

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1331 Session of 2015

INTRODUCED BY RESCHENTHALER, ARGALL, MENSCH, BARTOLOTTA, WHITE, YUDICHAK, WAGNER AND STEFANO, JUNE 23, 2016

SENATOR WHITE, BANKING AND INSURANCE, AS AMENDED, SEPTEMBER 27, 2016

AN ACT

1 Providing for the licensure of limited lines travel insurance
2 producers, for requirements for sale of travel insurance, for
3 authority of limited lines travel insurance producers, for
4 registration and training of travel retailers and for renewal
5 of license.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Short title.

9 This act shall be known and may be cited as the Travel
10 Insurance Modernization Act.

11 Section 2. Definitions.

12 The following words and phrases when used in this act shall
13 have the meanings given to them in this section unless the
14 context clearly indicates otherwise:

15 "Application." A form as defined in section 601-A of the act
16 of May 17, 1921 (P.L.789, No.285), known as The Insurance
17 Department Act of 1921.

18 "Business entity." A person that is not an individual.

19 "Commissioner." The Insurance Commissioner of the

1 Commonwealth.

2 "Customer." A person who purchases travel services or travel  
3 insurance.

4 "Department." The Insurance Department of the Commonwealth.

5 "Designated licensee." A licensed insurance producer as  
6 defined in section 601-A of the act of May 17, 1921 (P.L.789,  
7 No.285), known as The Insurance Department Act of 1921.

8 "Enrolled customer." A customer who elects coverage under a  
9 travel insurance policy.

10 "Insurer." As defined in section 601-A of the act of May 17,  
11 1921 (P.L.789, No.285), known as The Insurance Department Act of  
12 1921.

13 "Limited lines travel insurance producer." A person licensed  
14 to sell, solicit or negotiate a contract of travel insurance.

15 "Location." A physical location in this Commonwealth or an  
16 Internet website, call center site or similar location provided  
17 to residents of this Commonwealth.

18 "Negotiate." To confer directly with or to offer advice  
19 directly to a ~~purchaser~~ CUSTOMER or prospective ~~purchaser~~ <--  
20 CUSTOMER of a particular contract of insurance concerning the <--  
21 substantive benefits, terms or conditions of the contract,  
22 provided that the person engaged in that act either sells  
23 insurance or obtains insurance from insurers for ~~purchasers~~ <--  
24 CUSTOMERS. <--

25 "Offer and disseminate." Providing general information,  
26 including a description of the coverage and price, as well as  
27 processing an application for travel insurance, collecting  
28 premiums and performing other activities for which no insurance  
29 license is required.

30 "Sell." To exchange a contract of insurance by any means for

1 money or its equivalent on behalf of an insurance entity.

2 "Solicit." To attempt to sell insurance or ask or urge a  
3 person to apply for a particular kind of insurance from a  
4 particular insurance entity.

5 "Travel insurance." Insurance providing coverage for  
6 personal risks incident to planned travel.

7 (1) The term includes:

8 (i) Interruption or cancellation of trip or event.

9 (ii) Loss of baggage or personal effects.

10 (iii) Damages to accommodations or rental vehicles.

11 (iv) Sickness, accident, disability or death  
12 occurring during travel.

13 (2) The term does not include:

14 (i) A service contract as defined in section 358(b)  
15 of the act of May 17, 1921 (P.L.682, No.284), known as  
16 The Insurance Company Law of 1921.

17 (ii) A major medical plan that provides  
18 comprehensive medical protection to a traveler with a  
19 trip lasting six months or longer, including a person  
20 working overseas as an expatriate or deployed military  
21 personnel.

22 "Travel insurance transaction." The sale of travel insurance  
23 to a customer.

24 "Travel retailer." A business entity that makes, arranges or  
25 offers travel services and THAT may offer and disseminate travel <--  
26 insurance as a service to its ~~customer~~ CUSTOMERS on behalf of <--  
27 and under the direction of a limited lines travel insurance  
28 producer or under its own license.

29 Section 3. Licensure of limited lines travel insurance  
30 producers.

1 (a) Requirement.--A limited lines travel insurance producer  
2 is required to hold a limited lines travel insurance license to  
3 sell, solicit or negotiate coverage under a policy of travel  
4 insurance.

5 (b) Limited lines license.--A limited lines license issued  
6 under this act shall authorize a travel retailer registered  
7 under the license of the limited lines insurance producer, and  
8 each employee or authorized representative of the travel  
9 retailer, to offer and disseminate coverage under a policy of  
10 travel insurance to a customer at each location where the travel  
11 retailer or authorized representative engages in travel  
12 insurance transactions and to receive compensation from the  
13 limited lines travel insurance producer for those activities.

14 (c) License.--Notwithstanding any other provision of law, a  
15 license issued under this section shall authorize the licensee,  
16 a travel retailer registered under the licensee's license and an  
17 employee or authorized representative of the travel retailer to  
18 engage in activities permitted in this section.

