

ORIGINAL SENATE
FILE NO. 0005

ENROLLED ACT NO. 36, SENATE

SIXTY-SECOND LEGISLATURE OF THE STATE OF WYOMING
2013 GENERAL SESSION

AN ACT relating to insurance; creating specialty limited lines producer license requirements; expanding limited lines insurance regulation; providing for regulation of group and master property and casualty insurance policies; providing definitions; providing for fees; and providing for an effective date.

Be It Enacted by the Legislature of the State of Wyoming:

Section 1. W.S. 26-9-234 and 26-23-401 through 26-23-406 are created to read:

26-9-234. Specialty limited lines producer license.

(a) The commissioner may issue to an applicant a specialty limited lines producer license for the sale, solicitation or delivery of specialty lines insurance where the sale of the product is ancillary to the business of the person offering the product.

(b) Application under this section shall be made in accordance with W.S. 26-9-206, except business entity applicants applying for a specialty limited lines producer license shall be exempt from providing shareholders, officers and directors information. However, if the business entity derives more than fifty percent (50%) of its revenue from the sale of insurance, information shall be provided for all officers, directors and shareholders of record that have beneficial ownership of ten percent (10%) or more of any class of securities, who are subject to 15 U.S.C. 78p or subsequent similar federal enactment.

(c) An examination is not required for issuance of a specialty limited lines producer license nor is a licensee

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required to comply with continuing education requirements of W.S 26-9-231.

(d) A business entity licensed as a specialty limited lines producer shall keep a register of each location at which insurance is offered on the licensed business entity's behalf.

(e) A business entity licensed as a specialty limited lines producer for specialty limited lines insurance shall submit the register required in subsection (d) of this section within ten (10) days upon request of the commissioner. The registry shall be open to inspection and examination by the commissioner.

(f) A specialty limited lines producer shall not advertise, represent or otherwise hold out the license holder or an endorsee of the license holder as an agent licensed under this chapter unless the entity or individual holds the applicable license.

(g) An endorsee of the specialty limited lines producer that offers and disseminates specialty limited lines insurance on behalf of the licensed business entity and under the direction of a specialty limited lines insurance producer is not required to be individually licensed and is eligible to offer or disseminate specialty limited lines insurance if all of the following apply:

(i) The endorsee is eighteen (18) years of age or older;

(ii) The endorsee shall have received a program of instruction or training prior to receiving permission to operate on behalf of the business entity and under the direction of the designated responsible producer. The

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training materials shall be made available to the commissioner upon request; and

(iii) The endorsee's compensation shall not be based primarily on the placement of the insurance product but the endorsee may receive compensation for activities under the specialty limited lines license which is incidental to their overall compensation.

(h) An endorsee's authorization to offer or disseminate specialty limited lines insurance shall expire when the endorsee's employment with or representation of the licensed entity is terminated.

(j) Individuals who offer or disseminate specialty limited lines insurance whose compensation is primarily dependent on the placement of the insurance product shall obtain a specialty limited lines insurance producer license as set forth in this section.

(k) Charges for specialty limited lines insurance may be billed and collected by a specialty limited lines producer. Any charge to the covered person for coverage that is not included in the cost associated with the purchase or lease of the covered product or related services shall be separately itemized on the covered person's bill. If the insurance coverage is included with the purchase or lease of the covered product or related services the specialty limited lines producer shall clearly and conspicuously disclose to the covered person that the insurance coverage is included with the covered product or related services. Specialty limited lines producers that are billing and collecting these charges shall not be required to maintain these funds in a segregated account provided that the specialty limited lines producer is authorized by the insurer to hold these funds in an

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alternative manner. Specialty limited lines producers may receive compensation for billing and collection services.

(m) The commissioner may adopt rules necessary to implement this section.

(n) To the extent that they are not in conflict with this section, all provisions of the Wyoming Insurance Code apply to licensees under this section.

ARTICLE 4

GROUP OR MASTER POLICY PROPERTY AND CASUALTY INSURANCE ACT

26-23-401. Qualifications for group or master personal and commercial lines property and casualty insurance policies.

