

Travel Insurance Producer Licensing

Overview

May 2012

Objective

Adopt workable approach that provides consumer protection

- **Licensed national producers distribute through non-insurance travel retailers**
 - Travel retailers have clients calling from all over country
- **Non-insurance retailers do not act like insurance agents**
 - More like retail clerks offering ancillary insurance
 - Average travel retailer revenue \$200,000--only \$3800 (1.9%) from travel insurance
- **Licensed national producers are clearly identified to customer and regulator**
- **Licensed national producers are seen as responsible party**
- **Very few complaints:**
 - Virtually none against travel retailers,
 - Leading licensed national producer-- only 250 out of 6,000,000 policies (.004%)
- **States view travel insurance producer licensing in different ways**
 - 41 different licensing qualifications
 - Different combinations of agency and agent licensing,
 - Different electronic and paper applications,
 - Different treatment and interpretations
 - 6 months to get licensed

Elements of Regulatory Change

- **Adopted Uniform NAIC Standard 34, Revised Guidelines**
 - Adopted by NAIC late 2010
 - Update definition of “travel insurance”
 - Non-insurance **Travel Retailers** subject to registration / “licensing-light” if **Limited Lines Travel Insurance Producer** is licensed as producer and satisfies consumer protection requirements:
 - **Producer** clearly identified in all sales and fulfillment materials
 - **Producer** registers Travel Retailer
 - **Producer** does background checks on Travel Retailer
 - **Producer** trains to non-insurance Travel Retailer
 - **Producer** provides response to consumer inquiries or complaints
 - **Producer** has licensed **DRP** within organization
 - **Producer** fingerprints officers and **DRP**
 - Approach based on NAIC Service Contracts Model Act (685) – more robust
 - NCOIL Adopting Similar Model

Result

- **New Standard Recently Adopted: FL, MN, KY, & KS**
 - IA does not require
 - **CA** and **OH** well on their way
- **Great Discussion, No Substantial Objections to Date**
 - Adoption a matter of timing and resources by both industry and regulators
- **Simple and Flexible for State Adoption**
 - Dovetails with current producer licensing practices
 - States can adopt in different ways—bulletins, regulations or statute
- **Focus Remains on Improved Consumer Protection**
 - Require clear notice on who’s licensed and responsible
 - Uniformity and consistency to enable compliance across state lines