

JAN 23 2014

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# A BILL FOR AN ACT

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RELATING TO TRAVEL INSURANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. Chapter 431, article 9A, Hawaii Revised  
2 Statutes, is amended by adding a new part to be appropriately  
3 designated and to read as follows:

4               **"PART . LIMITED LINES TRAVEL INSURANCE PRODUCER**

5               **§431:9A-A Definitions.** Unless specified otherwise, the  
6 following terms shall mean as follows:

7               "Limited lines travel insurance producer" means a:

8               (1) Licensed managing general underwriter;

9               (2) Licensed managing general agent or third party  
10 administrator; or

11              (3) Licensed insurance producer, including a limited lines  
12 producer;

13 designated by an insurer as the travel insurance supervising  
14 entity as set forth in subsection 431:9A-B(a)(2).

15              "Offer and disseminate" means providing general  
16 information, including a description of the coverage and price,  
17 as well as processing the application, collecting premiums, and



1 performing other non-licensable activities permitted by the  
2 State.

3 "Travel insurance":

4 (1) Means insurance coverage for personal risks incident  
5 to planned travel, including but not limited to:

6 (A) Interruption or cancellation of trip or event;

7 (B) Loss of baggage or personal effects;

8 (C) Damages to accommodations or rental vehicles; or

9 (D) Sickness, accident, disability, or death

10 occurring during travel; and

11 (2) Does not include major medical plans that provide  
12 comprehensive medical protection for travelers with  
13 trips lasting six months or longer, including plans  
14 that cover those working overseas as an expatriate or  
15 deployed military personnel.

16 "Travel retailer" means a business entity that makes,  
17 arranges, or offers travel services and may offer and  
18 disseminate travel insurance as a service to its customers on  
19 behalf of, and under the direction of, a limited lines travel  
20 insurance producer.

21 **§431:9A-B Requirements.** (a) Notwithstanding any other  
22 provision of law, the commissioner may issue to an individual or



1 business entity that has filed with the commissioner an  
2 application for a limited license in a form and manner  
3 prescribed by the commissioner, a limited lines travel insurance  
4 producer license that authorizes the limited lines travel  
5 insurance producer to sell, solicit, or negotiate travel  
6 insurance through a licensed insurer. A travel retailer may  
7 offer and disseminate travel insurance under a limited lines  
8 travel insurance producer business entity license only if the  
9 following conditions are met:

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

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

14 (B) A description of the process for filing a claim;

15 (C) A description of the review or cancellation  
16 process for the travel insurance policy; and

17 (D) The identity and contact information of the  
18 insurer and limited lines travel insurance  
19 producer;

20 (2) At the time of licensure, the limited lines travel  
21 insurance producer establishes and maintains a  
22 register on a form prescribed by the commissioner of



1 each travel retailer that offers travel insurance on  
2 the limited lines travel insurance producer's behalf;  
3 provided that:

4 (A) The register is maintained and updated annually  
5 by the limited lines travel insurance producer  
6 and includes the name, address, and contact  
7 information of the travel retailer, an officer or  
8 person who directs or controls the travel  
9 retailer's operations, and the travel retailer's  
10 federal tax identification number;

11 (B) The limited lines travel insurance producer  
12 submits the register to the commissioner upon  
13 reasonable request; and

14 (C) The limited lines travel insurance producer also  
15 certifies that the travel retailer in the  
16 register complies with 18 United States Code  
17 section 1033;

18 (3) The limited lines travel insurance producer designates  
19 one of its employees, who shall be a licensed  
20 individual producer, as the designated responsible  
21 producer for purposes of compliance with the travel  
22 insurance laws and rules of the State;



1           (4) The designated responsible producer, president,  
2           secretary, treasurer, or any other officer or person  
3           who directs or controls the limited lines travel  
4           insurance producer's insurance operations complies  
5           with any fingerprinting requirements applicable to  
6           insurance producers;

7           (5) The limited lines travel insurance producer pays all  
8           applicable insurance producer licensing fees; and

9           (6) The limited lines travel insurance producer requires  
10          any employee or authorized representative of the  
11          travel retailer whose duties include offering and  
12          disseminating travel insurance to receive instruction  
13          or training, which may be subject to review by the  
14          commissioner; provided that the training includes, at  
15          minimum, instruction on the types of insurance  
16          offered, ethical sales practices, and required  
17          disclosures to prospective customers.