(a) Personal and commercial lines property and casualty insurance may be offered to a resident of this state under a group or master policy issued or delivered pursuant to this section.

(b) Group or master property and casualty personal lines policies shall be subject to the following requirements:

(i) The group or master personal lines property and casualty policy shall not be issued or delivered in this state unless the commissioner finds that:

(A) The issuance of the group or master policy is not contrary to the best interest of the public;

(B) The issuance of the group or master policy would result in economies of acquisition or administration; and

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(C) The benefits are reasonable in relation to the premiums charged.

(ii) A group or master personal lines property and casualty insurance coverage shall not be offered in this state by an insurer under a policy issued or delivered in another state unless this state has made a determination that the requirements of subparagraph (b)(i)(C) have been met;

(iii) The premium for the group or master personal lines property and casualty policy shall be paid either from the policyholder's funds or from funds contributed by the covered persons, or from both.

26-23-402. Group or master policy.

(a) A group or master policy for personal or commercial lines property and casualty insurance coverage shall be issued to the policyholder. Eligible members or covered persons insured under a group or master policy shall be provided evidence of coverage setting forth a statement as to the insurance protection to which they are entitled.

(b) A group or master policy for personal or commercial lines property and casualty insurance coverage shall not be issued or delivered in this state unless the policy form, together with all forms for riders, certificates and endorsements to the policy form, meet the applicable filing requirements in this state. Subsequent amendments to the policy form or forms for riders, certificates and endorsements to the policy form shall not be issued or delivered until they meet the applicable

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filing requirements in this state.

(c) The group or master personal or commercial lines property and casualty policy shall set forth the coverages, exclusions and conditions of the insurance provided therein, together with the terms and conditions of the agreement between the policyholder and the insurer. The policy shall make express provisions for the following:

(i) Methods of premium collection;

(ii) Enrollment period, effective date provisions and eligibility standards for members or covered persons;

(iii) Termination or modification of the policy;
and

(iv) Conversion privileges of the members or covered persons, if any.

(d) If the group or master personal or commercial lines property or casualty master policy provides for remittance of premium by the policyholder, failure of the policyholder to remit premiums when due shall not be regarded as nonpayment of premium by the member or covered person who has made his contribution on a timely basis.

26-23-403. Policy coverage.

(a) Coverage under a group or master personal or commercial lines property and casualty insurance policy may be terminated as to a member or covered person only for:

(i) Failure of the member or covered person to make required premium contributions;

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(ii) Termination of the master policy in its entirety or as to the class to which the member or covered person belongs;

(iii) Discontinuance of the member's or covered person's membership in a class eligible for coverage;

(iv) Termination of membership or covered person's services; or

(v) Material misrepresentation of a fact in obtaining coverage which if known to the master policyholder would have caused the master policyholder not to offer coverage to the member or covered person;

(vi) Fraud or material misrepresentation in the presentation of a claim;

(vii) Exhausting the aggregate limit of liability, if any, under the terms of the policy.

(b) Termination of coverage under subsection (a) of this section shall be effective as follows:

(i) Upon written notice made as described in W.S. 26-35-101 sent not less than ten (10) days prior to the proposed effective date of cancellation if cancellation is for the reason stated in paragraph (a)(i) of this section;

(ii) Immediately if cancellation is for the reasons stated in paragraph (a)(iii), (iv), (v) or (vi) of this section;

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(iii) Immediately if cancellation is for the reason stated in paragraph (a)(vii) of this section. However, the insurer shall send notice of cancellation to the covered person within thirty (30) calendar days after exhaustion of the limit and if notice is not timely sent, coverage shall continue notwithstanding the aggregate limit of liability until the insurer sends notice of termination to the covered person; or

(iv) Upon written notice made as described in W.S. 26-35-101 sent not less than thirty (30) days prior to the proposed effective date of cancellation if cancellation is for the reason stated in paragraph (a)(ii) of this section.

