



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

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S.B. 169

132th General Assembly
(As Introduced)

Sens. Wilson, Eklund

BILL SUMMARY

- Defines travel insurance and distinguishes travel insurance from longer-term medical insurance coverage for persons spending six months or more overseas, such as expatriates or deployed military personnel.
 - Permits the Superintendent of Insurance to issue a limited lines travel insurance license to qualified individuals or business entities.
 - Permits a travel retailer to offer and disseminate travel insurance under a licensed limited lines travel insurance agent only if certain specified conditions are met.
 - Distinguishes permissible and impermissible activities for travel retailers offering travel insurance products.
 - Requires travel retailers to provide to customers specified information and disclosures.
 - Authorizes the Superintendent of Insurance to take action as provided in current law for any violation of the bill's provisions.
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CONTENT AND OPERATION

Limited lines travel insurance

The bill regulates the licensure of individuals and business entities selling travel insurance. Under the bill, "travel insurance" means individual or group insurance coverage for personal risks incident to planned travel, including interruption or cancellation of a trip or event, loss of baggage or personal effects, damages to accommodations or rental vehicles, and sickness, accident, disability, or death occurring

during travel. "Travel insurance" does not include major medical plans that provide comprehensive medical protection for a traveler with a trip lasting six months or longer, including a person working overseas as an expatriate or deployed military personnel.¹

Under the bill, the Superintendent of Insurance (Superintendent) is permitted to issue a limited lines travel insurance agent license to an individual or a business entity. The license authorizes the individual or business entity to sell, solicit, or negotiate travel insurance through a licensed insurer if the individual or business entity has filed an application with the Superintendent in a form and manner required by the Superintendent and pays all associated fees.² It must be renewed every two years in accordance with continuing Insurance Law for insurance agents.³

Under the bill, "limited lines travel insurance agent" means an individual or entity licensed to sell, solicit, or negotiate travel insurance. A "travel retailer" is a business entity that makes, arranges, or offers travel services. A travel retailer, as a service to its customers and on behalf of, and under the direction of, a limited lines travel insurance agent that is a business entity may "offer and disseminate travel insurance."⁴

The limited lines travel insurance agent, and those travel retailers registered under the agent's license, are exempt from any examination and education requirements required under continuing Insurance Law for insurance agents.⁵

Requirements

Registration of travel retailers

A limited lines travel insurance agent must establish and maintain a register of each travel retailer that offers travel insurance on the agent's behalf on a form prescribed by the Superintendent. Upon reasonable request of the Department of Insurance, the agent must submit the register and certify that the registered travel retailers comply with federal law pertaining to insurance affecting interstate commerce.⁶

¹ R.C. 3905.064(A)(2) and (H).

² R.C. 3905.064(C), with conforming changes in R.C. 3905.01(K) and 3905.06(B)(12).

³ R.C. 3905.064(J).

⁴ R.C. 3905.064(A)(1) and (3).

⁵ R.C. 3905.064(F).

⁶ R.C. 3905.064(D).



Designated responsible agent

A limited lines travel insurance agent must designate one of the agent's employees as the designated responsible agent responsible for the agent's and travel retailer's compliance with Ohio's travel insurance laws, rules, and regulations. The designated responsible agent must (1) be a licensed insurance agent, (2) be qualified in one of the travel, property, or personal lines of insurance, and (3) comply with the criminal records check fingerprinting requirements under continuing law or the fingerprinting requirements of the agent's home state.⁷ The bill specifies that the limited lines travel insurance agent business entity and that entity's responsible agent are responsible for the acts of any associated travel retailer selling travel insurance and are to use reasonable means to ensure compliance with the travel insurance requirements.⁸

Disclosures

A limited lines travel insurance agent, or the travel retailer, must provide purchasers of travel insurance with all of the following at the time of sale or in the sale fulfillment materials:

- A description of the material terms, or the actual material terms, of the insurance coverage;
- A description of the process for filing a claim;
- A description of the review or cancellation process for the travel insurance policy;
- The identity and contact information of the insurer and limited lines travel insurance agent.⁹

The bill also imposes disclosure requirements exclusively on travel retailers. Travel retailers that offer or disseminate travel insurance must provide brochures or other written materials to prospective customers that include all of the following information:

- The identity and contact information of the insurer and the limited lines travel insurance agent;

⁷ R.C. 3905.064(E)(2).

⁸ R.C. 3905.064(E)(3).

⁹ R.C. 3905.064(E)(1).



- An explanation that the purchase of travel insurance is not required in order to purchase any other product or service from the travel retailer;
- An explanation that an unlicensed travel retailer is permitted to provide general information about the insurance it offers, 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 it offers or to evaluate the adequacy of the customer's existing insurance coverage.¹⁰

Instruction and training

A limited lines travel insurance agent must require each employee and authorized representative of the travel retailer whose duties include offering and disseminating travel insurance to receive instruction or training that includes instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers. The Superintendent is authorized to review this instruction or training.¹¹

Prohibited actions

The bill prohibits a travel retailer's employee or authorized representative who is not licensed as an insurance agent from doing any of the following:

- Evaluating or interpreting the technical terms, benefits, and conditions of the offered travel insurance coverage;
- Evaluating or providing advice concerning a prospective purchaser's existing insurance coverage;
- Holding itself out as a licensed insurer, licensed agent, or insurance expert.¹²

Compensation

Under the bill, if a travel retailer's insurance-related activities are limited to offering and disseminating travel insurance on behalf of and under the direction of a limited lines travel insurance agent meeting the requirements of the bill, the travel

¹⁰ R.C. 3905.064(G)(1).

¹¹ R.C. 3905.064(E)(4).

¹² R.C. 3905.064(G)(2).

retailer may offer and disseminate travel insurance and receive compensation for those services if the travel retailer is registered by the agent as required under the bill. However, the bill stipulates that compensation for a travel retailer employee or authorized representative must not be primarily tied to the number of customers who purchase travel insurance from that employee or authorized representative.

Nothing in the bill's provisions are to be construed as prohibiting payment of compensation to a travel retailer, its employees, or its authorized representatives for activities under the limited lines travel insurance agent's license that are incidental to the overall compensation of the retailer, employees, or representatives of the facility (see **COMMENT**).¹³

Enforcement

Any limited lines travel insurance agent or any travel retailer offering and disseminating travel insurance under a limited lines travel insurance agent that is found to have violated the provisions of the bill has committed an unfair and deceptive act or practice in the business of insurance. If the Superintendent finds that an agent or retailer has committed such an act or practice, the Superintendent may take a variety of actions, including issuing a cease and desist order, imposing a civil penalty of up to \$25,000, suspending or revoking an insurance license, and ordering corrective actions.¹⁴

COMMENT

It is unclear what "facility" is being referred to in division (G)(3)(a) of R.C. 3905.064. This is likely a typo.

HISTORY

| ACTION | DATE |
|---------------|-------------|
| Introduced | 06-27-17 |

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¹³ R.C. 3905.064(G)(3).

¹⁴ R.C. 3905.064 (I); R.C. 3901.21 and 3905.14, not in the bill.

