

HOUSE BILL 221

C4

4r0973
CF SB 79

By: **Delegate Rudolph**

Introduced and read first time: January 16, 2014

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 5, 2014

CHAPTER _____

1 AN ACT concerning

2 **Limited Lines – Travel Insurance**

3 FOR the purpose of altering certain provisions of law 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 a business entity to sell travel insurance; authorizing
7 a 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 in a certain manner;
11 requiring a limited lines travel insurance producer to establish and maintain a
12 certain register containing certain information subject to inspection by the
13 Commissioner; requiring a limited lines travel insurance producer to designate
14 a certain employee as a responsible person for certain purposes; requiring
15 certain persons to comply with certain requirements of State insurance law;
16 requiring a limited lines travel insurance producer to be in good standing;
17 requiring a limited lines travel insurance producer to require certain travel
18 retailer employees or authorized representatives to receive certain instruction
19 or training with certain required content; requiring a travel retailer to make
20 available to prospective purchasers certain information concerning travel
21 insurance and producers; prohibiting certain unlicensed employees or
22 authorized representatives of a travel retailer from evaluating or providing
23 certain advice concerning travel insurance or holding themselves out as
24 ~~qualified in certain manners~~ a certain producer or expert; authorizing certain
25 travel retailers to be compensated in a certain manner ~~notwithstanding any~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 ~~other law; authorizing certain persons to compensate certain employees of a~~
 2 ~~travel retailer or authorized representative in a certain manner; prohibiting a~~
 3 ~~travel retailer from compensating certain travel retailer employees or~~
 4 ~~authorized representatives for certain activities in a certain manner; providing~~
 5 ~~for the construction of certain provisions of this Act; providing that a limited~~
 6 lines travel insurance producer is responsible for the acts of a travel retailer;
 7 requiring a limited lines travel insurance producer to use reasonable means to
 8 ensure certain compliance with this Act; altering a prohibition on payment of
 9 certain commissions or other consideration with respect to limited lines
 10 insurance; requiring the Commissioner to collect certain information, make
 11 certain determinations, and report certain findings and recommendations to
 12 certain committees of the General Assembly on or before a certain date; defining
 13 certain terms; and generally relating to travel and limited lines insurance.

14 BY repealing and reenacting, with amendments,
 15 Article – Insurance
 16 Section 10–101, 10–122, and 10–130
 17 Annotated Code of Maryland
 18 (2011 Replacement Volume and 2013 Supplement)

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

21 **Article – Insurance**

22 10–101.

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

24 **(B) “AUTHORIZED REPRESENTATIVE” MEANS AN INDEPENDENT**
 25 **CONTRACTOR OF A TRAVEL RETAILER.**

26 ~~(C)~~ **(C)** “Business entity” means a corporation, professional association,
 27 partnership, limited liability company, limited liability partnership, or other legal
 28 entity.

29 ~~(D)~~ **(D)** “Home state” means any state in which an insurance producer:

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

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

33 ~~(E)~~ **(E)** (1) “License” means a document issued by the Commissioner to
 34 act as an insurance producer for the kind or subdivision of insurance or combination of
 35 kinds or subdivisions of insurance specified in the document.

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

2 ~~(F)~~ **(F)** “Limited line credit insurance” includes:

3 (1) credit life insurance;

4 (2) credit health insurance;

5 (3) credit property insurance;

6 (4) credit unemployment insurance;

7 (5) credit involuntary unemployment benefit insurance;

8 (6) mortgage life insurance;

9 (7) mortgage guaranty insurance;

10 (8) mortgage disability insurance;

11 (9) guaranteed automobile protection (GAP) insurance; and

12 (10) any other form of insurance that:

13 (i) is offered in connection with an extension of credit;

14 (ii) is limited to partially or wholly extinguishing that credit
15 obligation; and

16 (iii) the Commissioner determines should be designated a form
17 of limited line credit insurance.

18 ~~(G)~~ **(G)** “Limited line credit insurance producer” means a person who sells,
19 solicits, or negotiates one or more forms of limited line credit insurance coverage to
20 individuals through a master, corporate, group, or individual policy.

21 ~~(H)~~ **(H)** “Limited lines insurance” means:

22 (1) limited line credit insurance;

23 (2) the lines of insurance described in §§ 10–122 through 10–125 of
24 this subtitle;

25 (3) insurance sold in connection with, and incidental to, the rental of a
26 motor vehicle under Subtitle 6 of this title; or

1 (4) any other line of insurance that the Commissioner considers
2 necessary to recognize for the purpose of complying with § 10-119(d) of this subtitle.

3 ~~(H)~~ **(I)** “Limited lines insurance producer” means a person authorized by
4 the Commissioner to sell, solicit, or negotiate limited lines insurance.

