

HOUSE BILL 221

C4

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CF SB 79

By: **Delegate Rudolph**

Introduced and read first time: January 16, 2014

Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Limited Lines – Travel Insurance

FOR the purpose of altering certain provisions of law on limited lines insurance for transportation tickets to relate instead to limited lines travel insurance; authorizing the Maryland Insurance Commissioner to issue a limited lines license to an individual or a business entity to sell travel insurance; authorizing a travel retailer to offer and disseminate travel insurance under certain circumstances under the direction of a limited lines travel insurance producer; requiring a limited lines travel insurance producer or travel retailer to provide certain information to purchasers of travel insurance; requiring a limited lines travel insurance producer to establish and maintain a certain register containing certain information subject to inspection by the Commissioner; requiring a limited lines travel insurance producer to designate a certain employee as a responsible person for certain purposes; requiring certain persons to comply with certain requirements of State insurance law; requiring a limited lines travel insurance producer to be in good standing; requiring a limited lines travel insurance producer to require certain travel retailer employees to receive certain instruction or training with certain required content; requiring a travel retailer to make available to prospective purchasers certain information concerning travel insurance and producers; prohibiting certain unlicensed employees of a travel retailer from evaluating or providing certain advice concerning travel insurance or holding themselves out as qualified in certain manners; authorizing certain travel retailers to be compensated in a certain manner notwithstanding any other law; authorizing certain persons to compensate certain employees of a travel retailer or authorized representative in a certain manner; providing that a limited lines travel insurance producer is responsible for the acts of a travel retailer; requiring a limited lines travel insurance producer to use reasonable means to ensure certain compliance with this Act; altering a prohibition on payment of certain commissions or other consideration with respect to limited lines insurance; defining certain terms; and generally relating to travel and limited lines insurance.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

Article – Insurance

10–101.

- (a) In this subtitle the following words have the meanings indicated.
- (b) “Business entity” means a corporation, professional association, partnership, limited liability company, limited liability partnership, or other legal entity.
- (c) “Home state” means any state in which an insurance producer:
 - (1) maintains the insurance producer’s principal place of residence or principal place of business; and
 - (2) is licensed to act as a resident insurance producer.
- (d) (1) “License” means a document issued by the Commissioner to act as an insurance producer for the kind or subdivision of insurance or combination of kinds or subdivisions of insurance specified in the document.
 - (2) “License” includes a limited lines license.
- (e) “Limited line credit insurance” includes:
 - (1) credit life insurance;
 - (2) credit health insurance;
 - (3) credit property insurance;
 - (4) credit unemployment insurance;
 - (5) credit involuntary unemployment benefit insurance;
 - (6) mortgage life insurance;

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

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

(g) “Limited lines insurance” means:

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

(h) “Limited lines insurance producer” means a person authorized by the Commissioner to sell, solicit, or negotiate limited lines insurance.

(I) “LIMITED LINES TRAVEL INSURANCE PRODUCER” MEANS, WITH RESPECT TO LIMITED LINES TRAVEL INSURANCE:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) identify its business, occupation, or self in a business capacity; and
- (2) be distinguished from another business, occupation, or person.

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

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

(II) LOSS OF BAGGAGE OR PERSONAL EFFECTS;

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

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

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

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

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

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

10–122.

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

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

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

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

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

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

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

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

4. A DISCLOSURE THAT:

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

B. THE PURCHASE OF TRAVEL INSURANCE WOULD MAKE THE TRAVEL INSURANCE COVERAGE PRIMARY TO ANY OTHER DUPLICATE OR SIMILAR COVERAGE; AND

5. THE IDENTITY AND CONTACT INFORMATION OF THE INSURER AND LIMITED LINES TRAVEL INSURANCE PRODUCER.

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

2. THE LIMITED LINES TRAVEL INSURANCE PRODUCER SHALL:

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

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

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

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

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

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

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

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

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

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

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

(III) EXPLAIN THAT A TRAVEL RETAILER:

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

2. 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.

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

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

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

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

(4) (I) NOTWITHSTANDING ANY OTHER LAW, A TRAVEL RETAILER WHOSE INSURANCE-RELATED ACTIVITIES ARE LIMITED TO OFFERING AND DISSEMINATING TRAVEL INSURANCE ON BEHALF OF AND UNDER THE DIRECTION OF A LIMITED LINES TRAVEL INSURANCE PRODUCER UNDER THIS SECTION MAY RECEIVE COMPENSATION WHEN LISTED ON A REGISTER

MAINTAINED BY THE LIMITED LINES TRAVEL INSURANCE PRODUCER IN ACCORDANCE WITH PARAGRAPH (1)(III) OF THIS SUBSECTION.

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

(5) THE LIMITED LINES TRAVEL INSURANCE PRODUCER:

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

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

10-130.

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

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

- (1) commissions on renewal premiums on existing policies; or
- (2) other deferred commissions.

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

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