

SENATE BILL 687

C4

3lr2185
CF 3lr2138

By: **Senator Garagiola**

Introduced and read first time: February 1, 2013

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Limited Lines – Travel Insurance**

3 FOR the purpose of amending certain provisions on limited lines insurance for
4 transportation tickets to relate instead to limited lines travel insurance;
5 authorizing the Maryland Insurance Commissioner to issue a limited lines
6 license to an individual or business entity to sell travel insurance; authorizing a
7 travel retailer to offer and disseminate travel insurance under certain
8 circumstances under the direction of a limited lines travel insurance producer;
9 requiring a limited lines travel insurance producer or travel retailer to provide
10 certain information to purchasers of travel insurance; requiring a limited lines
11 travel insurance producer to establish and maintain a certain register
12 containing certain information subject to inspection by the Commissioner;
13 requiring a limited lines travel insurance producer to designate a certain
14 employee as a responsible person for certain purposes; requiring certain persons
15 to comply with certain requirements of State insurance law; requiring a limited
16 lines travel insurance producer to be in good standing; requiring a limited lines
17 travel insurance producer to require certain travel retailer employees to receive
18 certain instruction or training, with certain required content; requiring a travel
19 retailer to make available to prospective purchasers certain information
20 concerning travel insurance and producers; prohibiting certain unlicensed
21 employees of a travel retailer from evaluating or providing certain advice
22 concerning travel insurance or holding themselves out as qualified in certain
23 manners; authorizing certain travel retailers to be compensated in a certain
24 manner notwithstanding other law; authorizing certain persons to compensate
25 certain employees of a travel retailer or authorized representative in a certain
26 manner; providing that a limited lines travel insurance producer is responsible
27 for the acts of a travel retailer; requiring a limited lines travel insurance
28 producer to use reasonable means to ensure certain compliance with this Act;
29 altering a prohibition on payment of certain commissions or other consideration
30 with respect to limited lines insurance; defining certain terms; and generally
31 relating to travel and limited lines insurance.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Article – Insurance
3 Section 10–101, 10–122, and 10–130
4 Annotated Code of Maryland
5 (2011 Replacement Volume and 2012 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article – Insurance**

9 10–101.

10 (a) In this subtitle the following words have the meanings indicated.

11 (b) “Business entity” means a corporation, professional association,
12 partnership, limited liability company, limited liability partnership, or other legal
13 entity.

14 (c) “Home state” means any state in which an insurance producer:

15 (1) maintains the insurance producer’s principal place of residence or
16 principal place of business; and

17 (2) is licensed to act as a resident insurance producer.

18 (d) (1) “License” means a document issued by the Commissioner to act as
19 an insurance producer for the kind or subdivision of insurance or combination of kinds
20 or subdivisions of insurance specified in the document.

21 (2) “License” includes a limited lines license.

22 (e) “Limited line credit insurance” includes:

23 (1) credit life insurance;

24 (2) credit health insurance;

25 (3) credit property insurance;

26 (4) credit unemployment insurance;

27 (5) credit involuntary unemployment benefit insurance;

28 (6) mortgage life insurance;

- 1 (7) mortgage guaranty insurance;
- 2 (8) mortgage disability insurance;
- 3 (9) guaranteed automobile protection (GAP) insurance; and
- 4 (10) any other form of insurance that:
- 5 (i) is offered in connection with an extension of credit;
- 6 (ii) is limited to partially or wholly extinguishing that credit
- 7 obligation; and
- 8 (iii) the Commissioner determines should be designated a form
- 9 of limited line credit insurance.

10 (f) “Limited line credit insurance producer” means a person who sells,

11 solicits, or negotiates one or more forms of limited line credit insurance coverage to

12 individuals through a master, corporate, group, or individual policy.