5 ~~(H)~~ **(J)** “LIMITED LINES TRAVEL INSURANCE PRODUCER” MEANS,
6 WITH RESPECT TO ~~LIMITED LINES~~ TRAVEL INSURANCE:

7 (1) A LICENSED MANAGING GENERAL AGENT OR THIRD PARTY
8 ADMINISTRATOR; OR

9 (2) A LICENSED INSURANCE PRODUCER OR LIMITED LINES
10 INSURANCE PRODUCER.

11 ~~(J)~~ **(K)** ~~(I)~~ “OFFER AND DISSEMINATE” MEANS, WITH RESPECT TO
12 LIMITED LINES TRAVEL INSURANCE, TO:

13 (1) PROVIDE GENERAL INFORMATION, INCLUDING A
14 DESCRIPTION OF COVERAGE AND PRICE;

15 (2) PROCESS APPLICATIONS; AND

16 (3) COLLECT PREMIUMS.

17 ~~(2) “OFFER AND DISSEMINATE” INCLUDES PROCESSING AN~~
18 ~~APPLICATION, COLLECTING PREMIUMS, AND PERFORMING OTHER ACTIVITIES~~
19 ~~THAT:~~

20 ~~(I) ARE ALLOWED IN THE STATE WITH RESPECT TO A~~
21 ~~POLICY OF LIMITED LINES TRAVEL INSURANCE; AND~~

22 ~~(II) DO NOT REQUIRE A LICENSE IN THE STATE.~~

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

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

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

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

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

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

5 ~~[(j)]~~ ~~(H)~~ **(M)** “Title insurance producer independent contractor” means a person
 6 that:

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

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

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

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

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

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

17 ~~(N)~~ **(O)** **(1) “TRAVEL INSURANCE” MEANS INSURANCE COVERAGE**
 18 **FOR PERSONAL RISK INCIDENT TO PLANNED TRAVEL, INCLUDING:**

19 **(I) INTERRUPTION OR CANCELLATION OF A TRIP OR AN**
 20 **EVENT;**

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

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

23 **OR**

24 **(IV) SICKNESS, ACCIDENT, DISABILITY, OR DEATH**
 25 **OCCURRING DURING TRAVEL, IF ISSUED AS INCIDENTAL TO THE COVERAGE**
 26 **PROVIDED BY ITEM (I), (II), OR (III) OF THIS PARAGRAPH.**

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

1 **A. THE OFFERED INSURANCE COVERAGE MAY**
2 **DUPLICATE CERTAIN PROVISIONS OF INSURANCE COVERAGE ALREADY**
3 **PROVIDED BY THE PURCHASER'S HOMEOWNER'S INSURANCE, RENTER'S**
4 **INSURANCE , HEALTH INSURANCE, OR SIMILAR INSURANCE COVERAGE; AND**

5 **B. THE PURCHASE OF TRAVEL INSURANCE WOULD**
6 **MAKE THE TRAVEL INSURANCE COVERAGE PRIMARY TO ANY OTHER DUPLICATE**
7 **OR SIMILAR COVERAGE; ~~AND~~**

8 **5. THE IDENTITY AND CONTACT INFORMATION OF**
9 **THE INSURER AND LIMITED LINES TRAVEL INSURANCE PRODUCER; AND**

10 **6. CONTACT INFORMATION FOR FILING A**
11 **COMPLAINT WITH THE COMMISSIONER.**

12 **(III) 1. AT THE TIME OF LICENSURE, THE LIMITED LINES**
13 **TRAVEL INSURANCE PRODUCER SHALL ESTABLISH AND MAINTAIN A REGISTER,**
14 **ON A FORM THE COMMISSIONER REQUIRES, OF EACH TRAVEL RETAILER THAT**
15 **OFFERS AND DISSEMINATES TRAVEL INSURANCE ON BEHALF OF THE LIMITED**
16 **LINES TRAVEL INSURANCE PRODUCER.**

17 **2. THE LIMITED LINES TRAVEL INSURANCE**
18 **PRODUCER SHALL:**

19 **A. SUBMIT THE REGISTER FOR INSPECTION BY THE**
20 **COMMISSIONER AS THE COMMISSIONER REQUIRES; AND**

21 **B. INCLUDE IN THE REGISTER THE NAME, ADDRESS,**
22 **AND CONTACT INFORMATION OF THE TRAVEL RETAILER AND AN OFFICER OR A**
23 **PERSON WHO DIRECTS OR CONTROLS THE TRAVEL RETAILER'S OPERATIONS,**
24 **AND THE TRAVEL RETAILER'S FEDERAL TAX IDENTIFICATION NUMBER.**

