require the purchase of any kind of insurance specified in this  
19 section from the limited licensee as a condition of rental of leased  
20 space at a self-service storage facility.

21 (13) A limited licensee is exempt from the continuing education  
22 requirements in sections 44-3901 to 44-3908, the prelicensing education  
23 requirements in sections 44-3909 to 44-3913, and the examination  
24 requirements in section 44-4052.

25 (14) For purposes of this section:

26 (a) Leased space means the individual storage space at a self-  
27 service storage facility which is rented to an occupant pursuant to a  
28 rental agreement;

29 (b) Limited licensee means an operator of a self-service storage  
30 facility authorized to sell certain kinds of insurance relating to the  
31 use and occupancy of leased space at a self-service storage facility

1 pursuant to this section;

2 (c) Occupant means a person entitled to the use of leased space at a  
3 self-service storage facility under a rental agreement or his or her  
4 successors or assigns;

5 (d) Operator means the owner, operator, lessor, or sublessor of a  
6 self-service storage facility or an agent or any other person authorized  
7 to manage the facility. Operator does not include a warehouseman if the  
8 warehouseman issues a warehouse receipt, bill of lading, or other  
9 document of title for the personal property stored;

10 (e) Personal property means movable property that is not affixed to  
11 land and includes: (i) Goods, wares, merchandise, household items, and  
12 furnishings; (ii) vehicles, motor vehicles, trailers, and semitrailers;  
13 and (iii) watercraft and motorized watercraft; and

14 (f) Rental agreement means any written agreement or lease that  
15 establishes or modifies the terms, conditions, or rules concerning the  
16 use and occupancy of leased space at a self-service storage facility.

17 Sec. 6. This act becomes operative on October 1, 2018.

18 Sec. 7. Original sections 44-3903, 44-3910, 44-4047, and 44-4052,  
19 Revised Statutes Cumulative Supplement, 2016, are repealed.