13 (g) “Limited lines insurance” means:

- 14 (1) limited line credit insurance;
- 15 (2) the lines of insurance described in §§ 10–122 through 10–125 of
- 16 this subtitle;
- 17 (3) insurance sold in connection with, and incidental to, the rental of a
- 18 motor vehicle under Subtitle 6 of this title; or
- 19 (4) any other line of insurance that the Commissioner considers
- 20 necessary to recognize for the purpose of complying with § 10–119(d) of this subtitle.

21 (h) “Limited lines insurance producer” means a person authorized by the

22 Commissioner to sell, solicit, or negotiate limited lines insurance.

23 **(I) “LIMITED LINES TRAVEL INSURANCE PRODUCER” MEANS, WITH**

24 **RESPECT TO LIMITED LINES TRAVEL INSURANCE:**

25 **(1) A LICENSED MANAGING GENERAL AGENT OR THIRD PARTY**

26 **ADMINISTRATOR; OR**

27 **(2) A LICENSED INSURANCE PRODUCER OR LIMITED LINES**

28 **INSURANCE PRODUCER.**

1 **(J) (1) “OFFER AND DISSEMINATE” MEANS, WITH RESPECT TO**
2 **LIMITED LINES TRAVEL INSURANCE, TO PROVIDE GENERAL INFORMATION,**
3 **INCLUDING A DESCRIPTION OF COVERAGE AND PRICE.**

4 **(2) “OFFER AND DISSEMINATE” INCLUDES TO PROCESS AN**
5 **APPLICATION, COLLECT PREMIUMS, AND PERFORM OTHER ACTIVITIES THAT:**

6 **(I) ARE ALLOWED IN THE STATE WITH RESPECT TO A**
7 **POLICY OF LIMITED LINES TRAVEL INSURANCE; AND**

8 **(II) DO NOT REQUIRE A LICENSE IN THE STATE.**

9 **[(i)] (K) (1) “Title insurance producer” means a person that, for**
10 **compensation, solicits, procures, or negotiates title insurance contracts.**

11 (2) “Title insurance producer” includes a person that provides escrow,
12 closing, or settlement services that may result in the issuance of a title insurance
13 contract.

14 (3) “Title insurance producer” does not include:

15 (i) individuals employed and used by title insurance producers
16 for the performance of clerical and similar office duties;

17 (ii) a financial institution as defined in § 1–101(i) of the
18 Financial Institutions Article that does not solicit, procure, or negotiate title insurance
19 contracts for compensation; or

20 (iii) a title insurance insurer that is licensed under this article.

21 **[(j)] (L) “Title insurance producer independent contractor” means a person**
22 **that:**

23 (1) is licensed to act as a title insurance producer;

24 (2) provides escrow, closing, or settlement services that may result in
25 the issuance of a title insurance contract as an independent contractor for, or on behalf
26 of, a licensed and appointed title insurance producer; and

27 (3) is not an employee of the licensed and appointed title insurance
28 producer.

29 **[(k)] (M) “Trade name” means a name, symbol, or word, or combination of**
30 **two or more of these that a person uses to:**

31 (1) identify its business, occupation, or self in a business capacity; and

1 (2) be distinguished from another business, occupation, or person.

2 **(N) (1) “TRAVEL INSURANCE” MEANS INSURANCE COVERAGE FOR**
3 **PERSONAL RISK INCIDENT TO PLANNED TRAVEL, INCLUDING:**

4 **(I) INTERRUPTION OR CANCELLATION OF A TRIP OR AN**
5 **EVENT;**

6 **(II) LOSS OF BAGGAGE OR PERSONAL EFFECTS;**

7 **(III) DAMAGE TO ACCOMMODATIONS OR A RENTAL VEHICLE;**
8 **OR**

9 **(IV) SICKNESS, ACCIDENT, DISABILITY, OR DEATH**
10 **OCCURRING DURING TRAVEL.**

11 **(2) “TRAVEL INSURANCE” DOES NOT INCLUDE A MAJOR MEDICAL**
12 **PLAN THAT PROVIDES COMPREHENSIVE MEDICAL PROTECTION FOR A**
13 **TRAVELER ON A TRIP LASTING 6 MONTHS OR LONGER, SUCH AS AN INDIVIDUAL**
14 **WORKING OUTSIDE THE UNITED STATES OR MILITARY PERSONNEL BEING**
15 **DEPLOYED.**

