

Regular Session, 2014

SENATE BILL NO. 254

BY SENATOR MORRISH

LIABILITY INSURANCE. Provides relative to travel insurance. (8/1/14)

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AN ACT

To amend and reenact R.S. 22:1542, 1547(A), and 1551(C), to enact R.S. 22:1542(21) and (22) and Part VIII-B of Chapter 5 of Title 22 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 22:1782.1 through 1782.3, and to repeal R.S. 22:992, relative to travel insurance; to provide with respect to definitions; to provide for the regulation of travel insurance producers; to provide with respect to the requirements for a travel retailer to offer travel insurance under a limited lines travel insurance producer business entity; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1542, 1547(A), and 1551(C) are hereby amended and reenacted and R.S. 22:1542(21) and (22) and Part VIII-B of Chapter 5 of Title 22 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 22:1782.1 through 1782.3, are hereby enacted to read as follows:

§1542. Definitions

As used in this Subpart, unless the context requires otherwise, the following definitions shall be applicable:

* * *

1 **(20) "Travel insurance" shall mean that line of insurance defined in R.S.**
2 **22:1782.1(3).**

3 ~~(20)~~**(21)** "Uniform application" shall mean the current version of the NAIC
4 Uniform Application for resident and nonresident producer licensing.

5 ~~(21)~~**(22)** "Uniform Business Entity Application" shall mean the current
6 version of the NAIC Uniform Business Entity Application for resident and
7 nonresident business entities.

8 * * *

9 §1547. License

10 A. Unless denied licensure pursuant to R.S. 22:1554, persons who have met
11 the requirements of this Subpart shall be issued an insurance producer license. An
12 insurance producer may receive qualification for a license in one or more of the
13 following lines of authority:

14 * * *

15 ~~(9) Travel which provides insurance coverage for trip cancellation, trip~~
16 ~~interruption, baggage, life, sickness and accident, disability, and personal effects~~
17 ~~when limited to a specific trip and sold in connection with transportation provided~~
18 ~~by a common carrier~~ **Travel insurance as defined in R.S. 22:1782.1(3).**

19 * * *

20 §1551. Exemption from examination

21 * * *

22 C. The following resident applicants shall be exempt from the requirement
23 of an examination:

24 * * *

25 ~~(4) Any applicant who is a ticket selling agent of a railroad company, carrier~~
26 ~~by air, or public bus carrier, who shall act thereunder as an insurance producer only~~
27 ~~in reference to the issuance of accident or baggage insurance policies in connection~~
28 ~~with the transportation that accompanies the transportation ticket~~ **shall be licensed**
29 **to act only as a producer with respect to travel insurance.**

* * *

PART VIII-B. LIMITED LINES TRAVEL INSURANCE

§1782.1. Definitions

As used in this Part, the following terms shall have the following meanings:

(1) "Limited lines travel insurance producer" means any of the following:

(a) Licensed managing general underwriter.

(b) Licensed managing general agent or third party administrator.

(c) Licensed insurance producer, including a limited lines producer, designated by an insurer as the travel insurance supervising entity as set forth in R.S. 22:1782.2(C).

(2) "Offer and disseminate" means to provide general information, including a description of the coverage and price, as well as process the application, collect premiums, and perform other non-licensable activities permitted by the state.

(3)(a) "Travel insurance", except as provided in Subparagraph (b) of this Paragraph means insurance coverage for personal risks incident to planned travel, including but not limited to the following:

(i) Interruption or cancellation of a trip or event.

(ii) Loss of baggage or personal effects.

(iii) Damages to accommodations or rental vehicles.

(iv) Sickness, accident, disability, or death occurring during travel.

(b) "Travel insurance" shall not mean major medical plans, which provide comprehensive medical protection for travelers with trips lasting six months or longer, including those working overseas as ex-patriots, or military personnel being deployed.

(4) "Travel retailer" means a business entity that makes, arranges, or offers travel services and may offer and disseminate travel insurance as a

1 service to its customers on behalf of and under the direction of a limited lines
2 travel insurance producer.

