

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1576 Session of 2017

INTRODUCED BY PICKETT AND DeLUCA, JUNE 16, 2017

AS REPORTED FROM COMMITTEE ON INSURANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 19, 2017

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.

1 The following words and phrases when used in this article  
2 shall have the meanings given to them in this section unless the  
3 context clearly indicates otherwise:

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

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

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

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

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

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

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

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

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

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

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

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

1 "Sell." To exchange a contract of insurance by any means for  
2 money or its equivalent on behalf of an insurance entity.

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

6 "Travel insurance." Insurance providing coverage for  
7 personal risks incident to planned travel. The following apply:

8 (1) The term includes:

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

10 (ii) Loss of baggage or personal effects.

11 (iii) Damages to accommodations or rental vehicles.

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

14 (2) The term does not include:

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

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

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

25 "Travel retailer." A business entity that makes, arranges or  
26 offers travel services and that may offer and disseminate travel  
27 insurance as a service to its customers on behalf of and under  
28 the direction of a licensed limited lines travel insurance  
29 producer who is physically located on its premises.

30 Section 1303. Licensure of limited lines travel insurance

1 producers.

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

6 (b) Limited lines license.--A limited lines license issued  
7 under this article shall authorize a travel retailer registered  
8 under the license of the limited lines insurance producer, and  
9 each employee or authorized representative of the travel  
10 retailer, to:

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

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

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

26 Section 1304. Requirements for sale of travel insurance.

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

1 Article VI-A if:

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

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

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

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

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

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

19 (b) Register of travel retailers.--

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

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

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

30 (ii) The name of the officer or person who directs

1 or controls the travel retailer's operations.

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

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

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

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

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

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

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

28 (2) The training may be provided in electronic form. If  
29 conducted in an electronic form, the insurer shall implement  
30 a supplemental education program regarding travel insurance

1 that is conducted and overseen by the designated licensee.

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

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

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

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

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

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

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

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

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

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

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

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



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

8 Section 1305. Policy.

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

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

14 Section 1306. Responsibility.

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

22 Section 1307. Enforcement.

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

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

30 (2) Direct the limited lines travel insurance producer

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

5 (b) Actions by commissioner requiring notice and hearing.--

6 If the commissioner determines that a travel retailer or a  
7 travel retailer's employee or authorized representative has  
8 violated a provision in this article, the commissioner, after  
9 notice and hearing, may:

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

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

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

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

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

1 travel insurance on behalf of a licensed limited lines travel  
2 insurance producer shall be deemed the conduct of the licensed  
3 limited lines travel insurance producer.

4 Section 1308. Licensing and fees.

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

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

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

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