



Ohio Legislative Service Commission

Bill Analysis

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H.B. 331

130th General Assembly
(As Introduced)

Reps. Romanchuk and Letson, Hackett, J. Adams, Sears

BILL SUMMARY

- Defines travel insurance and distinguishes travel insurance from longer-term medical insurance coverage for persons spending six months or more overseas, such as expatriates or deployed military personnel.
 - Permits the Superintendent of Insurance to issue a limited lines travel insurance license to qualified individuals or business entities.
 - Permits a travel retailer to offer and disseminate travel insurance under a licensed limited lines travel insurance agent only if certain specified conditions are met.
 - Distinguishes licensable and nonlicensable activities for travel retailers offering travel insurance products.
 - Requires travel retailers to provide to customers specified information and disclosures.
 - Regulates the allotment of proceeds from the sale of travel insurance.
 - Authorizes the Superintendent of Insurance to take action as provided in current law for any violation of the bill's provisions.
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CONTENT AND OPERATION

Limited lines travel insurance

The bill regulates the licensure of individuals and business entities selling travel insurance. Under the bill, "travel insurance" means individual or group insurance coverage for personal risks incident to planned travel, including interruption or

cancellation of a trip or event, loss of baggage or personal effects, damages to accommodations or rental vehicles, and sickness, accident, disability, or death occurring during travel. "Travel insurance" does not include major medical plans that provide comprehensive medical protection for a traveler with a trip lasting six months or longer, including a person working overseas as an expatriate or deployed military personnel.¹

Under the bill, the Superintendent of Insurance (Superintendent) is permitted to issue a limited lines travel insurance agent license to an individual or a business entity. The license authorizes the individual or business entity to sell, solicit, or negotiate travel insurance through a licensed insurer if the individual or business entity has filed an application with the Superintendent in a form and manner required by the Superintendent.²

Under the bill, "limited lines travel insurance agent" means a licensed managing general agent or a licensed third-party administrator or a licensed insurance agent, including a limited lines agent, designated by an insurer as the designated responsible agent under the bill.

Requirements

Under the bill, a "travel retailer" is a business entity that makes, arranges, or offers travel services. A travel retailer, as a service to its customers and on behalf of, and under the direction of, a limited lines travel insurance agent that is a business entity may "offer and disseminate travel insurance": provide general information about the offered travel insurance policy, process the travel insurance application, collect premiums for the policy, and perform other activities for which no insurance license is required. The travel retailer may offer and disseminate travel insurance only if all of the bill's disclosure, register, designated responsible agent, fee, and instruction and training requirements are met.³

The limited lines travel insurance agent, and those registered under the agent's license, are exempt from any examination and education requirements required under continuing Insurance Law for insurance agents.⁴

¹ R.C. 3905.063(A)(3) and (D).

² R.C. 3905.063(B)(1), with conforming changes in R.C. 3905.01(K) and 3905.06(B)(11).

³ R.C. 3905.063(A)(2), (A)(4), and (B)(2).

⁴ R.C. 3905.063(B)(3).



Disclosures

The limited lines travel insurance agent, or the travel retailer, must provide purchasers of travel insurance with all of the following:

- A description of the material terms, or the actual material terms, of the insurance coverage;
- A description of the process for filing a claim;
- A description of the review or cancellation process for the travel insurance policy;
- The identity and contact information of the insurer and limited lines travel insurance agent.⁵

Register

The limited lines travel insurance agent must establish and maintain a register of each travel retailer that offers travel insurance on the agent's behalf. The register must include the names and contact information of each travel retailer and any officer who directs or controls the travel retailer's operations and the travel retailer's federal tax identification number. The agent must update the register annually.

