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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1576 Session of  
2017

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INTRODUCED BY PICKETT AND DeLUCA, JUNE 16, 2017

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REFERRED TO COMMITTEE ON INSURANCE, JUNE 16, 2017

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AN ACT

1 Amending the act of May 17, 1921 (P.L.789, No.285), entitled "An  
2 act relating to insurance; establishing an insurance  
3 department; and amending, revising, and consolidating the law  
4 relating to the licensing, qualification, regulation,  
5 examination, suspension, and dissolution of insurance  
6 companies, Lloyds associations, reciprocal and inter-  
7 insurance exchanges, and certain societies and orders, the  
8 examination and regulation of fire insurance rating bureaus,  
9 and the licensing and regulation of insurance agents and  
10 brokers; the service of legal process upon foreign insurance  
11 companies, associations or exchanges; providing penalties,  
12 and repealing existing laws," providing for limited lines  
13 travel insurance.

14 The General Assembly of the Commonwealth of Pennsylvania  
15 hereby enacts as follows:

16 Section 1. The act of May 17, 1921 (P.L.789, No.285), known  
17 as The Insurance Department Act of 1921, is amended by adding an  
18 article to read:

19 ARTICLE XIII

20 LIMITED LINES TRAVEL INSURANCE

21 Section 1301. Scope of article.

22 This article deals with travel insurance.

23 Section 1302. Definitions.

24 The following words and phrases when used in this article

1 shall have the meanings given to them in this section unless the  
2 context clearly indicates otherwise:

3 "Application." As defined in section 601-A.

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

5 "Commissioner." The Insurance Commissioner of the  
6 Commonwealth.

7 "Customer." A person who purchases travel services or travel  
8 insurance.

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

10 "Designated licensee." As defined in section 601-A.

11 "Enrolled customer." A customer who elects coverage under a  
12 travel insurance policy.

13 "Insurer." As defined in section 601-A.

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

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

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

25 "Offer and disseminate." To provide 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. The following apply:

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 customers on behalf of and under  
27 the direction of a licensed limited lines travel insurance  
28 producer who is physically located on its premises.

29 Section 1303. 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 article 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:

10 (1) Offer and disseminate coverage under a policy of  
11 travel insurance to a customer when the licensed limited  
12 lines travel insurance producer is physically present in the  
13 location where the travel retailer or authorized  
14 representative engages in travel insurance transactions.

15 (2) Receive compensation from the limited lines travel  
16 insurance producer for those activities.

17 (c) License.--Notwithstanding any other provision of law, a  
18 license issued under this section shall authorize the licensee,  
19 a travel retailer registered under the licensee's license and an  
20 employee or authorized representative of the travel retailer to  
21 engage in activities permitted in this section, provided that  
22 the licensed limited lines travel insurance producer is  
23 physically present in the location where the travel insurance  
24 transactions take place.

25 Section 1304. Requirements for sale of travel insurance.

26 (a) Authority and licensure.--A travel retailer and each  
27 employee and authorized representative of the travel retailer  
28 may offer and disseminate travel insurance to customers and  
29 shall not be subject to licensure as an insurance producer under  
30 Article VI-A if:

1           (1) The limited lines travel insurance producer obtains  
2 a limited lines license and is physically present in the  
3 location where the travel retailer and its employees and  
4 authorized representatives engage in travel insurance  
5 transactions.

6           (2) The limited lines travel insurance producer or  
7 travel retailer provides to each customer of travel  
8 insurance:

9           (i) A description of the material terms or actual  
10 material terms of the insurance coverage.

11           (ii) A description of the process for filing a  
12 claim.

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

15           (iv) The identity and contact information of the  
16 travel retailer, insurer and limited lines travel  
17 insurance producer.

18 (b) Register of travel retailers.--

19           (1) At the time of licensure, the limited lines travel  
20 insurance producer shall establish and maintain a register of  
21 each travel retailer in this Commonwealth where travel  
22 insurance is offered on the limited lines travel insurance  
23 producer's behalf.

24           (2) The register shall be maintained and updated  
25 annually by the limited lines travel insurance producer and  
26 shall include:

27           (i) The name, address and contact information of the  
28 travel retailer.

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

1           (iii) The travel retailer's Federal Tax  
2           Identification Number.

3           (iv) A list of the employees and authorized  
4           representatives of the travel retailer in each location.

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

7           (4) The limited lines travel insurance producer shall  
8           certify that the travel retailer registered complies with 18  
9           U.S.C. § 1033 (relating to crimes by or affecting persons  
10           engaged in the business of insurance whose activities affect  
11           interstate commerce).

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

16           (d) Training.--The insurer issuing the travel insurance must  
17           either directly supervise or authorize a designated licensee to  
18           supervise the administration of a training program, including  
19           the development of the program, for employees and authorized  
20           representatives of the travel retailer which may be subject to  
21           review by the department. The training shall comply with the  
22           following:

23           (1) The training shall be delivered to employees and  
24           authorized representatives of a travel retailer who are  
25           directly engaged in the activity of offering and  
26           disseminating travel insurance information.

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

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

5           (e) Written materials.--A travel retailer offering or  
6 disseminating travel insurance shall provide to every  
7 prospective customer a brochure or other written material that:

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

10           (2) Discloses that travel insurance may provide a  
11 duplication of coverage already provided under insurance  
12 policies that the customer already maintains.

13           (3) Explains that purchase of travel insurance is not  
14 required in order to purchase another product or service from  
15 the travel retailer.