18          (b) A limited lines travel insurance producer, and those  
19          persons registered under its license, shall be exempt from the  
20          examination requirements of section 431:9A-105 and from the  
21          continuing education requirements of section 431:9A-124.



(c) Any travel retailer offering or disseminating travel insurance shall make available to prospective purchasers written materials, either printed or electronically, that:

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

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

(3) Explain 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.

(d) Any employee or authorized representative of the travel retailer who is not licensed as an insurance producer shall not:

(1) Sell, solicit, or negotiate insurance;



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

(3) Hold oneself out as a licensed insurer, licensed producer, or insurance expert.

(e) Notwithstanding any other provision of law, a travel retailer, its employees, and authorized representatives shall be authorized to offer and disseminate travel insurance on behalf of, and under the direction of, a limited lines travel insurance producer and receive compensation for their services; provided that the limited lines travel insurance producer registers the travel retailer pursuant to subsection (a) (2).

No travel retailer shall be compensated based primarily upon the number of customers who purchase travel insurance.

Nothing in this part shall prohibit payment of compensation to a travel retailer or its employees for activities under the limited lines travel insurance agent's license that is incidental to the travel retailer's or its employees overall compensation.

(f) Travel insurance may be offered under an individual policy or under a group or master policy.

(g) As the insurer designee, the limited lines travel insurance producer shall be responsible for the acts of the



1 travel retailer and shall use reasonable means to ensure  
2 compliance by the travel retailer with this section.

3 (h) The limited lines travel insurance producer and any  
4 travel retailer offering and disseminating travel insurance  
5 under the limited lines travel insurance producer license shall  
6 be subject to the article 13."

7 SECTION 2. Section 431:9A-107.5, Hawaii Revised Statutes,  
8 is amended by amending subsection (a) to read as follows:

9 "(a) Notwithstanding any other provision of this article,  
10 the commissioner may issue:

11 (1) A limited license to persons selling limited lines  
12 travel [~~tickets of a common carrier of persons or~~  
13 ~~property who shall act only as to travel ticket~~  
14 ~~policies of accident and health or sickness insurance~~  
15 ~~or baggage insurance on personal effects;~~] insurance,  
16 as defined in section 431:9A-A;

17 (2) A limited license to each individual who has charge of  
18 vending machines used in this State for the  
19 effectuation of travel insurance;

20 (3) A limited license to any individual who sells policies  
21 of accident and health or sickness insurance as a





1 promotional device to improve the circulation of a  
2 newspaper in this State; or

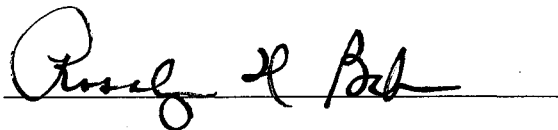
3 (4) A limited line credit insurance producer license to  
4 any individual who sells, solicits, or negotiates  
5 limited line credit insurance."

6 SECTION 3. In codifying the new sections added by section  
7 1 of this Act, the revisor of statutes shall substitute  
8 appropriate section numbers for the letters used in designating  
9 the new sections in this Act.

10 SECTION 4. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 5. This Act shall take effect upon its approval.

13  
INTRODUCED BY:





# S.B. NO. 2947

**Report Title:**

Travel Insurance; Producers; Licensing

**Description:**

Establishes a limited lines travel insurance producer license for producers selling, soliciting, or negotiating travel insurance through a licensed insurer. Authorizes travel retailers to offer the insurance if registered by a limited lines travel insurance producer.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

