

1 HB235  
2 216757-1  
3 By Representative Faulkner  
4 RFD: Insurance  
5 First Read: 02-FEB-22

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8       SYNOPSIS:               Under existing law, travel insurance  
9                               producers, which sell, solicit, or negotiate travel  
10                              insurance coverage, must be licensed by the  
11                              Commissioner of Insurance.

12                             This bill revises licensing and registration  
13                             requirements for those persons selling travel  
14                             insurance coverage in the state.

15                             This bill would provide standards for  
16                             premium taxes on individual, group, and blanket  
17                             travel insurance.

18                             This bill would provide for the sale of  
19                             travel insurance as part of a travel protection  
20                             plan.

21                             This bill would establish sales practices  
22                             standards for the sale of travel insurance and  
23                             provide standards for travel administrators.

24                             This bill would provide certain protections  
25                             for customers of travel insurance and prohibit  
26                             certain deceptive acts.

1                   This bill would also classify travel  
2                   insurance for purposes of rates and forms.

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4                   A BILL  
5                   TO BE ENTITLED  
6                   AN ACT

7  
8                   Relating to travel insurance; to add Chapter 64 to  
9                   Title 27 of the Code of Alabama 1975 and to repeal Section  
10                  27-7-5.2, Code of Alabama 1975, relating to travel insurance,  
11                  and replace the section with new Section 27-64-4, Code of  
12                  Alabama 1975; to create the Travel Insurance Act; to revise  
13                  licensing and registration requirements for limited lines  
14                  travel insurance; to provide standards for premium taxes on  
15                  travel insurance; to provide for the sale of travel insurance  
16                  as part of a travel protection plan; to establish sales  
17                  practices standards for the sale of travel insurance; to  
18                  provide standards for travel administrators; to classify  
19                  travel insurance for purposes of rates and forms; and to  
20                  further provide for the commissioner's authority to adopt  
21                  rules and implement the act.

22                  BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23                  Section 1. Chapter 64, commencing with Section  
24                  27-64-1, is added to Title 27 of the Code of Alabama 1975 to  
25                  read as follows:

26                  §27-64-1.

1           This act shall be known and may be cited as the  
2 Travel Insurance Act.

3           §27-64-2.

4           (a) The purpose of this chapter is to promote the  
5 public welfare by creating a comprehensive legal framework  
6 within which travel insurance may be sold in this state.

7           (b) The requirements of this chapter shall apply to  
8 travel insurance that covers any resident of this state, is  
9 sold, solicited, negotiated, or offered in this state, and  
10 policies and certificates are delivered or issued for delivery  
11 in this state. This chapter does not apply to cancellation fee  
12 waivers or travel assistance services, except as expressly  
13 provided in this chapter.

14           (c) All other applicable provisions of state  
15 insurance laws shall continue to apply to travel insurance,  
16 except that the specific provisions of this chapter shall  
17 supersede any general provisions of law that would otherwise  
18 be applicable to travel insurance.

19           §27-64-3.

20           As used in this chapter, the following terms shall  
21 have the following meanings:

22           (1) AGGREGATOR SITE. A website that provides access  
23 to information regarding insurance products from more than one  
24 insurer, including product and insurer information, for use in  
25 comparison shopping.

26           (2) BLANKET TRAVEL INSURANCE. A policy of travel  
27 insurance issued to any eligible group providing coverage for

1 specific classes of persons defined in the policy with  
2 coverage provided to all members of the eligible group without  
3 a separate charge to individual members of the eligible group.

4 (3) CANCELLATION FEE WAIVER. A contractual agreement  
5 between a supplier of travel services and its customer to  
6 waive some or all of the non-refundable cancellation fee  
7 provisions of the supplier's underlying travel contract with  
8 or without regard to the reason for the cancellation or form  
9 of reimbursement. A cancellation fee waiver is not insurance.