Upon reasonable request of the Department of Insurance, the limited lines travel insurance agent must submit the register and certify that the registered travel retailers comply with federal law pertaining to insurance affecting interstate commerce.⁶

Designated responsible agent

The limited lines travel insurance agent must designate one of the agent's employees, who is a licensed insurance agent, as the designated responsible agent responsible for the agent's and travel retailer's compliance with Ohio's travel insurance laws, rules, and regulations. The designated responsible agent (or the president, secretary, treasurer, or any other officer or person who directs or controls the limited lines travel insurance agent's insurance operations) also must comply with the criminal records check fingerprinting requirements under continuing law or the fingerprinting requirements of the agent's home state.⁷

⁵ R.C. 3905.063(B)(2)(a).

⁶ R.C. 3905.063(B)(2)(b).

⁷ R.C. 3905.063(B)(2)(c).

Fees

The limited lines travel insurance agent must pay any fee required under continuing Insurance Law.⁸

Instruction and training

The limited lines travel insurance agent must require each employee and authorized representative of the travel retailer, whose duties include offering and disseminating travel insurance, to receive instruction or training that includes instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers. The Superintendent is authorized to review this instruction of training.⁹

Prohibitions

The bill prohibits a travel retailer's employee or authorized representative who is not licensed as an insurance agent from doing any of the following:

- Evaluating or interpreting the technical terms, benefits, and conditions of the offered travel insurance coverage;
- Evaluating or providing advice concerning a prospective purchaser's existing insurance coverage;
- Holding itself out as a licensed insurer, licensed agent, or insurance expert.¹⁰

Disclosure requirements for travel retailers

Under the bill, travel retailers that offer or disseminate travel insurance must provide brochures or other written materials to prospective customers that include all of the following information:

- The identity and contact information of the insurer and the limited lines travel insurance agent;
- An explanation that the purchase of travel insurance is not required in order to purchase any other product or service from the travel retailer;

⁸ R.C. 3905.063(B)(2)(d).

⁹ R.C. 3905.063(B)(2)(e).

¹⁰ R.C. 3905.063(C)(2).



- An explanation that an unlicensed 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.¹¹

Proceeds from the sale of travel insurance

Under the bill, if a travel retailer's insurance-related activities are limited to offering and disseminating travel insurance on behalf of and under the direction of a limited lines travel insurance agent meeting the requirements of the bill, the travel retailer may offer and disseminate travel insurance and receive compensation for those services if the travel retailer is registered by the agent as required under the bill and either of the following conditions are met:

- If the charge to the customer for coverage is not included in the cost associated with the purchase of travel insurance or related services, the charge for coverage is separately itemized on the customer's bill.
- If the charge to the customer for coverage is included in the cost associated with the purchase of travel insurance or related services, the travel retailer clearly and conspicuously discloses to the customer that the charge for travel insurance coverage is included with the charge for travel insurance or related services.

However, all funds received by a travel retailer from a customer for the sale of travel insurance must be considered funds held in trust by the travel retailer in a fiduciary capacity for the benefit of the limited lines travel insurance agent. The bill does not require the travel retailer to maintain those funds in a segregated account if the travel retailer is authorized by the agent to hold those funds in an alternative manner and the travel retailer remits the amount of the charges to the designated responsible agent within 60 days after receiving the charges.¹²

Enforcement

The designated responsible agent is responsible for the acts of the travel retailer and must use reasonable means to ensure that the travel retailer complies with the requirements of the bill.

¹¹ R.C. 3905.063(C)(1).

¹² R.C. 3905.063(C)(3) and (4).

Any limited lines travel insurance agent or any travel retailer offering and disseminating travel insurance under a limited lines travel insurance agent that is found to have violated the provisions of the bill has committed an unfair and deceptive act or practice in the business of insurance. If the Superintendent finds that a person found to have committed such an act or practice, the Superintendent may take a variety of actions, including issuing a cease and desist order, imposing a civil penalty of up to \$25,000, suspending or revoking an insurance license, and ordering corrective actions.¹³

HISTORY

ACTION	DATE
Introduced	11-05-13

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¹³ R.C. 3905.063(C)(5) and (E); R.C. 3901.21 and 3905.14 (not in bill).