16 **(O) “TRAVEL RETAILER” MEANS A BUSINESS ENTITY THAT MAKES,**
17 **ARRANGES, OR OFFERS TRAVEL SERVICES.**

18 **[(l)] (P) “Uniform application” means the current version of the NAIC**
19 **uniform application for resident and nonresident insurance producer licensing.**

20 **[(m)] (Q) “Uniform business entity application” means the current version of**
21 **the NAIC uniform business entity application for resident and nonresident business**
22 **entities.**

23 10–122.

24 (a) Without regard to the education, experience, or examination
25 requirements of this subtitle, the Commissioner may issue a limited lines license to an
26 individual who **OR A BUSINESS ENTITY THAT** sells [transportation tickets of a
27 common carrier of persons and property] **TRAVEL INSURANCE.**

28 (b) A limited lines license issued under this section authorizes the holder to
29 act as an insurance producer only as to travel [ticket policies of life insurance, accident
30 insurance, or baggage] insurance [on personal effects].

1 (c) The Commissioner may require and provide special forms requiring
2 information the Commissioner considers proper in connection with the application for
3 or renewal of limited lines licenses issued under this section.

4 (D) (1) (I) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A
5 TRAVEL RETAILER MAY OFFER AND DISSEMINATE TRAVEL INSURANCE ON
6 BEHALF OF AND UNDER THE LICENSE OF A LIMITED LINES TRAVEL INSURANCE
7 PRODUCER ONLY IF THE CONDITIONS IN THIS PARAGRAPH ARE MET.

8 (II) THE LIMITED LINES TRAVEL INSURANCE PRODUCER OR
9 TRAVEL RETAILER SHALL PROVIDE TO A PURCHASER OF TRAVEL INSURANCE:

10 1. A DESCRIPTION OF THE MATERIAL TERMS OR THE
11 ACTUAL TERMS OF THE INSURANCE COVERAGE;

12 2. A DESCRIPTION OF THE PROCESS FOR FILING A
13 CLAIM;

14 3. A DESCRIPTION OF THE REVIEW OR
15 CANCELLATION PROCESS FOR THE TRAVEL INSURANCE POLICY; AND

16 4. THE IDENTITY AND CONTACT INFORMATION OF
17 THE INSURER AND LIMITED LINES TRAVEL INSURANCE PRODUCER.

18 (III) 1. AT THE TIME OF LICENSURE, THE LIMITED LINES
19 TRAVEL INSURANCE PRODUCER SHALL ESTABLISH AND MAINTAIN A REGISTER,
20 ON A FORM THE COMMISSIONER REQUIRES, OF EACH TRAVEL RETAILER THAT
21 OFFERS AND DISSEMINATES TRAVEL INSURANCE ON BEHALF OF THE LIMITED
22 LINES TRAVEL INSURANCE PRODUCER.

23 2. THE LIMITED LINES TRAVEL INSURANCE
24 PRODUCER SHALL:

25 A. SUBMIT THE REGISTER FOR INSPECTION BY THE
26 COMMISSIONER AS THE COMMISSIONER REQUIRES; AND

27 B. INCLUDE IN THE REGISTER THE NAME, ADDRESS,
28 AND CONTACT INFORMATION OF THE TRAVEL RETAILER AND AN OFFICER OR A
29 PERSON WHO DIRECTS OR CONTROLS THE TRAVEL RETAILER'S OPERATIONS,
30 AND THE TRAVEL RETAILER'S FEDERAL TAX IDENTIFICATION NUMBER.

