

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1012

FINAL READING

Introduced by Harr, 8.

Read first time January 16, 2018

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to the Insurance Producers Licensing Act; to
- 2 amend sections 44-3903, 44-4047, and 44-4052, Revised Statutes
- 3 Cumulative Supplement, 2016; to provide procedures and requirements
- 4 for a limited license for self-service storage facility operators to
- 5 act as insurance producers as prescribed; to define terms; to
- 6 harmonize provisions; to provide an operative date; and to repeal
- 7 the original sections.
- 8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 44-3903, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 44-3903 Sections 44-3901 to 44-3908 shall not apply to the following
4 persons:

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

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

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

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

13 (5) (4) Licensees holding such limited or restricted licenses as the
14 director may exempt.

15 Sec. 2. Section 44-4047, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 44-4047 Sections 44-4047 to 44-4068 and section 4 of this act shall
18 be known and may be cited as the Insurance Producers Licensing Act.

19 Sec. 3. Section 44-4052, Revised Statutes Cumulative Supplement,
20 2016, is amended to read:

21 44-4052 (1) A resident individual applying for an insurance producer
22 license shall pass a written examination unless exempt pursuant to
23 section 44-4056 or 44-4068 or section 4 of this act. The examination
24 shall test the knowledge of the individual concerning the lines of
25 authority for which application is made, the duties and responsibilities
26 of an insurance producer, and the insurance laws, rules, and regulations
27 of this state. Examinations required by this section shall be developed
28 and conducted under rules and regulations adopted and promulgated by the
29 director.

30 (2) The director may make arrangements, including contracting with
31 an outside testing service, for administering examinations and collecting

1 the nonrefundable fee set forth in section 44-4064.

2 (3) Each individual applying for an examination shall remit a
3 nonrefundable fee as prescribed by the director as set forth in section
4 44-4064.

5 (4) An individual who fails to appear for the examination as
6 scheduled or fails to pass the examination shall reapply for an
7 examination and remit all required fees and forms before being
8 rescheduled for another examination.

9 Sec. 4. (1) The director may issue to the operator of a self-
10 service storage facility that has complied with this section a limited
11 license to act as an insurance producer with reference to the kinds of
12 insurance specified in this section for any insurer authorized to write
13 such kinds of insurance in this state.

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

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

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

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

23 (d) A training program which meets the requirements of subsection
24 (9) of this section; and

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

31 (3) Before a limited license is issued, the applicant shall pay or

1 cause to be paid to the director an application fee established by the
2 director, not to exceed one hundred dollars. Before a limited license is
3 renewed, the limited licensee shall pay or cause to be paid to the
4 director a renewal fee established by the director, not to exceed one
5 hundred dollars per year. The renewal fee shall be due on the anniversary
6 date of the issuance of the limited license.

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

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

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

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

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

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

23 (6) A limited licensee may act as an insurance producer for an
24 authorized insurer only in connection with insurance providing coverage
25 for the loss of, or damage to, tangible personal property that is
26 contained in storage space or in transit during a rental agreement
27 period, which may be offered on a month-to-month or other periodic basis
28 under an individual policy, or as a group, commercial, or master policy
29 to provide insurance for the self-service storage facility's occupants.

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

31 (a) The limited licensee provides brochures or other written

1 materials to the occupant that:

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

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

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

10 (b) The limited licensee makes the following disclosures to the
11 occupant:

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

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

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

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

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

1 (c) Evidence of coverage is issued at the time the insurance is
2 purchased; and

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

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

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

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

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

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

22 (10) All records pertaining to transactions under any limited
23 license shall be kept available and open to the inspection of the
24 director or his or her representatives at any time with notice and during
25 business hours. Records shall be maintained for three years following the
26 completion of transactions under a limited license.

27 (11) Notwithstanding any other provision of this section or rule or
28 regulation adopted and promulgated by the director, a limited licensee
29 shall not be required to treat money collected from occupants purchasing
30 insurance as funds received in a fiduciary capacity, except that the
31 charges for coverage shall be itemized and be ancillary to a rental

1 agreement.

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

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

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

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

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

13 (13) A limited licensee is exempt from the continuing education
14 requirements in sections 44-3901 to 44-3908 and the examination
15 requirements in section 44-4052.

16 (14) For purposes of this section:

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

20 (b) Limited licensee means an operator of a self-service storage
21 facility authorized to sell certain kinds of insurance relating to the
22 use and occupancy of leased space at a self-service storage facility
23 pursuant to this section;

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

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

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

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

8 Sec. 5. This act becomes operative on October 1, 2018.

9 Sec. 6. Original sections 44-3903, 44-4047, and 44-4052, Revised
10 Statutes Cumulative Supplement, 2016, are repealed.