

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. Senate Bill 1331

PRINTER NO. 2166

AMOUNT

Maximum of \$163,000 Revenue Loss

FUND

Insurance Reg. & Oversight Fund

DATE INTRODUCED

June 23, 2016

PRIME SPONSOR

Senator Reschenthaler

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 1331 establishes the Travel Insurance Modernization Act ("Act") to provide for the licensure of limited lines travel insurance producers and requirements for the sale of travel insurance.

Requires a limited lines travel insurance producer to hold a limited lines travel insurance license to sell, solicit or negotiate coverage under a policy of travel insurance.

A limited lines license issued under this Act authorizes a travel retailer registered under the license of the limited lines insurance producer, and each employee or authorized representatives of the travel retailer, to offer and disseminate coverage under a policy of travel insurance to a customer at each location where the travel retailer or authorized representative engages in travel insurance transactions and to receive compensation for those activities.

At the time of licensure, the travel insurance producer shall establish and maintain a register of each travel retailer in this Commonwealth where travel insurance is offered on the limited lines travel insurance producer's behalf and shall be maintained and updated annually.

The insurer issuing travel insurance must either directly supervise or authorize a designated licensee to supervise the administration of a training program for employees or representatives of the travel retailer.

A travel retailer shall make available to every prospective retailer certain written materials including contact information for the insurer, disclosures regarding duplications of coverage, an explanation that travel insurance is not required in order to purchase any other product or service, and an explanation that an unlicensed travel retailer is permitted to answer general questions regarding travel insurance only. Unlicensed travel retailers are not permitted to answer more technical questions such as terms and conditions or the customer's existing coverage.

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Authorizes the travel retailer to bill and collect the charges for travel insurance coverage, and to be compensated for those activities. Travel retailers may not be compensated primarily on the number of travel insurance customers; however, nothing prohibits compensation that is incidental to the overall compensation of the travel retailer.

Travel insurance may be offered under an individual policy or under a group policy. Requires the limited lines travel insurance producer and insurer to be responsible for the acts of the travel retailer and the retailer's employees and authorized representatives and to ensure compliance with this Act.

If the Insurance Commissioner ("Commissioner") determines that a travel retailer or employee or representative has violated any provision of this Act, the Commissioner may (without notice or hearing) order a corrective action plan or direct the travel insurance producer to revoke the authorization of the travel retailer to offer or disseminate travel insurance. After a hearing, the Commissioner may suspend or revoke the travel insurance producer's license, impose monetary penalties or impose other conditions and penalties as deemed appropriate.

A nonrefundable fee of \$400 shall accompany an application for a limited lines travel insurance producer license and any license renewal. Authorizes the Commissioner to adjust the license fee no more than once annually.

This act shall take effect in 120 days.

FISCAL IMPACT:

The Department of Insurance is estimating that the Department will lose \$163,255 in fees annually from the implementation of Senate Bill 1331. There are 1,998 (1,110 Resident and 888 non-Resident) licensed travel producers which pay in \$79,365 in annual renewal fees. The licensed travel producers hold 4,258 company appointments which are required to pay \$15 per year for a total of \$63,870. In addition, there is an additional \$20,020 in application fees that are paid to the Department. These licensed travel producers will no longer have to pay the fees because they will be under an umbrella of a limited lines travel producer license.

The Department will be able to offset a portion of the lost revenue from the limited lines travel insurance producer license and any license renewal; however, the number of limited lines travel insurance producer licenses to issued is unable to be determined.