COMMITTEE REPORT

April 5, 2016

**H. 4141**

Introduced by Reps. Gambrell, Sandifer and Pitts

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Read the first time February 16, 2016.

**THE COMMITTEE ON BANKING AND INSURANCE**

To whom was referred a Bill (H. 4141) to amend the Code of Laws of South Carolina, 1976, to enact the “Limited Lines Travel Insurance Act” by adding Article 6 to Chapter 43, Title 38, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

ROBERT W. HAYES, JR. for Committee.

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, TO ENACT THE “LIMITED LINES TRAVEL INSURANCE ACT” BY ADDING ARTICLE 6 TO CHAPTER 43, TITLE 38 SO AS TO PROVIDE A CITATION, TO DEFINE NECESSARY TERMS, TO PROVIDE REQUIREMENTS ONLY UNDER WHICH TRAVEL RETAILERS MAY OFFER AND DISSEMINATE TRAVEL INSURANCE UNDER A LIMITED LINES TRAVEL INSURANCE PRODUCER BUSINESS ENTITY LICENSE FOR COMPENSATION, TO PROVIDE THAT TRAVEL INSURANCE MAY BE PROVIDED UNDER AN INDIVIDUAL POLICY OR UNDER A GROUP OR MASTER POLICY, TO PROVIDE THAT LIMITED LINES TRAVEL INSURANCE PRODUCERS ACTING AS AN INSURANCE DESIGNEE ARE RESPONSIBLE FOR THE ACTS OF THE TRAVEL RETAILER AND SHALL USE REASONABLE MEANS TO ENSURE COMPLIANCE BY THE TRAVEL RETAILER WITH THIS ARTICLE, AND TO PROVIDE PENALTIES FOR VIOLATIONS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 43, Title 38 of the 1976 Code is amended by adding:

“Article 6

Limited Lines Travel Insurance Act.

Section 38‑43‑710. This article must be known and may be cited as the ‘Limited Lines Travel Insurance Act’.

Section 38‑43‑720. For the purposes of this article:

(1) ‘Limited lines travel insurance producer’ means one of the following when designated by an insurer as the travel insurance supervising entity:

(a) a licensed managing general underwriter;

(b) a licensed managing general agent or third party administrator; or

(c) a licensed insurance producer.

(2) ‘Offer and disseminate’ means providing general information, including a description of the coverage and price, as well as processing the application, collecting premiums, and performing other nonlicensable activities permitted by the State.

(3) ‘Travel insurance’ means insurance coverage for personal risks incident to planned travel including, but not limited to:

(a) interruption or cancellation of trip or event;

(b) loss of baggage or personal effects;

(c) damages to accommodations or rental vehicles; and

(d) sickness, accident, disability, or death occurring during travel. However, travel insurance does not include major medical plans, which provide comprehensive medical protection for travelers with trips lasting six months or longer, such as those working overseas as an expatriate or military personnel being deployed.

(4) ‘Travel retailer’ means a business entity that makes, arranges, or offers travel services and may offer and disseminate travel insurance as a service to its customers on behalf of and under the direction of a limited lines travel insurance producer.

Section 38‑43‑730. (A) A travel retailer only may offer and disseminate travel insurance under a limited lines travel insurance producer business entity license if:

(1) the limited lines travel insurance producer or travel retailer provides purchasers of travel insurance the following information on a form prescribed by the director:

(a) a description of the material terms or the actual material terms of the insurance coverage;

(b) a description of the process for filing a claim;

(c) a description of the review or cancellation process for the travel insurance policy; and

(d) the identity and contact information of the insurer and limited lines travel insurance producer;

(2) the limited lines travel insurance producer, at the time of licensure, establishes and subsequently maintains and updates a register of each travel retailer that offers insurance on its behalf, including the name, address, and contact information of the travel retailer and an officer or person who directs or controls the operations of the travel retailer, and the federal employment identification number of the travel retailer;

(3) the limited lines travel insurance producer submits the register to the department upon reasonable request;

(4) the limited lines travel insurance producer certifies that the travel retailers registered comply with 18 U.S.C. Section 1033;

(5) the limited lines travel insurance producer designates one of its employees, who is a licensed individual producer, as the ‘Designated Responsible Producer’ or ‘DRP’ who is responsible for compliance of the limited lines travel insurance producer with the travel insurance laws, rules, and regulations of the State;

(6) the DRP, president, secretary, treasurer, and another officer or person who directs or controls the insurance operations of the limited lines travel insurance producer each comply with the fingerprinting requirements applicable to insurance producers in the resident state of the limited lines travel insurance producer;

(7) the limited lines travel insurance producer has paid all applicable insurance producer licensing fees; and

(8) the limited lines travel insurance producer requires each employee of the travel retailer whose duties include offering and disseminating travel insurance to receive a program of instruction or training, subject to review by the director, and which shall contain instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers, among other things.

(B) A travel retailer who offers or disseminates travel insurance shall make brochures or other written materials available to prospective purchasers, and these brochures or other written materials must:

(1) provide the identity and contact information of the insurer and the limited lines travel insurance producer;

(2) explain that the purchase of travel insurance is not required in order to purchase another product or service from the travel retailer; and

(3) explain that an unlicensed travel retailer is permitted to provide general information about the insurance offered by the travel retailer, 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 offered by the travel retailer or to evaluate the adequacy of the customer’s existing insurance coverage.

(C) A travel retailer who is not licensed as an insurance producer may not:

(1) evaluate or interpret the technical terms, benefits, and conditions of the offered travel insurance coverage;

(2) evaluate or provide advice concerning a prospective purchaser’s existing insurance coverage; or

(3) hold himself or itself out as a licensed insurer, licensed producer, or insurance expert.

Section 38‑43‑740. 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, may receive compensation for these activities upon registration by the limited lines travel insurance producer as provided in Section 38‑43‑730(A)(2).

Section 38‑43‑750. Travel insurance may be provided under an individual policy or under a group or master policy.

Section 38‑43‑760. As the insurer designee, the limited lines travel insurance producer is responsible for the acts of the travel retailer and shall use reasonable means to ensure compliance by the travel retailer with this article.

Section 38‑43‑770. The director may, after notice and opportunity for a hearing, respond to a violation of a provision of this article by a limited lines travel insurance producer or by the travel retailer offering and disseminating travel insurance under the provisions of Section 38‑2‑10 by:

(1) revoking or suspending the license of the limited lines travel insurance producer; or

(2) imposing other penalties, including directing the suspension or termination of authority of the involved travel retailer to offer and disseminate travel insurance, as the director considers necessary or convenient to carry out the purposes of this article.”

SECTION 2. This act takes effect ninety days after approval by the Governor.

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