3 §1782.2. Requirements for sale of limited lines travel insurance

4 A. Notwithstanding any other provision of law to the contrary, the
5 commissioner may issue to an individual or business entity that has filed with
6 the commissioner an application for such limited license in a form and manner
7 prescribed by the commissioner, a limited lines travel insurance producer
8 license, which authorizes the limited lines travel insurance producer to sell,
9 solicit, or negotiate travel insurance through a licensed insurer. The limited
10 lines travel insurance producer shall pay all applicable insurance producer
11 licensing fees as set forth in R.S. 22:821.

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

23 C. A travel retailer may offer and disseminate travel insurance under
24 a limited lines travel insurance producer business entity ("licensed business
25 entity") license only if the limited lines travel insurance producer or travel
26 retailer provides written material to purchasers of travel insurance including
27 each of the following:

28 (1) A description of the material terms or the actual material terms of
29 the insurance coverage.

1 **(2) A description of the process for filing a claim.**

2 **(3) A description of the review or cancellation process for the travel**
3 **insurance policy.**

4 **(4) The identity and contact information of the insurer and limited lines**
5 **producer.**

6 **(5) An explanation that the purchase of travel insurance is not required**
7 **in order to purchase any other product or service from the travel retailer.**

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

14 **D. The limited lines travel insurance producer shall designate one of its**
15 **employees who is a licensed individual producer as the designated responsible**
16 **producer for the limited lines travel insurance producer's compliance with the**
17 **Louisiana travel insurance laws, rules, and regulations. The designated**
18 **responsible producer, president, secretary, treasurer, and any other officer or**
19 **person who directs or controls the limited lines travel insurance producer's**
20 **insurance operations shall comply with the fingerprinting requirements**
21 **applicable to insurance producers in the resident state of the limited lines**
22 **insurance producer. As the insurer designee, the limited lines travel insurance**
23 **producer is responsible for the acts of the travel retailer and shall use**
24 **reasonable means to ensure compliance by the travel retailer with this Part.**
25 **The limited lines travel insurance producer and any travel retailer offering and**
26 **disseminating travel insurance under the limited lines travel insurance**
27 **producer license shall be subject to the applicable unfair trade practice**
28 **provisions pursuant to R.S. 22:1963 et seq.**

29 **E. The limited lines travel insurance producer shall require each**

1 employee and authorized representative of the travel retailer whose duties
2 include offering and disseminating travel insurance to receive a program of
3 instruction or training which may be subject to review by the commissioner.
4 The training material shall, at a minimum, contain instructions on the types of
5 insurance offered, ethical sales practices, and required disclosures to
6 prospective customers. Limited lines travel insurance producers, and those
7 registered under the producers' licenses are exempt from pre-licensing and
8 continuing education requirements under R.S.22:1573.

9 F. A travel retailer's employee or authorized representative who is not
10 licensed as an insurance producer shall not:

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

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

15 (3) Hold himself or itself out as a licensed insurer, licensed producer, or
16 insurance expert.

17 §1782.3. Compensation

18 Notwithstanding any other provision of law to the contrary, a travel
19 retailer whose insurance-related activities, and those of its employees and
20 authorized representatives, are limited to offering and disseminating travel
21 insurance on behalf of and under the direction of a limited lines travel
22 insurance producer meeting the conditions stated in this Part, is authorized to
23 do so and receive related compensation for such services, upon registration by
24 the limited lines travel insurance producer as set forth in R.S. 22:1782.2(B).

25 Section 2. R.S. 22:992 is hereby repealed.

The original instrument was prepared by Cheryl Horne. The following digest, which does not constitute a part of the legislative instrument, was prepared by Laura Gail Sullivan.