25 **3. THE LIMITED LINES TRAVEL INSURANCE**
26 **PRODUCER SHALL ALSO CERTIFY THAT EACH TRAVEL RETAILER ON THE**
27 **REGISTER MAINTAINED BY THE LIMITED LINES TRAVEL INSURANCE PRODUCER**
28 **COMPLIES WITH 18 U.S.C. § 1033.**

29 **(IV) 1. THE LIMITED LINES TRAVEL INSURANCE**
30 **PRODUCER SHALL DESIGNATE ONE OF ITS EMPLOYEES WHO HOLDS A LIMITED**
31 **LINES LICENSE UNDER THIS SECTION AS A DESIGNATED RESPONSIBLE PERSON**
32 **TO ENSURE THE LIMITED LINES TRAVEL INSURANCE PRODUCER'S COMPLIANCE**
33 **WITH THE LAWS AND REGULATIONS FOR TRAVEL INSURANCE IN THE STATE.**

1 **2. THE DESIGNATED RESPONSIBLE PERSON**
2 **DESCRIBED IN SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH OR THE**
3 **PRESIDENT, SECRETARY, TREASURER, AND ANY OTHER OFFICER OR PERSON OF**
4 **THE LIMITED LINES TRAVEL INSURANCE PRODUCER WHO DIRECTS OR**
5 **CONTROLS THE OPERATIONS OF THE LIMITED LINES TRAVEL INSURANCE**
6 **PRODUCER SHALL COMPLY WITH FINGERPRINTING REQUIREMENTS**
7 **APPLICABLE TO INSURANCE PRODUCERS IN THE STATE.**

8 **(V) THE LIMITED LINES TRAVEL INSURANCE PRODUCER**
9 **SHALL BE IN GOOD STANDING WITH THE COMMISSIONER WITH RESPECT TO ITS**
10 **LICENSE.**

11 **(VI) 1. THE LIMITED LINES TRAVEL INSURANCE**
12 **PRODUCER SHALL REQUIRE EACH EMPLOYEE OR AUTHORIZED**
13 **REPRESENTATIVE OF THE TRAVEL RETAILER WHOSE DUTIES INCLUDE**
14 **OFFERING AND DISSEMINATING TRAVEL INSURANCE TO RECEIVE A PROGRAM**
15 **OF INSTRUCTION OR TRAINING, WHICH ~~MAY~~ SHALL BE SUBJECT TO REVIEW BY**
16 **THE COMMISSIONER.**

17 **2. THE TRAINING MATERIAL SHALL CONTAIN, AT A**
18 **MINIMUM, INSTRUCTION ON THE TYPES OF INSURANCE OFFERED, ETHICAL**
19 **SALES PRACTICES, AND REQUIRED DISCLOSURES TO PROSPECTIVE**
20 **CUSTOMERS.**

21 **(2) A TRAVEL RETAILER OFFERING OR DISSEMINATING TRAVEL**
22 **INSURANCE ON BEHALF OF A LIMITED LINES TRAVEL INSURANCE PRODUCER**
23 **SHALL MAKE AVAILABLE TO A PROSPECTIVE PURCHASER BROCHURES OR**
24 **OTHER WRITTEN MATERIALS THAT:**

25 **(I) PROVIDE THE IDENTITY AND CONTACT INFORMATION**
26 **OF THE LIMITED LINES TRAVEL INSURANCE PRODUCER OVERSEEING THE**
27 **ACTIVITIES OF THE TRAVEL RETAILER;**

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

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

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

1 2. IS NOT QUALIFIED OR AUTHORIZED TO ANSWER
2 TECHNICAL QUESTIONS ABOUT THE TERMS AND CONDITIONS OF THE
3 INSURANCE OFFERED BY THE TRAVEL RETAILER OR TO EVALUATE THE
4 ADEQUACY OF THE CUSTOMER'S EXISTING INSURANCE COVERAGE.

5 (3) A TRAVEL RETAILER'S EMPLOYEE OR AUTHORIZED
6 REPRESENTATIVE WHO IS NOT LICENSED AS A LIMITED LINES TRAVEL
7 INSURANCE PRODUCER UNDER THIS SECTION MAY NOT:

8 (I) EVALUATE OR INTERPRET THE TECHNICAL TERMS,
9 BENEFITS, AND CONDITIONS OF THE OFFERED TRAVEL INSURANCE COVERAGE;

10 (II) EVALUATE OR PROVIDE ADVICE CONCERNING A
11 PROSPECTIVE PURCHASER'S EXISTING INSURANCE COVERAGE; OR

12 (III) HOLD HIMSELF OR HERSELF OUT AS A LIMITED LINES
13 TRAVEL INSURANCE PRODUCER, ANY OTHER INSURANCE PRODUCER, OR AN
14 INSURANCE EXPERT.