(c) Coverage under a continuous group or master personal or commercial line property and casualty insurance policy may be modified in accordance with the following:

(i) The insurer shall provide the group or master policyholder and covered persons with at least thirty (30) days prior written notice of the change in coverage; and

(ii) The insurer shall provide the group or master policyholder with a revised policy or endorsement and each covered person with a revised certificate, endorsement, updated brochure or other evidence indicating a change in the terms and conditions has occurred and a summary of material changes.

26-23-404. Duties and limitations of insurers.

(a) No insurer shall issue or deliver a group or master personal lines property and casualty insurance policy if it is a condition of membership in a group that

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any member purchase insurance pursuant to the policy, or if any member shall be subject to any penalty by reason of his nonparticipation.

(b) No insurer shall issue or deliver a group personal lines property and casualty insurance policy if:

(i) The purchase of insurance available under the policy is contingent upon the purchase of any other insurance; or

(ii) The purchase or price of any other insurance, product or service is contingent upon the purchase of insurance available under the group personal lines property and casualty insurance policy.

26-23-405. Regulatory jurisdiction.

(a) No master policy or certificate of insurance for group property and casualty insurance coverage shall be issued or delivered in this state unless issued or delivered by an insurer which is duly licensed in this state to write the lines of insurance covered by the master policy.

(b) This article shall not apply to the mass marketing or any other type of marketing of individual property and casualty insurance policies.

(c) This article shall not apply to policies of credit property or credit casualty insurance which insure the debtors of a creditor or creditors with respect to their indebtedness or to policies of lender placed insurance programs.

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(d) Nothing in this article shall limit the authority of the insurance commissioner with respect to complaints or disputes involving residents of this state arising out of a master policy that has been issued or delivered in another state.

(e) The insurance commissioner is authorized to promulgate rules and regulations as may be necessary to carry out the provisions of this article.

26-23-406. Effective date.

This article shall take effect July 1, 2013. No master policy or certificate of insurance for group property and casualty insurance coverage shall be issued or delivered in this state after the effective date unless issued or delivered in compliance with this article. A master policy or certificate that is lawfully in effect on July 1, 2013 shall comply with the provisions of this article within twenty-four (24) months of the effective date.

Section 2. W.S. 26-4-101(a)(xiv), 26-9-202(a) and 26-9-229 by creating a new subsection (d) are amended to read:

26-4-101. Fee schedule.

(a) The commissioner shall collect in advance or contemporaneously fees, licenses and miscellaneous charges as specified in this subsection. Collection may include the acceptance of electronic funds transfer. All fees and other charges collected by the commissioner as specified in this subsection shall be nonrefundable:

(xiv) Limited license: ~~—pursuant to— W.S. 26-9-209(c)—~~

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Application for original individual license and
issuance of license, if issued.....\$20.00

Continuation of license \$20.00

Application for original business entity license
and issuance of license, if issued.....\$100.00

26-9-202. Definitions.

(a) As used in this chapter:

(i) "Business entity" means a corporation, association, partnership, limited liability company, limited liability partnership or other legal entity;

(ii) "Endorsee" means an employee or representative of a specialty limited lines producer;

~~(ii)~~ (iii) "Home state" means the District of Columbia and any state or territory of the United States in which an insurance producer maintains his principal place of residence or principal place of business and is licensed to act as an insurance producer;

~~(iii)~~ (iv) "License" means a document issued by the commissioner authorizing a person to act as an insurance producer for the lines of authority specified in the document. The license itself does not create any authority, actual, apparent or inherent, in the holder to represent or commit an insurer;

~~(iv)~~ (v) "Limited line credit insurance" includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life,

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mortgage guaranty, mortgage disability, guaranteed automobile protection insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation that the commissioner determines should be designated a form of limited line credit insurance;

~~(v)~~ (vi) "Limited line credit insurance producer" means a person who sells, solicits or negotiates one (1) or more forms of limited line credit insurance coverage to individuals through a master, corporate, group or individual policy;

~~(vi)~~ (vii) "Limited lines insurance" means those lines of insurance referred to in W.S. ~~26-9-209(e), 26-9-221, 26-9-234, 26-32-101, 26-36-113, 26-37-102(a)(iv), 26-50-103 or 31-14-120~~ or any other line of insurance the commissioner deems necessary to recognize for the purposes of complying with W.S. 26-9-208(e);

