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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1331 Session of  
2015

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INTRODUCED BY RESCHENTHALER, ARGALL, MENSCH, BARTOLOTTA, WHITE,  
YUDICHAK, WAGNER AND STEFANO, JUNE 23, 2016

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REFERRED TO BANKING AND INSURANCE, JUNE 23, 2016

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AN ACT

1 Providing for the licensure of limited lines travel insurance  
2 producers, for requirements for sale of travel insurance, for  
3 authority of limited lines travel insurance producers, for  
4 registration and training of travel retailers and for renewal  
5 of license.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 Section 1. Short title.

9 This act shall be known and may be cited as the Travel  
10 Insurance Modernization Act.

11 Section 2. Definitions.

12 The following words and phrases when used in this act shall  
13 have the meanings given to them in this section unless the  
14 context clearly indicates otherwise:

15 "Application." A form as defined in section 601-A of the act  
16 of May 17, 1921 (P.L.789, No.285), known as The Insurance  
17 Department Act of 1921.

18 "Business entity." A person that is not an individual.

19 "Commissioner." The Insurance Commissioner of the

1 Commonwealth.

2 "Customer." A person who purchases travel services or travel  
3 insurance.

4 "Department." The Insurance Department of the Commonwealth.

5 "Designated licensee." A licensed insurance producer as  
6 defined in section 601-A of the act of May 17, 1921 (P.L.789,  
7 No.285), known as The Insurance Department Act of 1921.

8 "Enrolled customer." A customer who elects coverage under a  
9 travel insurance policy.

10 "Insurer." As defined in section 601-A of the act of May 17,  
11 1921 (P.L.789, No.285), known as The Insurance Department Act of  
12 1921.

13 "Limited lines travel insurance producer." A person licensed  
14 to sell, solicit or negotiate a contract of travel insurance.

15 "Location." A physical location in this Commonwealth or an  
16 Internet website, call center site or similar location provided  
17 to residents of this Commonwealth.

18 "Negotiate." To confer directly with or to offer advice  
19 directly to a purchaser or prospective purchaser of a particular  
20 contract of insurance concerning the substantive benefits, terms  
21 or conditions of the contract, provided that the person engaged  
22 in that act either sells insurance or obtains insurance from  
23 insurers for purchasers.

24 "Offer and disseminate." Providing general information,  
25 including a description of the coverage and price, as well as  
26 processing an application for travel insurance, collecting  
27 premiums and performing other activities for which no insurance  
28 license is required.

29 "Sell." To exchange a contract of insurance by any means for  
30 money or its equivalent on behalf of an insurance entity.

1 "Solicit." To attempt to sell insurance or ask or urge a  
2 person to apply for a particular kind of insurance from a  
3 particular insurance entity.

4 "Travel insurance." Insurance providing coverage for  
5 personal risks incident to planned travel.

6 (1) The term includes:

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

8 (ii) Loss of baggage or personal effects.

9 (iii) Damages to accommodations or rental vehicles.

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

12 (2) The term does not include:

13 (i) A service contract as defined in section 358(b)  
14 of the act of May 17, 1921 (P.L.682, No.284), known as  
15 The Insurance Company Law of 1921.

16 (ii) A major medical plan that provides  
17 comprehensive medical protection to a traveler with a  
18 trip lasting six months or longer, including a person  
19 working overseas as an expatriate or deployed military  
20 personnel.

21 "Travel insurance transaction." The sale of travel insurance  
22 to a customer.

23 "Travel retailer." A business entity that makes, arranges or  
24 offers travel services and may offer and disseminate travel  
25 insurance as a service to its customer on behalf of and under  
26 the direction of a limited lines travel insurance producer or  
27 under its own license.

28 Section 3. Licensure of limited lines travel insurance  
29 producers.

30 (a) Requirement.--A limited lines travel insurance producer

1 is required to hold a limited lines travel insurance license to  
2 sell, solicit or negotiate coverage under a policy of travel  
3 insurance.

4 (b) Limited lines license.--A limited lines license issued  
5 under this act shall authorize a travel retailer registered  
6 under the license of the limited lines insurance producer, and  
7 each employee or authorized representative of the travel  
8 retailer, to offer and disseminate coverage under a policy of  
9 travel insurance to a customer at each location where the travel  
10 retailer or authorized representative engages in travel  
11 insurance transactions and to receive compensation from the  
12 limited lines travel insurance producer for those activities.

13 (c) License.--Notwithstanding any other provision of law, a  
14 license issued under this section shall authorize the licensee,  
15 a travel retailer registered under the licensee's license and an  
16 employee or authorized representative of the travel retailer to  
17 engage in activities permitted in this section.