16           (4) Explains that an unlicensed travel retailer is  
17 permitted to provide general information about the insurance  
18 offered by the travel retailer, including a description of  
19 the coverage and price, but is not qualified or authorized to  
20 answer technical questions about the terms and conditions of  
21 insurance coverage, including those coverages that are  
22 already maintained by the customer.

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

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

28           (2) Evaluate or provide advice concerning a prospective  
29 customer's existing insurance coverage.

30           (3) Advertise, represent or otherwise hold himself or

1 herself out as a licensed insurer, designated licensee or  
2 insurance expert.

3 (g) Charges.--The charges for travel insurance coverage may  
4 be billed and collected by the travel retailer. A charge to the  
5 enrolled customer for coverage that is not included in the cost  
6 associated with the purchase of travel services shall be  
7 separately itemized on the enrolled customer's bill. If the  
8 travel insurance coverage is included with the purchase of  
9 travel services, the travel retailer shall clearly and  
10 conspicuously disclose to the enrolled customer that the travel  
11 insurance coverage is included with the purchase of travel  
12 services. The travel retailer that bills and collects the  
13 charges shall not be required to maintain the funds in a  
14 segregated account provided that the travel retailer is  
15 authorized by the insurer to hold the funds in an alternative  
16 manner and remits the amounts to the supervising entity within  
17 60 days of receipt. The funds received by a travel retailer from  
18 an enrolled customer for the sale of travel insurance shall be  
19 considered funds held in trust by the travel retailer in a  
20 fiduciary capacity for the benefit of the insurer.

21 (h) Compensation.--A travel retailer, whose insurance-  
22 related activities and those of the employees or authorized  
23 representatives are limited to offering and disseminating travel  
24 insurance on behalf of and under the direction and license of a  
25 limited lines travel insurance producer meeting the conditions  
26 stated in this article, is authorized to conduct those  
27 activities and receive related compensation upon registration by  
28 the limited lines travel insurance producer as described in  
29 subsection (b). No travel retailer employee or authorized  
30 representative may be compensated based primarily on the number



1 of customers of travel insurance coverage, but nothing in this  
2 article shall prohibit payment of compensation to a travel  
3 retailer or its employees or authorized representatives for  
4 activities under the limited lines travel insurance producer's  
5 license that are incidental to the overall compensation of the  
6 travel retailer or its employees or authorized representatives.  
7 Section 1305. Policy.

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

10 (b) Eligibility and underwriting standards.--Eligibility and  
11 underwriting standards for customers electing to enroll in  
12 coverage shall be established for each travel insurance program.  
13 Section 1306. Responsibility.

14 As the insurer designee, the limited lines travel insurance  
15 producer and insurer shall be responsible for the acts of the  
16 travel retailer and the travel retailer's employees and  
17 authorized representatives who are not limited lines travel  
18 insurance producers and shall use reasonable means to ensure  
19 compliance with this article by the travel retailer and the  
20 travel retailer's employees and authorized representatives.  
21 Section 1307. Enforcement.

22 (a) Actions by commissioner requiring no notice and  
23 hearing.--If the commissioner determines that a travel retailer  
24 or a travel retailer's employee or authorized representative has  
25 violated a provision of this article, the commissioner may:

26 (1) Direct the limited lines travel insurance producer  
27 to implement a corrective action plan with the travel  
28 retailer.

29 (2) Direct the limited lines travel insurance producer  
30 to revoke the authorization of the travel retailer to offer

1 and disseminate travel insurance on its behalf and under its  
2 license and to remove the travel retailer's name from its  
3 register.

4 (b) Actions by commissioner requiring notice and hearing.--  
5 If the commissioner determines that a travel retailer or a  
6 travel retailer's employee or authorized representative has  
7 violated a provision in this article, the commissioner, after  
8 notice and hearing, may:

9 (1) Suspend or revoke the license of the limited lines  
10 travel insurance producer as authorized under this article or  
11 the registration of the travel retailer.

12 (2) Impose a monetary penalty on the limited lines  
13 travel insurance producer.

14 (3) Impose other conditions and penalties as deemed  
15 appropriate by the commissioner, including an order to cease  
16 and desist in the engagement of travel insurance transactions  
17 with a particular travel retailer and a particular employee  
18 or authorized representative of a travel retailer.

19 (c) Monetary penalties.--In addition to another action  
20 authorized under this article or other law, a limited lines  
21 travel insurance producer who aids and abets a travel retailer  
22 in the transaction of travel insurance or in an activity  
23 concerning travel insurance after being directed to revoke the  
24 travel retailer's authorization shall be subject to a monetary  
25 penalty under the act of July 22, 1974 (P.L.589, No.205), known  
26 as the Unfair Insurance Practices Act.

27 (d) Effect of conduct.--For purposes of this article, the  
28 conduct of a travel retailer and its employees and authorized  
29 representatives regarding the offering or dissemination of  
30 travel insurance on behalf of a licensed limited lines travel

1 insurance producer shall be deemed the conduct of the licensed  
2 limited lines travel insurance producer.

3 Section 1308. Licensing and fees.

4 (a) Renewal process generally.--An application for licensure  
5 or license renewal under this article shall be processed in  
6 accordance with sections 605-A, 606-A and 608-A.

7 (b) Amount of fees.--A nonrefundable fee of \$400 shall  
8 accompany an application for a limited lines travel insurance  
9 producer license and a license renewal.

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

13 Section 2. This act shall take effect in 120 days.