31 3. THE LIMITED LINES TRAVEL INSURANCE
32 PRODUCER SHALL ALSO CERTIFY THAT EACH TRAVEL RETAILER ON THE

1 REGISTER MAINTAINED BY THE LIMITED LINES TRAVEL INSURANCE PRODUCER
2 COMPLIES WITH 18 U.S.C. § 1033.

3 (IV) 1. THE LIMITED LINES TRAVEL INSURANCE
4 PRODUCER SHALL DESIGNATE ONE OF ITS EMPLOYEES WHO HOLDS A LIMITED
5 LINES LICENSE UNDER THIS SECTION AS A DESIGNATED RESPONSIBLE PERSON
6 TO ENSURE ITS COMPLIANCE WITH THE LAWS AND REGULATIONS FOR TRAVEL
7 INSURANCE IN THIS STATE.

8 2. THE DESIGNATED RESPONSIBLE PERSON
9 DESCRIBED IN SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH OR THE
10 PRESIDENT, SECRETARY, TREASURER, AND ANY OTHER OFFICER OR PERSON OF
11 THE LIMITED LINES TRAVEL INSURANCE PRODUCER WHO DIRECTS OR
12 CONTROLS THE OPERATIONS OF THE LIMITED LINES TRAVEL INSURANCE
13 PRODUCER SHALL COMPLY WITH FINGERPRINTING REQUIREMENTS
14 APPLICABLE TO INSURANCE PRODUCERS IN THIS STATE.

15 (V) THE LIMITED LINES TRAVEL INSURANCE PRODUCER
16 SHALL BE IN GOOD STANDING WITH THE COMMISSIONER WITH RESPECT TO ITS
17 LICENSE.

18 (VI) 1. THE LIMITED LINES TRAVEL INSURANCE
19 PRODUCER SHALL REQUIRE EACH EMPLOYEE OF THE TRAVEL RETAILER WHOSE
20 DUTIES INCLUDE OFFERING AND DISSEMINATING TRAVEL INSURANCE TO
21 RECEIVE A PROGRAM OF INSTRUCTION OR TRAINING, WHICH MAY BE SUBJECT
22 TO REVIEW BY THE COMMISSIONER.

23 2. THE TRAINING MATERIAL SHALL, AT A MINIMUM,
24 CONTAIN INSTRUCTIONS ON THE TYPES OF INSURANCE OFFERED, ETHICAL
25 SALES PRACTICES, AND REQUIRED DISCLOSURES TO PROSPECTIVE
26 CUSTOMERS.

27 (2) A TRAVEL RETAILER OFFERING OR DISSEMINATING TRAVEL
28 INSURANCE ON BEHALF OF A LIMITED LINES TRAVEL INSURANCE PRODUCER
29 SHALL MAKE AVAILABLE TO A PROSPECTIVE PURCHASER BROCHURES OR
30 OTHER WRITTEN MATERIALS THAT:

31 (I) PROVIDE THE IDENTITY AND CONTACT INFORMATION
32 OF THE LIMITED LINES TRAVEL INSURANCE PRODUCER OVERSEEING THE
33 ACTIVITIES OF THE TRAVEL RETAILER;

1 **(II) EXPLAIN THAT THE PURCHASE OF TRAVEL INSURANCE**
2 **IS NOT REQUIRED IN ORDER TO PURCHASE ANY OTHER PRODUCT OR SERVICE**
3 **FROM THE TRAVEL RETAILER; AND**

4 **(III) EXPLAIN THAT A TRAVEL RETAILER:**

5 1. **IS ALLOWED TO PROVIDE GENERAL INFORMATION**
6 **ABOUT THE INSURANCE OFFERED AND DISSEMINATED BY THE TRAVEL**
7 **RETAILER, INCLUDING A DESCRIPTION OF THE COVERAGE AND PRICE; BUT**