18 Section 4. Requirements for sale of travel insurance.

19 (a) Authority and licensure.--A travel retailer and each  
20 employee and authorized representative of the travel retailer  
21 may offer and disseminate travel insurance to customers and  
22 shall not be subject to licensure as an insurance producer under  
23 Article VI-A of the act of May 17, 1921 (P.L.789, No.285), known  
24 as The Insurance Department Act of 1921, if:

25 (1) The limited lines travel insurance producer obtains  
26 a limited lines license.

27 (2) The limited lines travel insurance producer or  
28 travel retailer provides to each purchaser of travel  
29 insurance:

30 (i) A description of the material terms or actual

1 material terms of the insurance coverage.

2 (ii) A description of the process for filing a  
3 claim.

4 (iii) A description of the review or cancellation  
5 process for the travel insurance policy.

6 (iv) The identity and contact information of the  
7 travel retailer, insurer and limited lines travel  
8 insurance producer.

9 (b) Register of travel retailers.--

10 (1) At the time of licensure, the limited lines travel  
11 insurance producer shall establish and maintain a register of  
12 each travel retailer in this Commonwealth where travel  
13 insurance is offered on the limited lines travel insurance  
14 producer's behalf.

15 (2) The register shall be maintained and updated  
16 annually by the limited lines travel insurance producer and  
17 shall include:

18 (i) The name, address and contact information of the  
19 travel retailer.

20 (ii) The name of the officer or person who directs  
21 or controls the travel retailer's operations.

22 (iii) The travel retailer's Federal Tax  
23 Identification Number.

24 (3) The limited lines travel insurance producer shall  
25 submit the register to the department upon request.

26 (4) The limited lines travel insurance producer shall  
27 also certify that the travel retailer registered complies  
28 with 18 U.S.C. § 1033 (relating to crimes by or affecting  
29 persons engaged in the business of insurance whose activities  
30 affect interstate commerce).

1 (c) List of locations.--A travel retailer shall maintain a  
2 list of the locations in this Commonwealth where it offers and  
3 disseminates travel insurance coverage information and, upon  
4 request, provide the list to the department.

5 (d) Training.--The insurer issuing the travel insurance must  
6 either directly supervise or authorize a designated licensee to  
7 supervise the administration of a training program, including  
8 the development of the program, for employees and authorized  
9 representatives of the travel retailer which may be subject to  
10 review by the department. The training shall comply with the  
11 following:

12 (1) The training shall be delivered to employees and  
13 authorized representatives of a travel retailer who are  
14 directly engaged in the activity of selling, soliciting or  
15 negotiating travel insurance.

16 (2) The training may be provided in electronic form. If  
17 conducted in an electronic form, the insurer shall implement  
18 a supplemental education program regarding travel insurance  
19 that is conducted and overseen by the designated licensee.

20 (3) Each employee and authorized representative, at a  
21 minimum, shall receive basic instruction about the types of  
22 travel insurance offered, ethical sales practices and the  
23 disclosures required under this section.

24 (e) Written materials.--A travel retailer offering or  
25 disseminating travel insurance shall make available to every  
26 prospective customer a brochure or other written material that:

27 (1) Provides the identity and contact information of the  
28 insurer and the limited lines travel insurance producer.

29 (2) Discloses that travel insurance may provide a  
30 duplication of coverage already provided under insurance

1 policies that the producer already maintains.

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

5 (4) Explains that an unlicensed travel retailer is  
6 permitted to provide general information about the insurance  
7 offered by the travel retailer, including a description of  
8 the coverage and price, but is not qualified or authorized to  
9 answer technical questions about the terms and conditions of  
10 insurance coverage, including those coverages that are  
11 already maintained by the purchaser.

12 (f) Limitations.--A travel retailer's employee or authorized  
13 representative who is not licensed as a designated licensee may  
14 not:

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

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

19 (3) Advertise, represent or otherwise hold himself or  
20 herself out as a licensed insurer, designated licensee or  
21 insurance expert.

22 (g) Charges.--The charges for travel insurance coverage may  
23 be billed and collected by the travel retailer. A charge to the  
24 enrolled customer for coverage that is not included in the cost  
25 associated with the purchase of travel services shall be  
26 separately itemized on the enrolled customer's bill. If the  
27 travel insurance coverage is included with the purchase of  
28 travel services, the travel retailer shall clearly and  
29 conspicuously disclose to the enrolled customer that the travel  
30 insurance coverage is included with the purchase of travel

1 services. The travel retailer that bills and collects the  
2 charges shall not be required to maintain the funds in a  
3 segregated account provided that the travel retailer is  
4 authorized by the insurer to hold the funds in an alternative  
5 manner and remits the amounts to the supervising entity within  
6 60 days of receipt. The funds received by a travel retailer from  
7 an enrolled customer for the sale of travel insurance shall be  
8 considered funds held in trust by the travel retailer in a  
9 fiduciary capacity for the benefit of the insurer.

