

SUBJECT: Allowing the designation of a travel insurance supervising entity

COMMITTEE: Insurance — favorable, without amendment

VOTE: 7 ayes — Smithee, G. Bonnen, Morrison, Muñoz, Sheets, Taylor, C. Turner

0 nays

2 absent — Eiland, Creighton

SENATE VOTE: On final passage, April 18 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — Elizabeth Hadley, US Travel Insurance Association

Against — None

On — Tanikqua Young, Texas Department of Insurance

DIGEST: SB 1672 would allow a travel retailer to offer travel insurance to its customers under the license and direction of a supervising entity that would cover events, medical expenses, sickness, personal items, or other expenses related to a trip cancellation or interruption, and would not have to obtain a license to do so. Travel insurance would not apply to major medical expenses for a person travelling more than six months, a person working abroad, an expatriate, or a deployed member of the military.

The bill would allow an insurer that sold travel insurance to designate a supervising entity for travel retailers — either a licensed managing agent, a third-party administrator, or a licensed insurance agent.

The insurance commissioner could issue a specialty license to sell travel insurance through a licensed insurer.

The travel retailer or supervising entity would have to provide to a traveler with coverage terms, details of the claims filing process, cancellation process, and contact information of the provider. Coverage could be made available to an individual or a group.

Duties of insurers and supervising entities. An insurer would have to notify the insurance department of its designation of a supervising entity, which could authorize a retailer to sell travel insurance on its behalf by establishing a registry of retailers. The registry would include contact and identification information and would be submitted to the commissioner of insurance on request.

The supervising entity would have to complete forms certifying that the retailers complied with federal insurance laws. The supervising entity would provide ethics and disclosure instruction training and material to each employee of the travel retailer and designate a compliance officer, who would submit fingerprints. The supervising entity would be responsible for travel retailers' compliance with laws pertaining to the sale of travel insurance.

Duties of travel retailers. Travel retailers that offer travel insurance for compensation from a supervising entity would have to register with an insurer and would be responsible for giving travelers brochures with the contact information for the supervising entity and insurer, explaining that travel insurance was optional, and disclosing general information on the coverage. The travel retailer could not evaluate technical terms in the policy, provide advice about a traveler's existing coverage, or portray himself or herself as an insurance expert.

Both travel retailers and supervising entities would be subject to the Insurance Code's provisions on sanctions and emergency cease-and-desist orders.

The bill would take effect September 1, 2013.