

## **BILL ANALYSIS**

C.S.H.B. 2587  
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Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

There have been calls for the state to provide a comprehensive, uniform regulatory framework for travel insurance to level the playing field among travel insurance providers and benefit consumers by standardizing protections and requirements and encouraging fair and effective competition among market participants. C.S.H.B. 2587 seeks to enact such a framework.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of insurance in SECTIONS 1 and 5 of this bill.

### **ANALYSIS**

C.S.H.B. 2587 amends the Insurance Code to establish specific provisions relating to the business of travel insurance and to define applicable terms. The bill establishes that travel insurance is classified and filed for purposes of rates and forms under an inland marine line of insurance, except that travel insurance that provides coverage for sickness, accident, disability, or death occurring during travel may be filed by an authorized insurer under an accident and health line of insurance or an inland marine line of insurance. The bill establishes that eligibility and underwriting standards for travel insurance may be developed and provided based on travel protection plans designed for individual or identified marketing or distribution channels if the standards meet underwriting standards for an inland marine line of insurance. The bill requires a travel insurer to pay property and casualty insurance premium tax on travel insurance premiums paid by certain policyholders and certificate holders and to document and report certain information regarding the policyholders, certificate holders, and the premium tax. The bill exempts the amounts received for travel assistance services and cancellation fee waivers, whether those services and waivers are offered separately or for a combined price, from certain property and casualty insurance premium taxes.

C.S.H.B. 2587 sets out the conditions under which a travel protection plan composed of multiple features may be offered for a combined price. The bill sets out certain required sales practices and prohibited practices that constitute unfair trade practices. The bill provides the time frame in which a consumer is required to exercise the right to cancel a travel protection plan. The bill establishes, and provides certain exceptions to, the applicability of these provisions and establishes that these provisions prevail to the extent of any conflict with another Insurance Code provision.

C.S.H.B. 2587 revises provisions relating to travel insurance agents. The bill authorizes an insurer to designate a travel administrator, defined by the bill as a person who underwrites, collects a charge, collateral, or a premium from, or adjusts or settles a claim of a Texas resident in connection with travel insurance, as a travel insurance supervising entity. The bill establishes the persons who may act as a travel administrator and exempts a travel administrator and the administrator's employees from licensing requirements for insurance adjusters with respect to travel insurance. The bill makes an insurer responsible for the acts of a travel administrator administering travel insurance underwritten by the insurer. The bill requires the insurer to ensure that the travel administrator maintains all books and records relevant to the insurer and makes the books and records available to the Texas Department of Insurance on request of the commissioner of insurance.

C.S.H.B. 2587 removes language limiting the authority of a travel retailer to offer and disseminate travel insurance on behalf of and under the license and direction of a supervising entity to only certain specified types of insurance. The bill establishes that certain grounds for suspension or revocation and penalties that apply to a resident insurance agent apply to a supervising entity and travel retailer. The bill requires a supervising entity to pay all applicable licensing fees required by state law with respect to travel insurance. The bill authorizes any person licensed in a major line of authority, as determined by the commissioner, as an insurance agent to sell, solicit, and negotiate travel insurance. The bill expressly does not require a property and casualty insurance agent to be appointed by an insurer to sell, solicit, or negotiate travel insurance.

C.S.H.B. 2587 requires the commissioner to adopt rules necessary to implement certain bill provisions relating to travel insurance and travel insurance agents, and establishes that those rules are not subject to certain Administrative Procedure Act provisions.

#### **EFFECTIVE DATE**

September 1, 2019.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2587 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes an exemption for certain amounts received for travel assistance services and cancellation fee waivers from certain property and casualty insurance premium taxes.

The substitute does not include a requirement for the commissioner to adopt rules to implement certain provisions of the bill relating to specialty agents or to promulgate forms by a certain date but does include a requirement for the commissioner to adopt rules as necessary to implement certain provisions of the bill relating to travel insurance policies or certificates under the bill and to travel insurance agents. The substitute includes a provision establishing that those rules are not subject to certain Administrative Procedure Act provisions.

The substitute does not include a provision making the bill applicable only to a travel insurance policy or certificate that is delivered or issued for delivery on or after January 1, 2020.