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LC01161/SUB A
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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: Representatives Kennedy, San Bento, Valencia, Naughton, and O'Grady

Date Introduced: February 14, 2013

Referred To: House 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:

CHAPTER 77

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 licensed insurance producer
9 designated by an insurer as the travel insurance supervising producer as set forth in section 27-77-
10 6 below.

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

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

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

17 (ii) Loss of baggage or personal effects;

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

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

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

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

7 **27-77-3. Requirements. --** (a) A travel retailer may offer and disseminate travel
8 insurance only if the limited lines travel insurance producer complies with the following:

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

11 (i) A description of the material terms or the actual material terms of the insurance
12 coverage;

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

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

15 and

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

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

27 (3) The limited lines travel insurance producer is responsible for compliance with the
28 travel insurance laws, rules and regulations of the state.

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

31 (5) The limited lines travel insurance producer requires each employee of the travel
32 retailer whose duties include offering and disseminating travel insurance to receive a program of
33 instruction or training, which may be subject to review by the commissioner. The training
34 material shall, at a minimum, contain instructions on the types of insurance offered, ethical sales

1 practices, and required disclosures to prospective customers.

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

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

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

8 (3) Explain that an unlicensed travel retailer is permitted to provide general information
9 about the insurance offered by the travel insurance producer or insurer, including a description of
10 the coverage and price, but is not qualified or authorized to answer technical questions about the
11 terms and conditions of the insurance offered by the travel retailer or to evaluate the adequacy of
12 the customer's existing insurance coverage;

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

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

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

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

20 **27-77-4. Compensation. --** A travel retailer whose insurance-related activities, and those
21 of its employees, are limited to offering and disseminating travel insurance on behalf of and under
22 the direction of a limited lines travel insurance producer meeting the conditions stated in this
23 chapter, is authorized to do so and receive related compensation.

24 **27-77-5. Policy. --** Travel insurance may be provided under an individual policy or under
25 a group or master policy.

26 **27-77-6. Responsibility. --** As the insurer designee, the limited lines travel insurance
27 producer is responsible for the acts of the travel retailer and shall use reasonable means to ensure
28 compliance by the travel retailer with this chapter.

29 **27-77-7. Enforcement. --** The limited lines travel insurance producer and any travel
30 retailer offering and disseminating travel insurance under the limited lines travel insurance
31 producer license shall be subject to the penalties for violations of this chapter pursuant to section
32 42-14-16.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
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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