10 (h) Compensation.--A travel retailer, whose insurance-  
11 related activities and those of the employees or authorized  
12 representatives are limited to offering and disseminating travel  
13 insurance on behalf of and under the direction and license of a  
14 limited lines travel insurance producer meeting the conditions  
15 stated in this act, is authorized to conduct those activities  
16 and receive related compensation upon registration by the  
17 limited lines travel insurance producer as described in  
18 subsection (b). No travel retailer employee or authorized  
19 representative may be compensated based primarily on the number  
20 of purchasers of travel insurance coverage, but nothing in this  
21 act shall prohibit payment of compensation to a travel retailer  
22 or its employees or authorized representatives for activities  
23 under the limited lines travel insurance producer's license that  
24 are incidental to the overall compensation of the travel  
25 retailer or its employees or authorized representatives.

26 Section 5. Policy.

27 (a) Offering.--Travel insurance may be offered under an  
28 individual policy or under a group policy.

29 (b) Eligibility and underwriting standards.--Eligibility and  
30 underwriting standards for customers electing to enroll in



1 coverage shall be established for each travel insurance program.

2 Section 6. Responsibility.

3 As the insurer designee, the limited lines travel insurance  
4 producer and insurer are responsible for the acts of the travel  
5 retailer and the travel retailer's employees and authorized  
6 representatives who are not limited lines travel insurance  
7 producers and shall use reasonable means to ensure compliance  
8 with this act by the travel retailer and the travel retailer's  
9 employees and authorized representatives.

10 Section 7. Enforcement.

11 (a) Actions by commissioner requiring no notice and  
12 hearing.--If the commissioner determines that a travel retailer  
13 or a travel retailer's employee or authorized representative has  
14 violated any provision of this act, the commissioner may:

15 (1) Direct the limited lines travel insurance producer  
16 to implement a corrective action plan with the travel  
17 retailer.

18 (2) Direct the limited lines travel insurance producer  
19 to revoke the authorization of the travel retailer to offer  
20 and disseminate travel insurance on its behalf and under its  
21 license and to remove the travel retailer's name from its  
22 register.

23 (b) Actions by commissioner requiring notice and hearing.--  
24 If the commissioner determines that a travel retailer or a  
25 travel retailer's employee or authorized representative has  
26 violated any provision in this act, the commissioner, after  
27 notice and hearing, may:

28 (1) Suspend or revoke the license of the limited lines  
29 travel insurance producer as authorized under this act or the  
30 registration of the travel retailer.

1           (2)   Impose a monetary penalty on the limited lines  
2   travel insurance producer.

3           (3)   Impose any other conditions and penalties as deemed  
4   appropriate by the commissioner, including an order to cease  
5   and desist in the engagement of travel insurance transactions  
6   with a particular travel retailer and a particular employee  
7   or authorized representative of a travel retailer.

8           (c)   Monetary penalties.--In addition to any other action  
9   authorized under this act or other law, a limited lines travel  
10   insurance producer who aids and abets a travel retailer in the  
11   transaction of travel insurance or in any activity concerning  
12   travel insurance after being directed to revoke the travel  
13   retailer's authorization shall be subject to a monetary penalty  
14   pursuant to the act of July 22, 1974 (P.L.589, No.205), known as  
15   the Unfair Insurance Practices Act.

16          (d)   Effect of conduct.--For purposes of this act, the  
17   conduct of a travel retailer and its employees and authorized  
18   representatives regarding the offering or dissemination of  
19   travel insurance on behalf of a licensed limited lines travel  
20   insurance producer shall be deemed the conduct of the licensed  
21   limited lines travel insurance producer.

22   Section 8.   Licensing and fees.

23          (a)   Renewal process generally.--An application for licensure  
24   or license renewal under this act shall be processed in  
25   accordance with sections 605-A, 606-A and 608-A of the act of  
26   May 17, 1921 (P.L.789, No.285), known as The Insurance  
27   Department Act of 1921.

28          (b)   Amount of fees.--A nonrefundable fee of \$400 shall  
29   accompany an application for a limited lines travel insurance  
30   producer license and any license renewal.

1 (c) Adjustment of fees.--A license fee under subsection (b)  
2 may be adjusted no more than annually by the commissioner upon  
3 publication of the new fee in the Pennsylvania Bulletin.

4 Section 9. Effective date.

5 This act shall take effect in 120 days.