

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 340
Committee Substitute Favorable 4/11/13

Short Title: Limited Lines Travel Insurance.

(Public)

Sponsors:

Referred to:

March 20, 2013

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. Article 33 of Chapter 58 of the General Statutes is amended by
7 adding a new section to read:

8 "**§ 58-33-19. Limited lines travel insurance.**

9 (a) As used in this Article, the following definitions apply:

10 (1) Limited lines travel insurance producer. – Any of the following:

11 a. A licensed managing general underwriter.

12 b. A licensed managing general agent or third-party administrator.

13 c. A licensed insurance producer, including a limited lines producer
14 designated by an insurer as the travel insurance supervising entity, as
15 set forth in subsection (h) of this section.

16 (2) Offer and disseminate. – Providing general information, including a
17 description of the coverage and price, as well as processing the application,
18 collecting premiums, and performing other activities that do not require a
19 license and are permitted by the Department.

20 (3) Travel insurance. – Insurance coverage for the personal risks incident to
21 planned travel that includes, but is not limited to, the coverages listed in
22 sub--subdivisions a. through d. of this subdivision. Travel insurance does not
23 include major medical plans that provide comprehensive medical protection
24 for travelers with trips lasting six months or longer, including deployed
25 military personnel or those U.S. citizens working overseas as expatriates.

26 a. Interruption or cancellation of trip or event.

27 b. Loss of baggage or personal effects.

28 c. Damages to accommodations or rental vehicles.

29 d. Sickness, accident, disability, or death occurring during travel.

30 (4) Travel retailer. – A business entity that makes, arranges, or offers travel
31 services and may offer and disseminate travel insurance as a service to its
32 customers on behalf of and under the direction of a limited lines travel
33 insurance producer.

34 (b) An individual or business entity may apply for a limited lines travel insurance
35 producer license by filing with the Department an application in a form and manner prescribed



1 by the Commissioner. If issued, the license authorizes the limited lines travel insurance
2 producer to sell, solicit, or negotiate travel insurance through a licensed insurer.

3 (c) A travel retailer may offer and disseminate travel insurance under a limited lines
4 travel insurance producer business entity license only if the following conditions are met:

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

7 a. A description of the material terms or the actual material terms of the
8 insurance coverage.

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

10 c. A description of the review or cancellation process for the travel
11 insurance policy.

12 d. The identity and contact information of the insurer and limited lines
13 travel insurance producer.

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

25 (3) The limited lines travel insurance producer has designated one of its
26 employees who is a licensed individual producer as the person responsible
27 for the limited lines travel insurance producer's compliance with this Chapter
28 and administrative rules adopted by the Commissioner.

29 (4) The person designated in subdivision (3) of this subsection and the president,
30 secretary, treasurer, and any other officer or person who directs or controls
31 the limited lines travel insurance producer's insurance operations comply
32 with the fingerprinting requirements applicable to insurance producers in the
33 resident state of the limited lines travel insurance producer.

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

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

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

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

48 (1) The identity and contact information of the insurer and the limited lines
49 travel insurance producer.

50 (2) An explanation that the purchase of travel insurance is not required in order
51 to purchase any other product or service from the travel retailer.

1 (3) A disclaimer that an unlicensed travel retailer is permitted to provide general
2 information about the insurance offered by the travel retailer, including a
3 description of the coverage and price, but is not qualified or authorized to
4 answer technical questions about the terms and conditions of the insurance
5 offered by the travel retailer or to evaluate the adequacy of the customer's
6 existing insurance coverage.

7 (e) A travel retailer's employee or authorized representative who is not licensed as a
8 limited lines travel insurance producer shall not do any of the following:

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

11 (2) Evaluate or provide advice concerning a prospective purchaser's existing
12 insurance coverage.

13 (3) Hold himself or herself out as a licensed insurer, licensed producer, or
14 insurance expert.

15 (f) A travel retailer, whose insurance-related activities and the activities of its
16 employees and authorized representatives are limited to offering or disseminating travel
17 insurance on behalf of and under the direction of a limited lines travel insurance producer
18 meeting the conditions stated in this section, is authorized to do so and receive related
19 compensation, upon compliance with subdivision (c)(2) of this section by the limited lines
20 travel insurance producer.

21 (g) Travel insurance may be provided under an individual policy or under a group or
22 master policy.

23 (h) As the travel insurance supervising entity, the limited lines travel insurance
24 producer is responsible for the acts of the travel retailer and shall use reasonable means to
25 ensure compliance by the travel retailer with this section.

26 (i) The limited lines travel insurance producer and any travel retailer offering or
27 disseminating travel insurance under the limited lines travel insurance producer license shall be
28 subject to the provisions of Article 63 of this Chapter and to the full enforcement powers of the
29 Commissioner granted by Article 2 of this Chapter."

30 **SECTION 2.** This act becomes effective January 1, 2014.