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H.724

Introduced by Representatives Kitzmiller of Montpelier, Botzow of Pownal,
Bouchard of Colchester, Carr of Brandon, Marcotte of
Coventry, Ralston of Middlebury, and Scheuermann of Stowe

Referred to Committee on

Date:

Subject: Insurance; travel insurance; agents; licensing

Statement of purpose of bill as introduced: This bill proposes to streamline the
process for licensing agents who sell travel insurance.

An act relating to the process of licensing travel insurance agents

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 8 V.S.A. § 4813a(6) is amended to read:

(6) “Limited lines insurance” means travel ~~accident or travel baggage~~
insurance, as that term is defined in section 4827 of this chapter, or any other
line of insurance that the ~~commissioner~~ Commissioner deems necessary to
recognize for the purposes of complying with subsection 4813h(d) of this
subchapter, or any other line of insurance the ~~commissioner~~ Commissioner, by
~~regulation rule~~, shall deem essential for the transaction of business in this ~~state~~
State and which does not require the professional competency demanded for an
insurance producer’s license.

1 Sec. 2. 8 V.S.A. chapter 131, subchapter 4 is added to read:

2 Subchapter 4. Limited Lines Travel Insurance Producers

3 § 4827. SHORT TITLE

4 This subchapter shall be known and may be cited as the “Travel Insurance
5 Producer Limited License Act.”

6 § 4827a. DEFINITIONS

7 As used in this subchapter:

8 (1) “Limited lines travel insurance producer” means a licensed
9 managing general underwriter; a licensed managing general agent or third
10 party administrator; or a licensed insurance producer, including a limited lines
11 producer, who is designated by an insurer as the travel insurance supervising
12 entity as set forth in section 4827e of this subchapter.

13 (2) “Offer and disseminate” means providing general information,
14 including a description of the coverage and price, as well as processing the
15 application, collecting premiums, and performing other nonlicensable activities
16 permitted by the State.

17 (3) “Travel insurance” means insurance coverage for personal risks
18 incident to planned travel, including interruption or cancellation of trip or
19 event; loss of baggage or personal effects; damages to accommodations or
20 rental vehicles; or sickness, accident, disability, or death occurring during
21 travel. It does not include major medical plans which provide comprehensive

1 medical protection for travelers with trips lasting six months or longer,
2 including for example, those working overseas as an ex-patriot or deployed
3 military personnel.

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

8 § 4827b. REQUIREMENTS

9 (a) Notwithstanding any other provision of law to the contrary:

10 (1) The Commissioner may issue to an individual or business entity that
11 has filed with the Commissioner an application for such limited license in a
12 form and manner prescribed by the Commissioner a limited lines travel
13 insurance producer license, which authorizes the limited lines travel insurance
14 producer to sell, solicit, or negotiate travel insurance through a licensed
15 insurer.

16 (2) A travel retailer may offer and disseminate travel insurance under a
17 limited lines travel insurance producer business entity (licensed business
18 entity) license only if the following conditions are met:

19 (A) The limited lines travel insurance producer or travel retailer
20 provides to purchasers of travel insurance:

1 (i) a description of the material terms or the actual material terms
2 of the insurance coverage;

3 (ii) a description of the process for filing a claim;

4 (iii) a description of the review or cancellation process for the
5 travel insurance policy; and

6 (iv) the identity and contact information of the insurer and limited
7 lines producer.

8 (B) At the time of licensure, the limited lines travel insurance
9 producer shall establish and maintain a register on a form prescribed by the
10 Commissioner of each travel retailer that offers travel insurance on the limited
11 lines producer's behalf. The register shall be maintained and updated annually
12 by the limited lines travel insurance producer and shall include the name,
13 address, and contact information of the travel retailer and an officer or person
14 who directs or controls the travel retailer's operations, and the travel retailer's
15 Federal Tax Identification Number. The limited lines travel insurance
16 producer shall submit such register to the Commissioner, upon reasonable
17 request. The limited lines producer shall also certify that the travel retailer
18 registered complies with 18 U.S.C. § 1033.

19 (C) The limited lines travel insurance producer has designated one of
20 its employees who is a licensed individual producer as the person (a
21 Designated Responsible Producer or DRP) responsible for the limited lines

1 travel insurance producer's compliance with the travel insurance laws, rules,
2 and regulations of the State. Such person shall be referred to as the DRP.

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

8 (E) The limited lines travel insurance producer has paid all applicable
9 insurance producer licensing fees as set forth in applicable State law.

10 (F) The limited lines travel insurance producer requires each
11 employee and authorized representative of the travel retailer whose duties
12 include offering and disseminating travel insurance to receive a program of
13 instruction or training, which may be subject to review by the Commissioner.
14 The training material shall, at a minimum, contain instructions on the types of
15 insurance offered, ethical sales practices, and required disclosures to
16 prospective customers.

17 (G) Limited lines travel insurance producers, and those registered
18 under its license, are exempt from examination requirements pursuant to
19 subsection 4831i(c) of this title and continuing education requirements under
20 section 4800a of this title.

1 (b) Any travel retailer offering or disseminating travel insurance shall make
2 available to prospective purchasers brochures or other written materials that:

3 (1) provide the identity and contact information of the insurer and the
4 limited lines travel insurance producer;

5 (2) explain that the purchase of travel insurance is not required in order
6 to purchase any other product or service from the travel retailer; and

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

13 (c) A travel retailer's employee or authorized representative who is not
14 licensed as an insurance producer may not:

15 (1) evaluate or interpret the technical terms, benefits, and conditions of
16 the offered travel insurance coverage;

17 (2) evaluate or provide advice concerning a prospective purchaser's
18 existing insurance coverage; or

19 (3) hold himself or herself out as a licensed insurer, licensed producer,
20 or insurance expert.

1 § 4827c. REGISTRATION

2 Notwithstanding any other provision of law to the contrary, a travel retailer
3 whose insurance-related activities, and those of its employees and authorized
4 representatives, are limited to offering and disseminating travel insurance on
5 behalf of and under the direction of a limited lines travel insurance producer
6 meeting the conditions stated in this section is authorized to do so and receive
7 related compensation for such services, upon registration by the limited lines
8 travel insurance producer as described in subdivision 4827b(a)(2)(B) of this
9 subchapter.

10 § 4827d. POLICY

11 Travel insurance may be provided under an individual policy or under a
12 group or master policy.

13 § 4827e. RESPONSIBILITY

14 As the insurer designee, the limited lines travel insurance producer is
15 responsible for the acts of the travel retailer and shall use reasonable means to
16 ensure compliance by the travel retailer with this subchapter.

17 § 4827f. ENFORCEMENT

18 The limited lines travel insurance producer and any travel retailer offering
19 and disseminating travel insurance under the limited lines travel insurance
20 producer license shall be subject to chapter 129 (insurance trade practices) of

1 this title and section 4804 (producer license denial, nonrenewal and
2 termination) of this title.

3 Sec. 3. EFFECTIVE DATES

4 This section shall take effect on passage and Secs. 1 and 2 shall take effect
5 90 days after passage.