DIGEST

Morrish (SB 254)

Present law provides for the definition of limited lines insurance and limited lines producer. Provides for an insurance producer to receive qualification for a license to issue travel insurance coverage for trip cancellation, trip interruption, baggage, life, sickness and accident, disability, and personal effects when limited to a specific trip and sold in connection with transportation provided by a common carrier. Exempts from the requirement of an examination, any applicant who is a ticket selling agent of a railroad company, carrier by air, or public bus carrier, who shall act thereunder as an insurance producer only in reference to the issuance of accident or baggage insurance policies in connection with the transportation ticket.

Proposed law deletes present law and defines travel insurance as coverage for personal risks incident to planned travel, including:

- (1) Interruption or cancellation of a trip or event.
- (2) Loss of baggage or personal effects.
- (3) Damages to accommodations or rental vehicles.
- (4) Sickness, accident, disability, or death occurring during travel.

Proposed law defines a limited lines travel insurance producer (producer) as a:

- (1) Licensed managing general underwriter.
- (2) Licensed managing general agent or third party administrator.
- (3) Licensed insurance producer, including a limited lines producer, designated by an insurer as the travel insurance supervising entity.

Proposed law allows the commissioner to issue to an individual or business entity, who has submitted an application, a limited lines travel insurance producer license which authorizes the producer to sell, solicit, or negotiate travel insurance through a licensed insurer. Provides that the producer shall establish and maintain a register of each travel retailer (retailer) that offers travel insurance on the producer's behalf including the name, address, and contact information of the retailer and an officer or person who directs or controls the retailer's operations.

Proposed law requires the producer or retailer to provide written material to the purchasers of travel insurance including the following:

- (1) A description of the material terms or the actual material terms of the insurance coverage.
- (2) A description of the process for filing a claim.
- (3) A description of the review or cancellation process for the travel insurance policy.
- (4) The identity and contact information of the insurer and limited lines producer.

- (5) An explanation that the purchase of travel insurance is not required in order to purchase any other product or service from the travel retailer.
- (6) An explanation that an unlicensed employee or representative of a travel retailer is permitted to provide general information about the insurance offered by the travel retailer, including a description of the coverage and price, but is not qualified or authorized to answer technical questions about the terms and conditions of the insurance offered by the travel retailer or to evaluate the adequacy of the customer's existing insurance coverage.

Proposed law requires a producer to designate one of its employees, who is a licensed individual producer, as the designated responsible producer for the limited lines travel insurance producer's compliance with La. travel insurance laws, rules, and regulations. Requires anyone who directs or controls the producer's operations to comply with the fingerprinting requirements applicable to the producer's resident state. Requires producers and retailers to be subject to the applicable unfair trade practice provisions as provided in present law.

Proposed law requires the producer to provide a program of instruction or training to each employee and authorized representative of the retailer. The training material shall, at a minimum, contain instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers. Exempts any producer and those registered under its license from pre-licensing and continuing education requirements in present law.

Proposed law prohibits a travel retailer's employee or authorized representative who is not licensed as a producer from evaluating or interpreting technical terms, benefits, and conditions of the offered travel insurance coverage, providing advice concerning a prospective purchaser's existing insurance coverage or holding himself or itself out as a licensed insurer, producer, or insurance expert.

Proposed law permits a travel retailer whose insurance-related activities, and those of its employees and authorized representatives, are limited to offering and disseminating travel insurance on behalf of and under the direction of a producer meeting the conditions of proposed law to receive related compensation for such services upon the registration by the producer as set forth in proposed law.

Present law defines a transportation ticket policy, which may be issued by a health and accident insurer, as any ticket policy sold at stations, ticket offices, or travel bureaus by employees of railroads, steamship lines, airlines, and other common carriers, or by individuals or employees of persons engaged in selling transportation on such common carriers, having as its dominant feature the protection of the insured from a transportation hazard.

Proposed law repeals the transportation ticket policy definition.

Effective August 1, 2014.

(Amends R.S. 22:1542, 1547(A), and 1551(C); adds R.S. 22:1542(21) and (22) and 1782.1 through 1782.3; repeals R.S. 22:992)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the original bill

1. Makes technical corrections.