19 Section 4. Requirements for sale of travel insurance.

20 (a) Authority and licensure.--A travel retailer and each  
21 employee and authorized representative of the travel retailer  
22 may offer and disseminate travel insurance to customers and  
23 shall not be subject to licensure as an insurance producer under  
24 Article VI-A of the act of May 17, 1921 (P.L.789, No.285), known  
25 as The Insurance Department Act of 1921, if:

26 (1) The limited lines travel insurance producer obtains  
27 a limited lines license.

28 (2) The limited lines travel insurance producer or  
29 travel retailer provides to each ~~purchaser~~ CUSTOMER of travel <--  
30 insurance:

1 (i) A description of the material terms or actual  
2 material terms of the insurance coverage.

3 (ii) A description of the process for filing a  
4 claim.

5 (iii) A description of the review or cancellation  
6 process for the travel insurance policy.

7 (iv) The identity and contact information of the  
8 travel retailer, insurer and limited lines travel  
9 insurance producer.

10 (b) Register of travel retailers.--

11 (1) At the time of licensure, the limited lines travel  
12 insurance producer shall establish and maintain a register of  
13 each travel retailer in this Commonwealth where travel  
14 insurance is offered on the limited lines travel insurance  
15 producer's behalf.

16 (2) The register shall be maintained and updated  
17 annually by the limited lines travel insurance producer and  
18 shall include:

19 (i) The name, address and contact information of the  
20 travel retailer.

21 (ii) The name of the officer or person who directs  
22 or controls the travel retailer's operations.

23 (iii) The travel retailer's Federal Tax  
24 Identification Number.

25 (3) The limited lines travel insurance producer shall  
26 submit the register to the department upon request.

27 (4) The limited lines travel insurance producer shall  
28 ~~also~~ certify that the travel retailer registered complies <--  
29 with 18 U.S.C. § 1033 (relating to crimes by or affecting  
30 persons engaged in the business of insurance whose activities

1 affect interstate commerce).

2 (c) List of locations.--A travel retailer shall maintain a  
3 list of the locations in this Commonwealth where it offers and  
4 disseminates travel insurance coverage information and, upon  
5 request, provide the list to the department.

6 (d) Training.--The insurer issuing the travel insurance must  
7 either directly supervise or authorize a designated licensee to  
8 supervise the administration of a training program, including  
9 the development of the program, for employees and authorized  
10 representatives of the travel retailer which may be subject to  
11 review by the department. The training shall comply with the  
12 following:

13 (1) The training shall be delivered to employees and  
14 authorized representatives of a travel retailer who are  
15 directly engaged in the activity of selling, soliciting or  
16 negotiating travel insurance.

17 (2) The training may be provided in electronic form. If  
18 conducted in an electronic form, the insurer shall implement  
19 a supplemental education program regarding travel insurance  
20 that is conducted and overseen by the designated licensee.

21 (3) Each employee and authorized representative, at a  
22 minimum, shall receive basic instruction about the types of  
23 travel insurance offered, ethical sales practices and the  
24 disclosures required under this section.

25 (e) Written materials.--A travel retailer offering or  
26 disseminating travel insurance shall make available to every  
27 prospective customer a brochure or other written material that:

28 (1) Provides the identity and contact information of the  
29 insurer and the limited lines travel insurance producer.

30 (2) Discloses that travel insurance may provide a

1 duplication of coverage already provided under insurance  
2 policies that the producer already maintains.

3 (3) Explains that purchase of travel insurance is not  
4 required in order to purchase any other product or service  
5 from the travel retailer.

6 (4) Explains that an unlicensed travel retailer is  
7 permitted to provide general information about the insurance  
8 offered by the travel retailer, including a description of  
9 the coverage and price, but is not qualified or authorized to  
10 answer technical questions about the terms and conditions of  
11 insurance coverage, including those coverages that are  
12 already maintained by the ~~purchaser~~ CUSTOMER. <--

13 (f) Limitations.--A travel retailer's employee or authorized  
14 representative who is not licensed as a designated licensee may  
15 not:

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

18 (2) Evaluate or provide advice concerning a prospective  
19 ~~purchaser's~~ CUSTOMER'S existing insurance coverage. <--

20 (3) Advertise, represent or otherwise hold himself or  
21 herself out as a licensed insurer, designated licensee or  
22 insurance expert.

23 (g) Charges.--The charges for travel insurance coverage may  
24 be billed and collected by the travel retailer. A charge to the  
25 enrolled customer for coverage that is not included in the cost  
26 associated with the purchase of travel services shall be  
27 separately itemized on the enrolled customer's bill. If the  
28 travel insurance coverage is included with the purchase of  
29 travel services, the travel retailer shall clearly and  
30 conspicuously disclose to the enrolled customer that the travel

1 insurance coverage is included with the purchase of travel  
2 services. The travel retailer that bills and collects the  
3 charges shall not be required to maintain the funds in a  
4 segregated account provided that the travel retailer is  
5 authorized by the insurer to hold the funds in an alternative  
6 manner and remits the amounts to the supervising entity within  
7 60 days of receipt. The funds received by a travel retailer from  
8 an enrolled customer for the sale of travel insurance shall be  
9 considered funds held in trust by the travel retailer in a  
10 fiduciary capacity for the benefit of the insurer.