10 (4) ELIGIBLE GROUP. Two or more persons who are  
11 engaged in a common enterprise, or have an economic,  
12 educational, or social affinity or relationship, including,  
13 but not limited to, any of the following:

14 a. Any entity engaged in the business of providing  
15 travel or travel services, including, but not limited to, tour  
16 operators, lodging providers, vacation property owners, hotels  
17 and resorts, travel clubs, travel agencies, property managers,  
18 cultural exchange programs, and common carriers or the  
19 operator, owner, or lessor of a means of transportation of  
20 passengers, including, but not limited to, airlines, cruise  
21 lines, railroads, steamship companies, and public bus  
22 carriers, wherein with regard to any particular travel or type  
23 of travel or travelers, all members or customers of the group  
24 must have a common exposure to risk attendant to such travel.

25 b. Any college, school, or other institution of  
26 learning, covering students, teachers, employees, or  
27 volunteers.

1           c. Any employer covering any group of employees,  
2 volunteers, contractors, boards of directors, dependents, or  
3 guests.

4           d. Any sports team, camp, or sponsor thereof,  
5 covering participants, members, campers, employees, officials,  
6 supervisors, or volunteers.

7           e. Any religious, charitable, recreational,  
8 educational, or civic organization, or branch thereof,  
9 covering any group of members, participants, or volunteers.

10          f. Any financial institution or financial  
11 institution vendor, or parent holding company, trustee, or  
12 agent of or designated by one or more financial institutions  
13 or financial institution vendors, including account holders,  
14 credit card holders, debtors, guarantors, or purchasers.

15          g. Any incorporated or unincorporated association,  
16 including labor unions, having a common interest,  
17 constitution, and bylaws, and organized and maintained in good  
18 faith for purposes other than obtaining insurance for members  
19 or participants of the association covering its members.

20          h. Any trust or the trustees of a fund established,  
21 created, or maintained for the benefit of and covering  
22 members, employees, or customers, subject to the  
23 commissioner's permitting the use of a trust and the state's  
24 premium tax provisions in Section 27-64-5 of one or more  
25 associations meeting the requirements of paragraph g.

1           i. Any entertainment production company covering any  
2 group of participants, volunteers, audience members,  
3 contestants, or workers.

4           j. Any volunteer fire department, ambulance, rescue,  
5 police, court, or any first aid, civil defense, or other such  
6 volunteer group.

7           k. Any preschool, day care institution for children  
8 or adults, or senior citizen club.

9           l. Any automobile or truck rental or leasing company  
10 covering a group of individuals who may become renters,  
11 lessees, or passengers defined by their travel status on the  
12 rented or leased vehicles. The common carrier, the operator,  
13 owner or lessor of a means of transportation, or the  
14 automobile or truck rental or leasing company, is the  
15 policyholder under a policy to which this provision applies.

16           m. Any other group where the commissioner has  
17 determined that the members are engaged in a common  
18 enterprise, or have an economic, educational, or social  
19 affinity or relationship, and that issuance of the policy  
20 would not be contrary to the public interest.

21           (5) FULFILLMENT MATERIALS. Documentation sent to the  
22 purchaser of a travel protection plan confirming the purchase  
23 and providing the travel protection plan's coverage and  
24 assistance details.

25           (6) GROUP TRAVEL INSURANCE. Travel insurance issued  
26 to any eligible group.

1 (7) LIMITED LINES TRAVEL INSURANCE PRODUCER. Any of  
2 the following:

3 a. A licensed managing general agent or third party  
4 administrator.

5 b. A licensed insurance producer, including a  
6 limited lines producer.

7 c. A travel administrator.

8 (8) OFFER AND DISSEMINATE. To provide general  
9 information, including a description of the coverage and  
10 price, as well as processing the application, collecting  
11 premiums, and performing other non-licensable activities  
12 permitted by the state.

13 (9) PRIMARY CERTIFICATE HOLDER. A person who elects  
14 and purchases travel insurance under a group policy.

15 (10) PRIMARY POLICYHOLDER. A person who elects and  
16 purchases individual travel insurance.