~~(vii)~~ (viii) "Limited lines producer" means a person authorized by the commissioner to sell, solicit or negotiate limited lines insurance;

(ix) "Location" means any physical location in the state of Wyoming or any website, call center site or similar location directed to residents of the state of Wyoming;

~~(viii)~~ (x) "Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers;

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(xi) "Portable electronic device insurance" means insurance which may be offered on a month to month or other periodic basis as a group or master property and casualty insurance policy providing coverage for the repair or replacement of portable electronic devices which may provide coverage for portable electronic devices against any one (1) or more of the following causes of loss: loss, theft, inoperability due to mechanical failure, malfunction, damage or other similar causes of loss. For purposes of this title, with respect to portable electronic device insurance, property and casualty insurance shall be deemed to include inland marine insurance. Portable electronic device insurance does not include a service contract as defined in chapter 49 of this title;

(xii) "Rental car insurance" means insurance offered, sold or solicited in connection with and incidental to the rental of rental cars, whether at the rental office or by preselection of coverage in master, corporate, group or individual agreements that is nontransferable, applies only to the rental car that is the subject of the rental agreement and is limited to the following kinds of insurance and shall not include the rental car company's agreement to waive its right of indemnity against a renter for damages to the rental vehicle:

(A) Personal accident insurance for renters and other rental car occupants, for accidental death or dismemberment and for medical expenses resulting from an accident that occurs with the rental car during the rental period;

(B) Liability insurance, which at the exclusive option of the rental car company, may include

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uninsured or underinsured motorist coverage, whether offered separately or in combination with other liability insurance, that provides protection to the renters and to other authorized drivers of a rental car for liability arising from the operation of the rental car during the rental period;

(C) Personal effects insurance that provides coverage to renters and other vehicle occupants for loss of or damage to, personal effects in the rental car during the rental period;

(D) Roadside assistance and emergency sickness protection insurance; or

(E) Any other insurance product sold incidental to the rental transaction.

~~(ix)~~ (xiii) "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurer;

~~(x)~~ (xiv) "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular insurer;

(xv) "Specialty limited lines insurance" means insurance offered or disseminated in connection with and ancillary to a specialty limited lines producer's core business. The term includes the following types of insurance: rental car insurance, portable electronic device insurance, travel insurance and any other line of insurance the commissioner deems necessary;

(xvi) "Specialty limited lines producer" means a person or business entity licensed as a limited lines

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producer and qualified to offer, sell or solicit specialty limited lines insurance;

~~(xi)~~(xvii) "Terminate" means the cancellation of the relationship between an insurance producer and the insurer or the termination of a producer's authority to transact insurance;

(xviii) "Travel insurance" means insurance coverage for personal risks incident to planned travel, including but not limited to interruption or cancellation of trip or event, loss of baggage or personal effects, damages to accommodations or rental vehicles, and sickness, accident, disability or death occurring during travel, and does not include major medical plans, which provide comprehensive medical protection for travelers with trips lasting six (6) months or longer;

~~(xii)~~(xix) "Uniform application" means the current version of the National Association of Insurance Commissioners' uniform application for resident and nonresident producer licensing;

~~(xiii)~~(xx) "Uniform business entity application" means the current version of the National Association of Insurance Commissioners' uniform business entity application for resident and nonresident business entities.

26-9-229. Reporting and accounting for premiums.

(d) A limited lines producer for specialty limited lines shall not be required to treat monies collected from customers purchasing additional specialty limited lines insurance as funds received in a fiduciary capacity, provided that:

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(i) The charges for specialty limited lines insurance coverage are itemized and ancillary to the principal business transaction; and

(ii) The insurer has consented in writing, signed by an officer of the insurer, that premiums need not be segregated from funds received by the producer for the principal business transaction.

Section 3. W.S. 26-9-209(c) and 26-50-101 through 26-50-109 are repealed.

Section 4. This act is effective July 1, 2013.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk