

By: Eiland

H.B. No. 3554

A BILL TO BE ENTITLED

AN ACT

relating to the business of travel insurance; authorizing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Subchapter D, Chapter 4055, Insurance Code, is amended to read as follows:

SUBCHAPTER D. TRAVEL INSURANCE [~~LICENSE~~]

SECTION 2. Section 4055.151, Insurance Code, is amended by adding Subdivisions (1-b) and (2-b) to read as follows:

(1-b) "Supervising entity" means a travel insurance supervising entity designated by an insurer under Section 4055.1515.

(2-b) "Travel retailer" means a business entity that makes, arranges, or offers travel services.

SECTION 3. Subchapter D, Chapter 4055, Insurance Code, is amended by adding Section 4055.1515 to read as follows:

Sec. 4055.1515. TRAVEL INSURANCE SUPERVISING ENTITY. An insurer authorized to engage in the business of travel insurance in this state may designate a travel insurance supervising entity for purposes of this subchapter. The supervising entity must be:

(1) a licensed managing general agent;

(2) a licensed third-party administrator; or

(3) a licensed insurance agent.

SECTION 4. Sections 4055.152 and 4055.153, Insurance Code,

1 are amended to read as follows:

2           Sec. 4055.152. SPECIALTY [~~ISSUANCE OF~~] LICENSE NOT  
3 REQUIRED. Notwithstanding any other provision of this chapter or  
4 this code, [~~the commissioner may issue a specialty license to~~] a  
5 travel retailer does not require a license issued under this title  
6 [~~agency, the franchisee of a travel agency, or a public carrier that~~  
7 ~~complies with this subchapter. The specialty license may be issued~~  
8 ~~only for the limited purposes specified by this subchapter~~].

9           Sec. 4055.153. AUTHORITY OF TRAVEL RETAILER [~~AGENCY OR~~  
10 ~~FRANCHISEE~~]. (a) A travel retailer may offer and disseminate  
11 travel insurance as a service to the retailer's customers on behalf  
12 of and under the direction of a supervising entity [~~agency or~~  
13 ~~franchisee licensed under this chapter may act as an agent for an~~  
14 ~~authorized insurer~~] only:

15                   (1) in connection with the sale or arrangement of  
16 transportation or accommodations for travelers; and

17                   (2) with respect to travel insurance that includes:

18                           (A) accident and health insurance that provides  
19 coverage to a traveler for accidental death or dismemberment and  
20 for medical expenses resulting from an accident involving the  
21 traveler that occurs during the planned trip;

22                           (B) insurance that provides coverage to a  
23 traveler for expenses incurred as a result of trip cancellation or  
24 interruption of a planned trip;

25                           (C) personal effects insurance that provides  
26 coverage to a traveler for loss of or damage to personal effects  
27 during the planned trip;

1 (D) insurance that provides coverage for damage  
2 to accommodations or rental vehicles [~~life insurance not exceeding~~  
3 ~~\$150,000 on any one life covering risks of travel during a planned~~  
4 ~~trip~~]; or

5 (E) any other coverage the commissioner approves  
6 as meaningful and appropriate in connection with the transportation  
7 or accommodations arranged through a travel agency.

8 (b) Travel insurance does not include major medical expense  
9 coverage for a traveler on a planned trip for six months or more,  
10 including:

11 (1) an individual working abroad;

12 (2) an expatriate; and

13 (3) a military service member on deployment.

14 SECTION 5. Subchapter D, Chapter 4055, Insurance Code, is  
15 amended by adding Sections 4055.154, 4055.155, 4055.156, and  
16 4055.157 to read as follows:

17 Sec. 4055.154. TRAVEL INSURANCE GENERALLY. (a) A travel  
18 retailer, or the supervising entity, shall provide to a traveler  
19 seeking to purchase travel insurance:

20 (1) a description of the material terms or the actual  
21 terms of the coverage;

22 (2) a description of the claims filing process;

23 (3) a description of the review and cancellation  
24 process for the insurance policy; and

25 (4) the name and contact information for the insurer  
26 and the supervising entity.

27 (b) Travel insurance coverage may be provided under an

1 individual policy or a group or master policy.

2 Sec. 4055.155. DUTIES OF INSURERS AND SUPERVISING ENTITIES.

3 (a) A supervising entity designated by an insurer that provides  
4 travel insurance may authorize a travel retailer to offer and  
5 disseminate a travel insurance policy on behalf of the supervising  
6 entity by establishing a retailer registry.

7 (b) The registry established under Subsection (a) must be  
8 maintained and updated on an ongoing basis in a form prescribed by  
9 the commissioner by rule. The registry must include the name,  
10 address, and contact information, and federal employer  
11 identification number, if any, of each registered travel retailer  
12 and an individual contact person at the retailer.

13 (c) The registry must be submitted to the department on the  
14 request of the commissioner.

15 (d) The supervising entity must certify in a form prescribed  
16 by the commissioner by rule that each registered travel retailer is  
17 in compliance with 18 U.S.C. Section 1033.

18 (e) The supervising entity shall designate an individual  
19 licensed agent as the compliance officer responsible for compliance  
20 with insurance laws and rules related to travel insurance.

21 (f) The compliance officer, the officers of the supervising  
22 entity, and any individual that directs or controls the travel  
23 insurance business of the supervising entity must submit  
24 fingerprints as required by the commissioner by rule.

25 (g) The supervising entity shall provide travel insurance  
26 instruction and training to each employee of a registered travel  
27 retailer whose duties include offering and disseminating travel

1 insurance. The instruction and training material are subject to  
2 review by the commissioner and must include instruction relating to  
3 the insurance offered, ethical sales practices, and required  
4 disclosures to travelers.

5 (h) The supervising entity is responsible for the acts of a  
6 travel retailer and shall use reasonable means to ensure each  
7 registered retailer's compliance with this subchapter.

8 Sec. 4055.156. DUTIES OF TRAVEL RETAILERS. (a) A travel  
9 retailer offering and disseminating travel insurance under this  
10 subchapter shall register with an insurer in a registry established  
11 under Section 4055.155.

12 (b) The travel retailer shall make available to travelers  
13 brochures or other written materials that:

14 (1) provide the name, address, and contact information  
15 of the authorized insurer and the supervising entity;

16 (2) explain that the purchase of travel insurance is  
17 not required for the purchase from the travel retailer of any other  
18 product or service; and

19 (3) disclose that the travel retailer is authorized to  
20 provide general information about travel insurance, including a  
21 description of coverage and the price for coverage, but is not  
22 qualified or authorized to provide answers to questions about  
23 specific policy terms or to evaluate the adequacy of the traveler's  
24 existing insurance coverage.

25 (c) A travel retailer may not:

26 (1) evaluate or interpret technical words or phrases  
27 used in a travel insurance policy or benefits under or terms of the

1 policy;

2 (2) evaluate or provide advice related to a traveler's  
3 existing insurance coverage; or

4 (3) advertise or otherwise hold out the travel  
5 retailer as a license holder or an insurance expert.

6 (d) A travel retailer that complies with this subchapter may  
7 receive compensation for offering and disseminating travel  
8 insurance on behalf of a supervising entity on or after the date the  
9 retailer registers with the insurer under this subchapter.

10 Sec. 4055.157. ENFORCEMENT. A supervising entity and a  
11 travel retailer registered with the supervising entity are subject  
12 to Chapters 82 and 83 and Subtitle C, Title 5.

13 SECTION 6. The commissioner of insurance shall promulgate  
14 forms described by Section 4055.155, Insurance Code, as added by  
15 this Act, as soon as practicable after the effective date of this  
16 Act, but not later than January 1, 2014.

17 SECTION 7. This Act applies only to a travel insurance  
18 policy that is delivered, issued for delivery, or renewed on or  
19 after January 1, 2014. A policy delivered, issued for delivery, or  
20 renewed before January 1, 2014, is governed by the law as it existed  
21 immediately before the effective date of this Act, and that law is  
22 continued in effect for that purpose.

23 SECTION 8. This Act takes effect September 1, 2013.