17 (11) TRAVEL ADMINISTRATOR. A person who directly or  
18 indirectly underwrites, collects charges, collateral, or  
19 premiums from, or adjusts or settles claims on, residents of  
20 this state in connection with travel insurance, except that a  
21 person shall not be considered a travel administrator if that  
22 person's only actions that would otherwise cause it to be  
23 considered a travel administrator are among any of the  
24 following:

25 a. An individual working for a travel administrator  
26 to the extent that the individual's activities are subject to  
27 the supervision and control of the travel administrator.



1           b. An insurance producer selling insurance or  
2 engaged in administrative and claims-related activities within  
3 the scope of the producer's license.

4           c. A travel retailer offering and disseminating  
5 travel insurance and registered under the license of a limited  
6 lines travel insurance producer in accordance with this  
7 chapter.

8           d. An individual adjusting or settling claims in the  
9 normal course of that individual's practice or employment as  
10 an attorney-at-law and who does not collect charges or  
11 premiums in connection with insurance coverage.

12           e. A business entity that is affiliated with a  
13 licensed insurer while acting as a travel administrator for  
14 the direct and assumed insurance business of an affiliated  
15 insurer.

16           (12) TRAVEL ASSISTANCE SERVICES. Non-insurance  
17 services for which the customer is not indemnified based on a  
18 fortuitous event, and where providing the service does not  
19 result in transfer or shifting of risk that would constitute  
20 the business of insurance. Travel assistance services include,  
21 but are not limited to, security advisories, destination  
22 information, vaccination and immunization information  
23 services, travel reservation services, entertainment, activity  
24 and event planning, translation assistance, emergency  
25 messaging, international legal and medical referrals, medical  
26 case monitoring, coordination of transportation arrangements,  
27 emergency cash transfer assistance, medical prescription

1 replacement assistance, passport and travel document  
2 replacement assistance, lost luggage assistance, concierge  
3 services, and any other service that is furnished in  
4 connection with planned travel. Travel assistance services are  
5 not insurance and not related to insurance.

6 (13) TRAVEL INSURANCE. a. Insurance coverage for  
7 personal risks incident to planned travel, including, but not  
8 limited to, all of the following:

- 9 1. Interruption or cancellation of trip or event.
- 10 2. Loss of baggage or personal effects.
- 11 3. Damages to accommodations or rental vehicles.
- 12 4. Sickness, accident, disability, or death  
13 occurring during travel.
- 14 5. Emergency evacuations.
- 15 6. Repatriation of remains.
- 16 7. Any other contractual obligations to indemnify or  
17 pay a specified amount to the traveler upon determinable  
18 contingencies relating to travel as approved by the  
19 commissioner.

20 b. The term does not include either of the  
21 following:

- 22 1. Major medical plans that provide comprehensive  
23 medical protection for travelers with trips lasting six months  
24 or longer, including for example, those working overseas as an  
25 expatriate or military personnel being deployed.
- 26 2. Any other product that requires a specific  
27 insurance producer license.

1           (14) TRAVEL RETAILER. A business entity that makes,  
2 arranges, or offers travel and may offer and disseminate  
3 travel insurance as a service to its customers on behalf of  
4 and under the direction of a limited lines travel insurance  
5 producer.

6           §27-64-4.

7           (a) The commissioner may issue a limited lines  
8 travel insurance producer license to an individual or business  
9 entity that has filed with the commissioner an application for  
10 a limited lines travel insurance producer license in a form  
11 and manner prescribed by rule by the commissioner. A limited  
12 lines travel insurance producer shall be licensed to sell,  
13 solicit, or negotiate travel insurance through a licensed  
14 insurer.

15           (b) No person may act as a limited lines travel  
16 insurance producer or travel insurance retailer unless  
17 properly licensed or registered, respectively.

18           (c) The criteria for suspension, revocation, and the  
19 penalties applicable to resident insurance producers under  
20 Section 27-7-19 shall be applicable to limited lines travel  
21 insurance producers and travel retailers.