15 (4) ~~(I) NOTWITHSTANDING ANY OTHER LAW, A TRAVEL~~
16 ~~RETAILER WHOSE INSURANCE-RELATED ACTIVITIES ARE LIMITED TO OFFERING~~
17 ~~AND DISSEMINATING TRAVEL INSURANCE ON BEHALF OF AND UNDER THE~~
18 ~~DIRECTION OF A LIMITED LINES TRAVEL INSURANCE PRODUCER UNDER THIS~~
19 ~~SECTION MAY RECEIVE COMPENSATION WHEN LISTED ON A REGISTER~~
20 ~~MAINTAINED BY THE LIMITED LINES TRAVEL INSURANCE PRODUCER IN~~
21 ~~ACCORDANCE WITH PARAGRAPH (1)(II) OF THIS SUBSECTION.~~

22 ~~(II) A TRAVEL RETAILER OR AN AUTHORIZED~~
23 ~~REPRESENTATIVE OF THE TRAVEL RETAILER MAY COMPENSATE THE~~
24 ~~EMPLOYEES OF THE TRAVEL RETAILER OR OF THE AUTHORIZED~~
25 ~~REPRESENTATIVE IN A MANNER THAT DOES NOT DEPEND ON THE SALE OF THE~~
26 ~~TRAVEL INSURANCE.~~

27 (4) (I) A TRAVEL RETAILER WHOSE INSURANCE RELATED
28 ACTIVITIES, AND THOSE OF ITS EMPLOYEES OR AUTHORIZED
29 REPRESENTATIVES, ARE LIMITED TO OFFERING AND DISSEMINATING TRAVEL
30 INSURANCE ON BEHALF OF AND UNDER THE DIRECTION OF A LIMITED LINES
31 TRAVEL INSURANCE PRODUCER UNDER THIS SECTION MAY RECEIVE
32 COMPENSATION WHEN LISTED ON A REGISTER MAINTAINED BY THE LIMITED
33 LINES TRAVEL INSURANCE PRODUCER IN ACCORDANCE WITH PARAGRAPH
34 (1)(III) OF THIS SUBSECTION.

35 (II) A TRAVEL RETAILER MAY NOT COMPENSATE AN
36 EMPLOYEE OR AUTHORIZED REPRESENTATIVE FOR INSURANCE RELATED

1 ACTIVITIES IN A MANNER THAT IS BASED PRIMARILY ON THE NUMBER OF
 2 CUSTOMERS WHO PURCHASE TRAVEL INSURANCE COVERAGE.

3 (III) THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT
 4 PAYMENT OF COMPENSATION TO A TRAVEL RETAILER OR ITS EMPLOYEES OR
 5 AUTHORIZED REPRESENTATIVES FOR ACTIVITIES UNDER THE LIMITED LINES
 6 TRAVEL INSURANCE PRODUCER'S LICENSE THAT ARE INCIDENTAL TO THE
 7 TRAVEL RETAILER'S OR ITS EMPLOYEE'S OR AUTHORIZED REPRESENTATIVE'S
 8 OVERALL COMPENSATION.

9 (5) THE LIMITED LINES TRAVEL INSURANCE PRODUCER:

10 (I) IS RESPONSIBLE FOR THE ACTS OF THE TRAVEL
 11 RETAILER; AND

12 (II) SHALL USE REASONABLE MEANS TO ENSURE
 13 COMPLIANCE BY THE TRAVEL RETAILER WITH THIS SECTION.

14 10-130.

15 (a) Except as otherwise provided in §§ [10-102 and] **10-102**, 10-119, AND
 16 **10-122** of this subtitle, a commission, fee, reward, rebate, or other consideration for
 17 selling, soliciting, or negotiating insurance may not be paid, directly or indirectly, to a
 18 person other than a licensed insurance producer.

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

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

24 (2) other deferred commissions.

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

29 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance
 30 Commissioner shall:

31 (1) keep track of complaints from consumers regarding the offering
 32 and dissemination of travel insurance by travel retailers and employees and
 33 authorized representatives of travel retailers, including:

- 1 (i) the number of complaints;
- 2 (ii) a summary of the allegations contained in the complaints;
- 3 and
- 4 (iii) the disposition of the complaints;
- 5 (2) based on the complaints under paragraph (1) of this section and
- 6 any other information the Commissioner determines necessary, determine whether
- 7 and how travel retailers and employees and authorized representatives of travel
- 8 retailers should be compensated for offering and disseminating travel insurance; and
- 9 (3) on or before January 1, 2017, report the Commissioner’s findings
- 10 and recommendations, in accordance with § 2-1246 of the State Government Article,
- 11 to the Senate Finance Committee and the House Economic Matters Committee.

12 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
 13 effect October 1, 2014.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.