

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 340
Committee Substitute Favorable 4/11/13
Senate Insurance Committee Substitute Adopted 6/6/13

Short Title: Limited Lines Travel Insurance.

(Public)

Sponsors:

Referred to:

March 20, 2013

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

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Article 33 of Chapter 58 of the General Statutes is amended by
8 adding a new section to read:

9 "**§ 58-33-19. Limited lines travel insurance.**

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

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

12 a. A licensed managing general underwriter.

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

14 c. A licensed insurance producer as defined by G.S. 58-33-10(7),
15 including:

16 1. A limited lines producer designated by an insurer as the travel
17 insurance supervising entity, as set forth in subsection (h) of
18 this section.

19 2. A limited lines producer appointed by an insurer, as set forth
20 in G.S. 58-33-40, who acts as a landlord or real estate broker
21 engaged in the rental or management of residential property
22 for vacation rental as defined in Chapter 42A of the General
23 Statutes.

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

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

34 a. Interruption or cancellation of trip or event.

35 b. Loss of baggage or personal effects.



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1 c. Damages to accommodations or rental vehicles.

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

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

7 (b) An individual or business entity may apply for a limited lines travel insurance
8 producer license by filing with the Department an application in a form and manner prescribed
9 by the Commissioner. If issued, the license authorizes the limited lines travel insurance
10 producer to sell, solicit, or negotiate travel insurance through a licensed insurer.

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

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

15 a. A description of the material terms or the actual material terms of the
16 insurance coverage.

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

18 c. A description of the review or cancellation process for the travel
19 insurance policy.

20 d. The identity and contact information of the insurer and limited lines
21 travel insurance producer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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