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4

As Engrossed: H3/27/13 H4/6/13

A Bill

HOUSE BILL 2009

5 By: Representative Copenhaver
6 By: Senator J. Woods
7

For An Act To Be Entitled

9 AN ACT TO ESTABLISH A LICENSE FOR A LIMITED LINES
10 TRAVEL INSURANCE PRODUCER; AND FOR OTHER PURPOSES.
11

Subtitle

14 TO ESTABLISH A LICENSE FOR A LIMITED
15 LINES TRAVEL INSURANCE PRODUCER.
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 *SECTION 1. Arkansas Code § 23-64-202(c)(3), concerning the general*
21 *license requirements for those in the insurance business, is amended to read*
22 *as follows:*

23 ~~*(3) Transportation ticket agents of common carriers applying for*~~
24 ~~*licenses to solicit and sell only accident insurance ticket policies or*~~
25 ~~*insurance of personal effects while being carried as baggage on the common*~~
26 ~~*carrier, as incidental to their duties as transportation ticket agents*~~
27 *Limited lines travel insurance producers and their travel retailers;*
28

29 *SECTION 2. Arkansas Code § 23-64-202, concerning the general license*
30 *requirements for those in the insurance business, is amended to add an*
31 *additional subsection to read as follows:*

32 *(e)(1) As used in this section:*

33 *(A) "Limited lines travel insurance producer" means a*
34 *licensed insurance producer or agent designated as the travel insurance*
35 *supervising entity under subdivision (e)(8) of this section;*

36 *(B) "Offer and disseminate" means to:*



1 (i) Provide general information, including without
2 limitation a description of the insurance coverage and the cost of the
3 insurance coverage;

4 (ii) Process an application for insurance coverage;

5 (iii) Collect the premiums for insurance coverage;

6 and

7 (iv) Perform other nonlicensed activities allowed by
8 the insurance laws of this state;

9 (C)(i) "Travel insurance" means insurance coverage for
10 personal risks incident to planned travel, including without limitation:

11 (a) Interruption or cancellation of a trip or
12 event;

13 (b) Loss of baggage or personal effects;

14 (c) Damages to accommodations or rental
15 vehicles; and

16 (d) Sickness, accident, disability, or death
17 occurring during travel.

18 (ii) "Travel insurance" does not include major
19 medical plans that provide comprehensive medical protection for travelers on
20 trips of six (6) months or more, including without limitation working
21 overseas and deployment of military personnel; and

22 (D) "Travel retailer" means a business entity that makes,
23 arranges, and offers travel services and offers travel insurance as a service
24 to its customers on behalf of a limited lines travel insurance producer.

25 (2) The commissioner may issue to a limited lines travel
26 insurance producer in compliance with this section a limited license to offer
27 or sell travel insurance.

28 (3) A travel retailer may offer and disseminate travel insurance
29 under a limited lines travel insurance producer license if the limited lines
30 travel insurance producer:

31 (A) Provides a purchaser with the material terms of the
32 insurance coverage or a description of the material terms, a description of
33 the process for filing a claim, the review or cancellation process for the
34 travel insurance policy, and the identity of and contact information for the
35 insurer and limited lines travel insurance producer;

36 (B)(i) Establishes at the time of licensure and maintains

1 a register on a form prescribed by the commissioner of each travel retailer
2 that offers travel insurance on behalf of the limited lines travel insurance
3 producer.

4 (ii) The register shall include:

5 (a) The identity of and contact information
6 for the travel retailer and an officer or other person who directs or
7 controls the travel retailer's operations; and

8 (b) The federal employer identification number
9 of the travel retailer;

10 (C)(i) Provides on application for and renewal of a
11 limited lines travel insurance producer license, a list of each travel
12 retailer that offers travel insurance on its behalf.

13 (ii) The limited lines travel insurance producer
14 shall certify that the travel retailer is in compliance with 18 U.S.C. §
15 1033, as it existed on January 1, 2013;

16 (D) Designates an employee who is a licensed individual
17 producer to be responsible for compliance issues;

18 (E) Pays the applicable insurance producer licensing fees;
19 and

20 (F)(i) Requires each employee of the travel retailer that
21 offers and disseminates travel insurance to receive instruction or training
22 that may be reviewed by the commissioner.

23 (ii) At a minimum, the training material shall
24 contain instructions on the types of insurance offered, ethical sales
25 practices, and the required disclosures to provide to customers.

26 (4) In a brochure or other written materials, a travel retailer
27 shall make available to customers the following information:

28 (A) The identity of and contact information for the
29 insurer and limited lines travel insurance producer;

30 (B) An explanation that the purchase of travel insurance
31 is not required to purchase any other product or service from the travel
32 retailer; and

33 (C) An explanation that an unlicensed travel retailer may
34 provide general information about the insurance coverage offered by the
35 travel retailer, including a description of the insurance coverage and the
36 cost of the insurance coverage, but shall not answer technical questions

1 about the insurance terms offered by the travel retailer or provide an
2 evaluation of the adequacy of any existing insurance coverage.

3 (5) A travel retailer that is not licensed as an insurance
4 producer shall not:

5 (A) Evaluate or interpret the technical terms, benefits,
6 and conditions of the offered travel insurance coverage;

7 (B) Evaluate or provide advice concerning a prospective
8 purchaser's existing insurance coverage; or

9 (C) Hold itself out as a licensed insurer, producer, or
10 insurance expert.

11 (6) A travel retailer and its employees that receive training
12 under subdivision (e)(3)(F) of this section and whose insurance-related
13 activities are limited to offering and disseminating travel insurance on
14 behalf of a limited lines travel insurance producer that is licensed under
15 this subchapter may receive compensation if listed on the registry maintained
16 by the limited lines travel insurance producer under subdivision (e)(3)(B) of
17 this section.

18 (7) Travel insurance may be provided under an individual policy,
19 a group policy, or a master policy.

20 (8) As the insurer designee, the limited lines travel insurance
21 producer is responsible for the acts of the travel retailer and shall use
22 reasonable means to ensure compliance by the travel retailer with this
23 section.

24 (9) The limited lines travel insurance producer and a travel
25 retailer offering and disseminating travel insurance under the limited lines
26 travel insurance producer license are subject to the Trade Practices Act, §
27 23-66-201 et seq., and the licensing requirements of the Producer Licensing
28 Model Act, § 23-64-501 et seq.

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30 /s/Copenhaver
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