

STATE OF NEBRASKA

DEPARTMENT OF INSURANCE

Timothy J. Hall
Director

January 4, 1999
CB-65 (Amended)



E. Benjamin Nelson
Governor

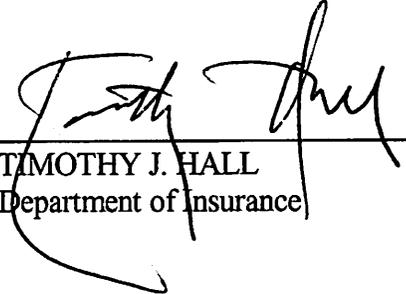
BULLETIN

SUBJECT: CLAIMS NOT COVERED UNDER THE PROPERTY AND LIABILITY INSURANCE GUARANTY ASSOCIATION ACT

The Nebraska Property and Liability Insurance Guaranty Association Act was passed to provide some protection for policyholders and claimants of insolvent insurance companies doing business in the State of Nebraska. The Act provides that a claimant must pursue recoveries against his/her own insurance carrier before the Association is obligated to pay a covered claim. The Act also provides that subrogation claims are not "covered claims."

It has come to the attention of Nebraska Insurance Department that some claimants may have recovered under their own insurance policies for damages caused by an insolvent carrier's insured, then the claimant's insurance company is attempting to recover on subrogation claims against those who were insured by insolvent carriers. This is an attempt to recover against an insolvent carrier's policyholders on a claim which is not covered by the Act.

These subrogation activities are clearly contrary to the intent of the Act. The Department believes the clear intent of the Act is that subrogation will not be pursued against policyholders of insolvent carriers.


TIMOTHY J. HALL
Department of Insurance