

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 340

Short Title: Limited Lines Travel Insurance. (Public)

Sponsors: Representative Dockham (Primary Sponsor).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Insurance.

March 20, 2013

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW THE DEPARTMENT OF INSURANCE TO LICENSE NATIONAL
3 TRAVEL INSURANCE PRODUCERS TO SELL TRAVEL INSURANCE THROUGH
4 THIRD-PARTY TRAVEL RETAILERS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Chapter 58 of the General Statutes is amended by adding a new
7 Article to read:

8 "Article 44B.

9 "Limited Line Travel Insurance.

10 "**§ 58-44B-1. Definitions.**

11 As used in this Article, the following definitions apply:

- 12 (1) Limited lines travel insurance producer. – Any of the following:
13 a. A licensed managing general underwriter.
14 b. A licensed managing general agent or third-party administrator.
15 c. A licensed insurance producer, including a limited lines producer
16 designated by an insurer as the travel insurance supervising entity, as
17 set forth in G.S. 58-44B-2(6).
18 (2) Offer and disseminate. – Providing general information, including a
19 description of the coverage and price, as well as processing the application,
20 collecting premiums, and performing other nonlicensable activities permitted
21 by the Department.
22 (3) Travel insurance. – Insurance coverage for the personal risks incident to
23 planned travel that includes, but is not limited to, the coverages listed in this
24 subdivision. Travel insurance does not include major medical plans, which
25 provide comprehensive medical protection for travelers with trips lasting six
26 months or longer, including, for example, deployed military personnel or
27 those working overseas as an expatriate.
28 a. Interruption or cancellation of trip or event.
29 b. Loss of baggage or personal effects.
30 c. Damages to accommodations or rental vehicles.
31 d. Sickness, accident, disability, or death occurring during travel.
32 (4) Travel retailer. – A business entity that makes, arranges, or offers travel
33 services and may offer and disseminate travel insurance as a service to its
34 customers on behalf of and under the direction of a limited lines travel
35 insurance producer.



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"§ 58-44B-2. Requirements.

(a) Notwithstanding any other provision of law, the Commissioner may issue to any individual or business entity filing with the Commissioner an application in a form and manner prescribed by the Commissioner a limited lines travel insurance producer license, which authorizes the limited lines travel insurance producer to sell, solicit, or negotiate travel insurance through a licensed insurer.

(b) A travel retailer may offer and disseminate travel insurance under the license described by this section only if the following conditions are met:

(1) The limited lines producer or travel retailer provides all of the following to purchasers of travel insurance:

a. A description of the material terms or the actual material terms of the insurance coverage.

b. A description of the process for filing a claim.

c. A description of the review or cancellation process for the travel insurance policy.

d. The identity and contact information of the insurer and limited lines producer.

(2) At the time of licensure, the limited lines travel insurance producer shall establish and maintain a register on a form prescribed by the Commissioner of each travel retailer that offers travel insurance on the limited lines producer's behalf. The register shall be maintained and updated annually by the limited lines travel insurance producer and shall include the name, address, and contact information of the travel retailer and an officer or person who directs or controls the travel retailer's operations, and the travel retailer's federal Tax Identification Number. The limited lines travel insurance producer shall submit such register to the State Department of Insurance upon reasonable request. The limited lines producer shall also certify that the travel retailer register complies with 18 U.S.C. § 1033.

(3) The limited lines travel insurance producer has designated one of its employees who is a licensed individual producer as the person (a "Designated Responsible Producer" or "DRP") responsible for the limited lines travel insurance producer's compliance with the travel insurance laws, rules, and regulations of the State.

(4) The DRP, president, secretary, treasurer, and any other officer or person who directs or controls the limited lines travel insurance producer's insurance operations comply with the fingerprinting requirements applicable to insurance producers in the resident state of the limited lines travel insurance producer.

(5) The limited lines travel insurance producer has paid all applicable insurance producer licensing fees as set forth in applicable State law.

(6) The limited lines travel insurance producer requires each employee and authorized representative of the travel retailer whose duties include offering and disseminating travel insurance to receive a program of instruction or training, which may be subject to review by the commissioner. The training material shall, at a minimum, contain instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers.

(7) Limited lines travel insurance producers, and those registered under its license, are exempt from the examination and continuing education requirements under G.S. 58-33-30, 58-33-32, and 58-33-130.

1 (c) Any travel retailer offering or disseminating travel insurance shall make available to
2 prospective purchasers brochures or other written materials that include all of the following:

3 (1) The identity and contact information of the insurer and the limited lines
4 travel insurance producer.

5 (2) An explanation that the purchase of travel insurance is not required in order
6 to purchase any other product or service from the travel retailer.

7 (3) A disclaimer that an unlicensed travel retailer is permitted to provide general
8 information about the insurance offered by the travel retailer, including a
9 description of the coverage and price, but is not qualified or authorized to
10 answer technical questions about the terms and conditions of the insurance
11 offered by the travel retailer or to evaluate the adequacy of the customer's
12 existing insurance coverage.

13 (d) A travel retailer's employee or authorized representative who is not licensed as an
14 insurance producer may not do any of the following:

15 (1) Evaluate or interpret the technical terms, benefits, and conditions of the
16 offered travel insurance coverage.

17 (2) Evaluate or provide advice concerning a prospective purchaser's existing
18 insurance coverage.

19 (3) Hold itself out as a licensed insurer, licensed producer, or insurance expert.

20 (e) A travel retailer whose insurance-related activities, and the activities of its
21 employees and authorized representatives, are limited to offering or disseminating travel
22 insurance on behalf of and under the direction of a limited lines travel insurance producer
23 meeting the conditions stated in this section is authorized to do so and receive related
24 compensation, upon registration by the limited lines travel insurance producer, as described in
25 subdivision (b)(2) of this section.

26 (f) Travel insurance may be provided under an individual policy or under a group or
27 master policy.

28 (g) As the travel insurance supervising entity, the limited lines travel insurance
29 producer is responsible for the acts of the travel retailer and shall use reasonable means to
30 ensure compliance by the travel retailer with this section.

31 (h) The limited lines travel insurance producer and any travel retailer offering or
32 disseminating travel insurance under the limited lines travel insurance producer license shall be
33 subject to the provisions of Article 63 of this Chapter and to the full enforcement powers of the
34 Commissioner granted by Article 2 of this Chapter."

35 **SECTION 2.** This act is effective when it becomes law.