22           (d) A travel retailer may offer and disseminate  
23 travel insurance under a limited lines travel insurance  
24 producer business entity license only if the following  
25 conditions are met:

1           (1) The limited lines travel insurance producer or  
2 the travel retailer provides to customers of travel insurance  
3 all of the following:

4           a. A description of the material terms or the actual  
5 material terms of the insurance coverage.

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

7           c. A description of the review or cancellation  
8 process for the travel insurance policy.

9           d. The identity and contact information of the  
10 insurer and limited lines travel insurance producer.

11           (2) At the time of licensure, the limited lines  
12 travel insurance producer establishes and thereafter maintains  
13 a register, in a form prescribed by rule by the commissioner,  
14 of each travel retailer that offers travel insurance on the  
15 limited lines travel insurance producer's behalf. The register  
16 shall be maintained and updated annually by the limited lines  
17 travel insurance producer and shall include the name, address,  
18 contact information, and federal tax identification number of  
19 the travel retailer, and the name of an officer or individual  
20 who directs or controls the travel retailer's operations. The  
21 limited lines travel insurance producer shall submit the  
22 register to the commissioner upon reasonable request. The  
23 limited lines travel insurance producer shall also certify  
24 that a registered travel retailer complies with 18 U.S.C. §  
25 1033.

26           (3) The limited lines travel insurance producer  
27 shall designate one of its employees who is a licensed

1 individual producer as the designated responsible producer,  
2 responsible for the business entity's compliance with the  
3 travel insurance laws and rules of the state applicable to the  
4 limited lines travel insurance producer and its registrants.

5 (4) The DRP, president, secretary, treasurer, and  
6 any other officer or individual who directs or controls the  
7 limited lines travel insurance producer's insurance operations  
8 shall comply with the fingerprinting requirements applicable  
9 to insurance producers in the resident state of the limited  
10 lines travel insurance producer.

11 (5) The limited lines travel insurance producer has  
12 paid all applicable insurance producer licensing fees as set  
13 forth in applicable state law.

14 (6) The limited lines travel insurance producer  
15 requires each employee and authorized representative of the  
16 travel retailer whose duties include offering and  
17 disseminating travel insurance to receive a program of  
18 instruction or training, which is subject, at the discretion  
19 of the commissioner, to review and approval. The training  
20 material, at a minimum, shall contain adequate instructions on  
21 the types of insurance offered, ethical sales practices, and  
22 required disclosures to prospective purchasers.

23 (e) Any travel retailer offering or disseminating  
24 travel insurance shall make brochures or other written  
25 materials available to prospective purchasers that have been  
26 approved by the travel insurer. The materials shall include  
27 information which at a minimum do all of the following:

1           (1) Provide the identity and contact information of  
2 the insurer and the travel insurance producer.

3           (2) Explain that the purchase of travel insurance is  
4 not required in order to purchase any other product or service  
5 from the travel retailer.

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

13           (f) A travel retailer employee or authorized  
14 representative who is not licensed as an insurance producer  
15 may not do any of the following:

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

19           (2) Evaluate or provide advice concerning the  
20 existing insurance coverage of a prospective purchaser.

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

23           (g) Notwithstanding any other state law, a travel  
24 retailer whose insurance-related activities, and those of its  
25 employees and authorized representatives, are limited to  
26 offering and disseminating travel insurance on behalf of and  
27 under the direction of a limited lines travel insurance

1 producer meeting the conditions stated in this section may  
2 offer and disseminate travel insurance and is authorized to  
3 receive related compensation, upon registration by the travel  
4 insurance producer as described in this section.

5 (h) As the insurer designee, the limited lines  
6 travel insurance producer is responsible for the acts of the  
7 travel retailer and shall use reasonable means to ensure  
8 compliance by the travel retailer with this section.

