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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY
JANUARY SESSION, A.D. 2013

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A N A C T
RELATING TO INSURANCE

Introduced By: Senators Bates, Picard, and Walaska

Date Introduced: February 13, 2013

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended
2 by adding thereto the following chapter:

3 CHAPTER 77

4 LIMITED LINES TRAVEL INSURANCE ACT

5 **27-77-1. Short title.** -- This act shall be known and may be cited as the "Limited Lines
6 Travel Insurance Model Act."

7 **27-77-2. Definitions.** -- As used in this chapter, the following terms shall mean:

8 (1) "Limited Lines Travel Insurance Producer" means a:

9 (i) Licensed managing general underwriter;

10 (ii) Licensed managing general agent or third-party administrator, or

11 (iii) Licensed insurance producer/agent designated by an insurer as the travel insurance
12 supervising entity as set forth in section 27-77-6 below.

13 (2) "Offer and disseminate" means providing general information, including a description
14 of the coverage and price, as well as processing the application, collecting premiums, and
15 performing other non-licensable activities permitted by the state.

16 (3) "Travel Insurance" means insurance coverage for personal risks incident to planned
17 travel, including but not limited to:

18 (i) Interruption or cancellation of trip or event;

19 (ii) Loss of baggage or personal effects;

1 (iii) Damages to accommodations or rental vehicles; or

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

3 Travel insurance does not include major medical plans, which provide comprehensive
4 medical protection for travelers with trips lasting six (6) months or longer, including for example,
5 those working overseas as an ex-patriot or military personnel being deployed.

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

9 **27-77-3. Requirements.** -- (a) A travel retailer may offer and disseminate travel
10 insurance under a limited lines travel insurance producer business entity ("licensed business
11 entity") license only if the limited lines travel insurance producer complies with the following:

12 (1) The limited lines travel insurance producer or travel retailer provides to purchasers of
13 travel insurance:

14 (i) A description of the material terms or the actual material terms of the insurance
15 coverage;

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

17 (iii) A description of the review or cancellation process for the travel insurance policy;
18 and

19 (iv) The identity and contact information of the insurer and limited lines travel insurance
20 producer.

21 (2) At the time of licensure, the limited lines travel insurance producer shall establish and
22 maintain a register on a form prescribed by the state insurance commissioner of each travel
23 retailer that offers travel insurance on the limited lines travel insurance producer's behalf. The
24 register shall be maintained and updated by the limited lines travel insurance producer and shall
25 include the name, address, and contact information of the travel retailer and an officer or person
26 who directs or controls the travel retailer's operations, and the travel retailer's federal employment
27 identification number. The limited lines travel insurance producer shall submit such register to the
28 state insurance department upon reasonable request. The limited lines travel insurance producer
29 shall also certify that the travel retailer registered complies with applicable federal law.

30 (3) The limited lines travel insurance producer has designated one of its employees who
31 is a licensed individual producer as the person (a "Designated Responsible Producer" or "DRP")
32 responsible for the limited lines travel insurance producer's compliance with the travel insurance
33 laws, rules and regulations of the state.

34 (4) The DRP, president, secretary, treasurer, and any other officer or person who directs

1 or controls the limited lines travel insurance producer's insurance operations comply with the
2 fingerprinting requirements applicable to insurance producers in the resident state of the limited
3 lines travel insurance producer.

4 (5) The limited lines travel insurance producer has paid all applicable insurance producer
5 licensing fees.

6 (6) The limited lines travel insurance producer requires each employee of the travel
7 retailer whose duties include offering and disseminating travel insurance to receive a program of
8 instruction or training, which may be subject to review by the commissioner. The training
9 material shall, at a minimum, contain instructions on the types of insurance offered, ethical sales
10 practices, and required disclosures to prospective customers.

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

13 (1) Provide the identity and contact information of the insurer and the limited lines travel
14 insurance producer;

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

17 (3) Explain that an unlicensed travel retailer is permitted to provide general information
18 about the insurance offered by the travel retailer, including a description of the coverage and
19 price, but is not qualified or authorized to answer technical questions about the terms and
20 conditions of the insurance offered by the travel retailer or to evaluate the adequacy of the
21 customer's existing insurance coverage;

22 (c) A travel retailer who is not licensed as an insurance producer may not:

23 (1) Evaluate or interpret the technical terms, benefits, and conditions of the offered travel
24 insurance coverage;

25 (2) Evaluate or provide advice concerning a prospective purchaser's existing insurance
26 coverage; or

27 (3) Hold himself/herself or itself out as a licensed insurer, licensed producer, or insurance
28 expert.

29 **27-77-4. Registration. --** A travel retailer whose insurance-related activities, and those of
30 its employees, are limited to offering and disseminating travel insurance on behalf of and under
31 the direction of a limited lines travel insurance producer meeting the conditions stated in this
32 chapter, is authorized to do so and receive related compensation, upon registration by the limited
33 lines travel insurance producer as described in this chapter.

34 **27-77-5. Policy. --** Travel insurance may be provided under an individual policy or under

1 [a group or master policy.](#)

2 **27-77-6. Responsibility.** -- [As the insurer designee, the limited lines travel insurance](#)
3 [producer is responsible for the acts of the travel retailer and shall use reasonable means to ensure](#)
4 [compliance by the travel retailer with this chapter.](#)

5 **27-77-7. Enforcement.** -- [The limited lines travel insurance producer and any travel](#)
6 [retailer offering and disseminating travel insurance under the limited lines travel insurance](#)
7 [producer license shall be subject to the penalties for violations of this chapter as may be](#)
8 [promulgated by the commissioner of insurance.](#)

9 SECTION 2. This act shall take effect ninety (90) days after enactment.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO INSURANCE

- 1 This act would create the limited lines travel insurance act to establish requirements for
- 2 travel insurance producers and travel agents who facilitate the purchase of travel insurance.
- 3 This act would take effect ninety (90) days after enactment.

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