

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL**No. 630** Session of
2017

INTRODUCED BY RESCHENTHALER, SCARNATI, BREWSTER, VULAKOVICH,
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APRIL 17, 2017

AS REPORTED FROM COMMITTEE ON INSURANCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, APRIL 9, 2018

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." As defined in section 601-A of the Insurance
16 Department Act.

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

1 "Commissioner." The Insurance Commissioner of the
2 Commonwealth.

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

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

6 "Designated licensee." As defined in section 601-A of the
7 Insurance Department Act.

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

10 "Insurance Department Act." The act of May 17, 1921
11 (P.L.789, No.285), known as The Insurance Department Act of
12 1921.

13 "Insurer." As defined in section 601-A of the Insurance
14 Department Act.

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 limited lines travel insurance producer or
29 under its own license.

30 Section 3. 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 act 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 offer and disseminate coverage under a policy of
11 travel insurance to a customer at each location where the travel
12 retailer or authorized representative engages in travel
13 insurance transactions and to receive compensation from the
14 limited lines travel insurance producer for those activities.

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

20 Section 4. Requirements for sale of travel insurance.

21 (a) Authority and licensure.--A travel retailer and each
22 employee and authorized representative of the travel retailer
23 may offer and disseminate travel insurance to customers and
24 shall not be subject to licensure as an insurance producer under
25 Article VI-A of the Insurance Department Act 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 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) INFORMATION IN THE REGISTER REGARDING EACH TRAVEL <--
26 RETAILER UNDER PARAGRAPHS (1) AND (2) SHALL BE MAINTAINED FOR
27 A PERIOD OF AT LEAST THREE YEARS FOLLOWING THE DATE THAT THE
28 INFORMATION WAS ENTERED INTO THE REGISTER.

29 ~~(3)~~ (4) The limited lines travel insurance producer <--
30 shall submit the register to the department upon request.

1 ~~(4)~~ (5) The limited lines travel insurance producer
2 shall certify that the travel retailer registered complies
3 with 18 U.S.C. § 1033 (relating to crimes by or affecting
4 persons engaged in the business of insurance whose activities
5 affect interstate commerce).

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

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

17 (1) The training shall be delivered to employees and
18 authorized representatives of a travel retailer who are
19 directly engaged in the activity of offering and
20 disseminating travel insurance information.

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

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

29 (e) Written materials.--A travel retailer offering or
30 disseminating travel insurance shall provide to every

1 prospective customer a brochure or other written material that:

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

4 (2) Discloses that travel insurance may provide a
5 duplication of coverage already provided under insurance
6 policies that the producer already maintains.

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

10 (4) Explains that an unlicensed travel retailer is
11 permitted to provide general information about the insurance
12 offered by the travel retailer, including a description of
13 the coverage and price, but is not qualified or authorized to
14 answer technical questions about the terms and conditions of
15 insurance coverage, including those coverages that are
16 already maintained by the customer.

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

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

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

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

27 (g) Charges.--The charges for travel insurance coverage may
28 be billed and collected by the travel retailer. A charge to the
29 enrolled customer for coverage that is not included in the cost
30 associated with the purchase of travel services shall be

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

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

1 Section 5. Policy.

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

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

7 Section 6. Responsibility.

8 As the insurer designee, the limited lines travel insurance
9 producer and insurer shall be responsible for the acts of the
10 travel retailer and the travel retailer's employees and
11 authorized representatives who are not limited lines travel
12 insurance producers and shall use reasonable means to ensure
13 compliance with this act by the travel retailer and the travel
14 retailer's employees and authorized representatives.

15 Section 7. Enforcement.

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

20 (1) Direct the limited lines travel insurance producer
21 to implement a corrective action plan with the travel
22 retailer.

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

28 (b) Actions by commissioner requiring notice and hearing.--
29 If the commissioner determines that a travel retailer or a
30 travel retailer's employee or authorized representative has

1 violated any provision in this act, the commissioner, after
2 notice and hearing, may:

3 (1) Suspend or revoke the license of the limited lines
4 travel insurance producer as authorized under this act or the
5 registration of the travel retailer.

6 (2) Impose a monetary penalty on the limited lines
7 travel insurance producer.

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

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

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

27 Section 8. Licensing and fees.

28 (a) Renewal process generally.--An application for licensure
29 or license renewal under this act shall be processed in
30 accordance with sections 605-A, 606-A and 608-A of the Insurance

1 Department Act.

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

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

8 Section 9. Effective date.

9 This act shall take effect in 120 days.