9 (i) Any person licensed in a major line of authority  
10 as an insurance producer may sell, solicit, or negotiate  
11 travel insurance. A property and casualty insurance producer  
12 is not required to become appointed by an insurer in order to  
13 sell, solicit, or negotiate travel insurance.

14 §27-64-5.

15 (a) A travel insurer shall pay premium tax, as  
16 provided in Section 27-4A-3, on travel insurance premiums paid  
17 by any of the following:

18 (1) An individual primary policyholder who is a  
19 resident of this state.

20 (2) A primary certificate holder who is a resident  
21 of this state who elects coverage under a group travel  
22 insurance policy.

23 (3) A blanket travel insurance policyholder who is a  
24 resident in, or has its principal place of business or the  
25 principal place of business of an affiliate or subsidiary that  
26 has purchased blanket travel insurance in this state for  
27 eligible blanket group members, subject to any apportionment

1 rules that apply to the insurer across multiple taxing  
2 jurisdictions or that permit the insurer to allocate premiums  
3 on an apportioned basis in a reasonable and equitable manner  
4 in those jurisdictions.

5 (b) A travel insurer shall do both of the following:

6 (1) Document the state of residence or principal  
7 place of business of the policyholder or certificate holder,  
8 as required in subsection (a).

9 (2) Report as premium only the amount allocable to  
10 travel insurance and not any amounts received for travel  
11 assistance services or cancellation fee waivers.

12 27-64-6.

13 Travel protection plans may be offered for one price  
14 for the combined features that the travel protection plan  
15 offers in this state if all of the following criteria are met:

16 (1) The travel protection plan clearly discloses to  
17 the purchaser, at or prior to the time of purchase, that it  
18 includes travel insurance, travel assistance services, and  
19 cancellation fee waivers as applicable, and provides  
20 information and an opportunity, at or prior to the time of  
21 purchase, for the purchaser to obtain additional information  
22 regarding the features and pricing of each.

23 (2) The fulfillment materials do both of the  
24 following:

25 a. Describe and delineate the travel insurance,  
26 travel assistance services, and cancellation fee waivers in  
27 the travel protection plan.



1           b. Include the travel insurance disclosures and the  
2 contact information for persons providing travel assistance  
3 services, and cancellation fee waivers, as applicable.

4           §27-64-7.

5           (a) All persons offering travel insurance to  
6 residents of this state are subject to the provisions of  
7 Chapter 12, except as otherwise provided in this section. In  
8 the event of a conflict between this section and other  
9 provisions of this title regarding the sale and marketing of  
10 travel insurance and travel protection plans, the provisions  
11 of this chapter shall control.

12           (b) Offering or selling a travel insurance policy  
13 that could never result in payment of any claims for any  
14 insured under the policy is an unfair trade practice under  
15 Chapter 12.

16           (c) (1) All documents provided to customers prior to  
17 the purchase of travel insurance, including, but not limited  
18 to, sales materials, advertising materials, and marketing  
19 materials, shall be consistent with the travel insurance  
20 policy itself, including, but not limited to, forms,  
21 endorsements, policies, rate filings, and certificates of  
22 insurance.

23           (2) For travel insurance policies or certificates  
24 that contain preexisting condition exclusions, information and  
25 an opportunity to learn more about the preexisting condition  
26 exclusions shall be provided any time prior to the time of  
27 purchase, and in the coverage's fulfillment materials.

1           (3)a. The fulfillment materials and the information  
2 described in paragraphs a. through d. of Section 27-64-4(d) (1)  
3 shall be provided to a policyholder or certificate holder as  
4 soon as practicable, following the purchase of a travel  
5 protection plan. Unless the insured has either started a  
6 covered trip or filed a claim under the travel insurance  
7 coverage, a policyholder or certificate holder may cancel a  
8 policy or certificate for a full refund of the travel  
9 protection plan price from the date of purchase of a travel  
10 protection plan until at least:

11                 1. Fifteen days following the date of delivery of  
12 the travel protection plan's fulfillment materials by postal  
13 mail; or

14                 2. Ten days following the date of delivery of the  
15 travel protection plans fulfillment materials by means other  
16 than postal mail.

