

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE DRH30182-MH-76 (03/05)

Short Title: Limited Lines Travel Insurance. (Public)

Sponsors: Representative Dockham.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW THE DEPARTMENT OF INSURANCE TO LICENSE NATIONAL
3 TRAVEL INSURANCE PRODUCERS TO SELL TRAVEL INSURANCE THROUGH
4 THIRD-PARTY TRAVEL RETAILERS.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. Chapter 58 of the General Statutes is amended by adding a new
7 Article to read:

8 "Article 44B.

9 "Limited Line Travel Insurance.

10 "**§ 58-44B-1. Definitions.**

11 As used in this Article, the following definitions apply:

- 12 (1) Limited lines travel insurance producer. – Any of the following:
13 a. A licensed managing general underwriter.
14 b. A licensed managing general agent or third-party administrator.
15 c. A licensed insurance producer, including a limited lines producer
16 designated by an insurer as the travel insurance supervising entity, as
17 set forth in G.S. 58-44B-2(6).
18 (2) Offer and disseminate. – Providing general information, including a
19 description of the coverage and price, as well as processing the application,
20 collecting premiums, and performing other nonlicensable activities permitted
21 by the Department.
22 (3) Travel insurance. – Insurance coverage for the personal risks incident to
23 planned travel that includes, but is not limited to, the coverages listed in this
24 subdivision. Travel insurance does not include major medical plans, which
25 provide comprehensive medical protection for travelers with trips lasting six
26 months or longer, including, for example, deployed military personnel or
27 those working overseas as an expatriate.
28 a. Interruption or cancellation of trip or event.
29 b. Loss of baggage or personal effects.
30 c. Damages to accommodations or rental vehicles.
31 d. Sickness, accident, disability, or death occurring during travel.
32 (4) Travel retailer. – A business entity that makes, arranges, or offers travel
33 services and may offer and disseminate travel insurance as a service to its
34 customers on behalf of and under the direction of a limited lines travel
35 insurance producer.

36 "**§ 58-44B-2. Requirements.**



1 (a) Notwithstanding any other provision of law, the Commissioner may issue to any
2 individual or business entity filing with the Commissioner an application in a form and manner
3 prescribed by the Commissioner a limited lines travel insurance producer license, which
4 authorizes the limited lines travel insurance producer to sell, solicit, or negotiate travel
5 insurance through a licensed insurer.

6 (b) A travel retailer may offer and disseminate travel insurance under the license
7 described by this section only if the following conditions are met:

8 (1) The limited lines producer or travel retailer provides all of the following to
9 purchasers of travel insurance:

10 a. A description of the material terms or the actual material terms of the
11 insurance coverage.

12 b. A description of the process for filing a claim.

13 c. A description of the review or cancellation process for the travel
14 insurance policy.

15 d. The identity and contact information of the insurer and limited lines
16 producer.

17 (2) At the time of licensure, the limited lines travel insurance producer shall
18 establish and maintain a register on a form prescribed by the Commissioner
19 of each travel retailer that offers travel insurance on the limited lines
20 producer's behalf. The register shall be maintained and updated annually by
21 the limited lines travel insurance producer and shall include the name,
22 address, and contact information of the travel retailer and an officer or
23 person who directs or controls the travel retailer's operations, and the travel
24 retailer's federal Tax Identification Number. The limited lines travel
25 insurance producer shall submit such register to the State Department of
26 Insurance upon reasonable request. The limited lines producer shall also
27 certify that the travel retailer register complies with 18 U.S.C. § 1033.

28 (3) The limited lines travel insurance producer has designated one of its
29 employees who is a licensed individual producer as the person (a
30 "Designated Responsible Producer" or "DRP") responsible for the limited
31 lines travel insurance producer's compliance with the travel insurance laws,
32 rules, and regulations of the State.

33 (4) The DRP, president, secretary, treasurer, and any other officer or person who
34 directs or controls the limited lines travel insurance producer's insurance
35 operations comply with the fingerprinting requirements applicable to
36 insurance producers in the resident state of the limited lines travel insurance
37 producer.

38 (5) The limited lines travel insurance producer has paid all applicable insurance
39 producer licensing fees as set forth in applicable State law.

40 (6) The limited lines travel insurance producer requires each employee and
41 authorized representative of the travel retailer whose duties include offering
42 and disseminating travel insurance to receive a program of instruction or
43 training, which may be subject to review by the commissioner. The training
44 material shall, at a minimum, contain instructions on the types of insurance
45 offered, ethical sales practices, and required disclosures to prospective
46 customers.

47 (7) Limited lines travel insurance producers, and those registered under its
48 license, are exempt from the examination and continuing education
49 requirements under G.S. 58-33-30, 58-33-32, and 58-33-130.

50 (c) Any travel retailer offering or disseminating travel insurance shall make available to
51 prospective purchasers brochures or other written materials that include all of the following:

- 1 (1) The identity and contact information of the insurer and the limited lines
2 travel insurance producer.
- 3 (2) An explanation that the purchase of travel insurance is not required in order
4 to purchase any other product or service from the travel retailer.
- 5 (3) A disclaimer that an unlicensed travel retailer is permitted to provide general
6 information about the insurance offered by the travel retailer, including a
7 description of the coverage and price, but is not qualified or authorized to
8 answer technical questions about the terms and conditions of the insurance
9 offered by the travel retailer or to evaluate the adequacy of the customer's
10 existing insurance coverage.
- 11 (d) A travel retailer's employee or authorized representative who is not licensed as an
12 insurance producer may not do any of the following:
- 13 (1) Evaluate or interpret the technical terms, benefits, and conditions of the
14 offered travel insurance coverage.
- 15 (2) Evaluate or provide advice concerning a prospective purchaser's existing
16 insurance coverage.
- 17 (3) Hold itself out as a licensed insurer, licensed producer, or insurance expert.
- 18 (e) A travel retailer whose insurance-related activities, and the activities of its
19 employees and authorized representatives, are limited to offering or disseminating travel
20 insurance on behalf of and under the direction of a limited lines travel insurance producer
21 meeting the conditions stated in this section is authorized to do so and receive related
22 compensation, upon registration by the limited lines travel insurance producer, as described in
23 subdivision (b)(2) of this section.
- 24 (f) Travel insurance may be provided under an individual policy or under a group or
25 master policy.
- 26 (g) As the travel insurance supervising entity, the limited lines travel insurance
27 producer is responsible for the acts of the travel retailer and shall use reasonable means to
28 ensure compliance by the travel retailer with this section.
- 29 (h) The limited lines travel insurance producer and any travel retailer offering or
30 disseminating travel insurance under the limited lines travel insurance producer license shall be
31 subject to the provisions of Article 63 of this Chapter and to the full enforcement powers of the
32 Commissioner granted by Article 2 of this Chapter."

33 **SECTION 2.** This act is effective when it becomes law.