8 2. **IS NOT QUALIFIED OR AUTHORIZED TO ANSWER**
9 **TECHNICAL QUESTIONS ABOUT THE TERMS AND CONDITIONS OF THE**
10 **INSURANCE OFFERED BY THE TRAVEL RETAILER OR TO EVALUATE THE**
11 **ADEQUACY OF THE CUSTOMER'S EXISTING INSURANCE COVERAGE.**

12 **(3) A TRAVEL RETAILER'S EMPLOYEE WHO IS NOT LICENSED AS A**
13 **LIMITED LINES TRAVEL INSURANCE PRODUCER UNDER THIS SECTION MAY NOT:**

14 **(I) EVALUATE OR INTERPRET THE TECHNICAL TERMS,**
15 **BENEFITS, AND CONDITIONS OF THE OFFERED TRAVEL INSURANCE COVERAGE;**

16 **(II) EVALUATE OR PROVIDE ADVICE CONCERNING A**
17 **PROSPECTIVE PURCHASER'S EXISTING INSURANCE COVERAGE; OR**

18 **(III) HOLD HIMSELF OR HERSELF OUT AS A LIMITED LINES**
19 **TRAVEL INSURANCE PRODUCER, ANY OTHER INSURANCE PRODUCER, OR AN**
20 **INSURANCE EXPERT.**

21 **(4) (I) NOTWITHSTANDING ANY OTHER LAW, A TRAVEL**
22 **RETAILER WHOSE INSURANCE-RELATED ACTIVITIES ARE LIMITED TO OFFERING**
23 **AND DISSEMINATING TRAVEL INSURANCE ON BEHALF OF AND UNDER THE**
24 **DIRECTION OF A LIMITED LINES TRAVEL INSURANCE PRODUCER UNDER THIS**
25 **SECTION MAY RECEIVE COMPENSATION WHEN LISTED ON A REGISTER**
26 **MAINTAINED BY THE LIMITED LINES TRAVEL INSURANCE PRODUCER IN**
27 **ACCORDANCE WITH PARAGRAPH (1)(III) OF THIS SUBSECTION.**

28 **(II) A TRAVEL RETAILER OR AN AUTHORIZED**
29 **REPRESENTATIVE OF THE TRAVEL RETAILER MAY COMPENSATE THE**
30 **EMPLOYEES OF THE TRAVEL RETAILER OR OF THE AUTHORIZED**
31 **REPRESENTATIVE IN A MANNER THAT DOES NOT DEPEND ON THE SALE OF THE**
32 **TRAVEL INSURANCE.**

33 **(5) THE LIMITED LINES TRAVEL INSURANCE PRODUCER:**

1 **(I) IS RESPONSIBLE FOR THE ACTS OF THE TRAVEL**
2 **RETAILER; AND**

3 **(II) SHALL USE REASONABLE MEANS TO ENSURE**
4 **COMPLIANCE BY THE TRAVEL RETAILER WITH THIS SECTION.**

5 10–130.

6 (a) Except as otherwise provided in §§ [10–102 and] **10–102**, 10–119, AND
7 **10–122** of this subtitle, a commission, fee, reward, rebate, or other consideration for
8 selling, soliciting, or negotiating insurance may not be paid, directly or indirectly, to a
9 person other than a licensed insurance producer.

10 (b) Except as otherwise provided in this article, for life insurance or health
11 insurance this section does not prohibit payment to or receipt by a person who
12 formerly held a license and, if the person acted on behalf of an insurer, an
13 appointment of:

14 (1) commissions on renewal premiums on existing policies; or

15 (2) other deferred commissions.

16 (c) Unless the payment would violate § 27–209 or § 27–212 of this article, an
17 insurer or insurance producer may pay or assign commissions, service fees, or other
18 valuable consideration to an insurance agency or to persons who do not sell, solicit, or
19 negotiate insurance in the State.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2013.