11 (h) Compensation.--A travel retailer, whose insurance-  
12 related activities and those of the employees or authorized  
13 representatives are limited to offering and disseminating travel  
14 insurance on behalf of and under the direction and license of a  
15 limited lines travel insurance producer meeting the conditions  
16 stated in this act, is authorized to conduct those activities  
17 and receive related compensation upon registration by the  
18 limited lines travel insurance producer as described in  
19 subsection (b). No travel retailer employee or authorized  
20 representative may be compensated based primarily on the number  
21 of ~~purchasers~~ CUSTOMERS of travel insurance coverage, but <--  
22 nothing in this act shall prohibit payment of compensation to a  
23 travel retailer or its employees or authorized representatives  
24 for activities under the limited lines travel insurance  
25 producer's license that are incidental to the overall  
26 compensation of the travel retailer or its employees or  
27 authorized representatives.

28 Section 5. Policy.

29 (a) Offering.--Travel insurance may be offered under an  
30 individual policy or under a group policy.



1 (b) Eligibility and underwriting standards.--Eligibility and  
2 underwriting standards for customers electing to enroll in  
3 coverage shall be established for each travel insurance program.  
4 Section 6. Responsibility.

5 As the insurer designee, the limited lines travel insurance  
6 producer and insurer ~~are~~ SHALL BE responsible for the acts of <--  
7 the travel retailer and the travel retailer's employees and  
8 authorized representatives who are not limited lines travel  
9 insurance producers and shall use reasonable means to ensure  
10 compliance with this act by the travel retailer and the travel  
11 retailer's employees and authorized representatives.

12 Section 7. Enforcement.

13 (a) Actions by commissioner requiring no notice and  
14 hearing.--If the commissioner determines that a travel retailer  
15 or a travel retailer's employee or authorized representative has  
16 violated any provision of this act, the commissioner may:

17 (1) Direct the limited lines travel insurance producer  
18 to implement a corrective action plan with the travel  
19 retailer.

20 (2) Direct the limited lines travel insurance producer  
21 to revoke the authorization of the travel retailer to offer  
22 and disseminate travel insurance on its behalf and under its  
23 license and to remove the travel retailer's name from its  
24 register.

25 (b) Actions by commissioner requiring notice and hearing.--  
26 If the commissioner determines that a travel retailer or a  
27 travel retailer's employee or authorized representative has  
28 violated any provision in this act, the commissioner, after  
29 notice and hearing, may:

30 (1) Suspend or revoke the license of the limited lines

1 travel insurance producer as authorized under this act or the  
2 registration of the travel retailer.

3 (2) Impose a monetary penalty on the limited lines  
4 travel insurance producer.

5 (3) Impose any other conditions and penalties as deemed  
6 appropriate by the commissioner, including an order to cease  
7 and desist in the engagement of travel insurance transactions  
8 with a particular travel retailer and a particular employee  
9 or authorized representative of a travel retailer.

10 (c) Monetary penalties.--In addition to any other action  
11 authorized under this act or other law, a limited lines travel  
12 insurance producer who aids and abets a travel retailer in the  
13 transaction of travel insurance or in any activity concerning  
14 travel insurance after being directed to revoke the travel  
15 retailer's authorization shall be subject to a monetary penalty  
16 pursuant to the act of July 22, 1974 (P.L.589, No.205), known as  
17 the Unfair Insurance Practices Act.

18 (d) Effect of conduct.--For purposes of this act, the  
19 conduct of a travel retailer and its employees and authorized  
20 representatives regarding the offering or dissemination of  
21 travel insurance on behalf of a licensed limited lines travel  
22 insurance producer shall be deemed the conduct of the licensed  
23 limited lines travel insurance producer.

24 Section 8. Licensing and fees.

25 (a) Renewal process generally.--An application for licensure  
26 or license renewal under this act shall be processed in  
27 accordance with sections 605-A, 606-A and 608-A of the act of  
28 May 17, 1921 (P.L.789, No.285), known as The Insurance  
29 Department Act of 1921.

30 (b) Amount of fees.--A nonrefundable fee of \$400 shall

1 accompany an application for a limited lines travel insurance  
2 producer license and any license renewal.

3 (c) Adjustment of fees.--A license fee under subsection (b)  
4 may be adjusted no more than annually by the commissioner upon  
5 publication of the new fee in the Pennsylvania Bulletin.

6 Section 9. Effective date.

7 This act shall take effect in 120 days.