17           b. For purposes of this subsection, delivery means  
18 handing fulfillment materials to the policyholder or  
19 certificate holder or sending fulfillment materials by postal  
20 mail or electronic means to the policyholder or certificate  
21 holder.

22           (4) A travel insurer shall disclose in the policy  
23 documentation and fulfillment materials whether the travel  
24 insurance is primary or secondary to other applicable  
25 coverage.

26           (5) Where travel insurance is marketed directly to a  
27 customer through an insurer's website or by others through an

1 aggregator site, it shall not be an unfair trade practice or  
2 other violation of law where an accurate summary or short  
3 description of coverage is provided on the website, so long as  
4 the customer has access to the full provisions of the policy  
5 through electronic means.

6 (d) No person offering, soliciting, or negotiating  
7 travel insurance or travel protection plans on an individual  
8 or group basis may do so by using negative option or opt out,  
9 which would require a customer to take an affirmative action  
10 to deselect coverage, such as unchecking a box on an  
11 electronic form, when the customer purchases a trip.

12 (e) It shall be an unfair trade practice to market  
13 blanket travel insurance coverage as free.

14 (f) Where a customer's destination jurisdiction  
15 requires insurance coverage, it shall not be an unfair trade  
16 practice to require that a customer choose between the  
17 following options as a condition of purchasing a trip or  
18 travel package:

19 (1) Purchasing the coverage required by the  
20 destination jurisdiction through the travel retailer or  
21 limited lines travel insurance producer supplying the trip or  
22 travel package.

23 (2) Agreeing to obtain and provide proof of coverage  
24 that meets the destination jurisdiction's requirements prior  
25 to departure.

26 §27-64-8.

1 (a) Notwithstanding any other provision of this  
2 title, no person shall act or represent itself as a travel  
3 administrator for travel insurance in this state unless the  
4 person meets one of the following requirements:

5 (1) Is a licensed property and casualty insurance  
6 producer in this state for activities permitted under that  
7 producer license.

8 (2) Holds a valid managing general agent license in  
9 this state.

10 (3) Holds a valid third-party administrator license  
11 in this state.

12 (b) A travel administrator and its employees are  
13 exempt from the licensing requirements of Chapter 9A for  
14 travel insurance the travel administrator administers.

15 (c) An insurer is responsible for the acts of a  
16 travel administrator administering travel insurance  
17 underwritten by the insurer, and is responsible for ensuring  
18 that the travel administrator maintains all books and records  
19 relevant to the insurer, to be made available by the travel  
20 administrator to the commissioner upon request.

21 §27-64-9.

22 (a) Notwithstanding any other provision of this  
23 title, travel insurance shall be classified and filed for  
24 purposes of rates and forms under an inland marine line of  
25 insurance; provided, however, that travel insurance that  
26 provides coverage for sickness, accident, disability, or death  
27 occurring during travel, either exclusively or in conjunction

1 with related coverages of emergency evacuation or repatriation  
2 of remains, or incidental limited property and casualty  
3 benefits such as baggage or trip cancellation, may be filed  
4 under either an accident and health line of insurance or an  
5 inland marine line of insurance.

6 (b) Travel insurance may be in the form of an  
7 individual, group, or blanket policy.

8 (c) Eligibility and underwriting standards for  
9 travel insurance may be developed and provided based on travel  
10 protection plans designed for individual or identified  
11 marketing or distribution channels, provided those standards  
12 also meet the state's underwriting standards for inland  
13 marine.

14 §27-64-10.

15 The commissioner may adopt rules to implement this  
16 chapter.

17 Section 2. Section 27-7-5.2, Code of Alabama 1975,  
18 relating to the regulation and licensure of persons selling  
19 travel insurance coverage, is repealed.

20 Section 3. This act shall become effective on the  
21 first day of the third month following its passage and  
22 approval by the Governor, or its otherwise becoming law.