



ALASKA STATE LEGISLATURE

SENATE LABOR & COMMERCE COMMITTEE

SENATOR JESSE BJORKMAN

Chairman
State Capitol, Room 427
Juneau, AK 99801-1182
(907) 465-2828

Sen. Kelly Merrick, Vice-Chair
Sen. Forrest Dunbar
Sen. Elvi Gray-Jackson
Sen. Robert Yundt

SENATE BILL 244 - TRAVEL INSURANCE

"An Act relating to travel insurance."

Sectional Summary – ver. \I

This is a summary only. Note that this summary should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. AS 21.09.210(p) is amended to provide definitions for blanket travel insurance, cancellation fee waiver, eligible group, group travel insurance, primary certificate holder, primary policyholder, resident, and travel assistance services.

Section 2. AS 21.09.210 is amended to add two new subsections:

Subsection(q) defines how travel insurance premium will be taxed.

Subsection (r) requires travel insurers to document the state of residence or principal place of business of the policy holders or certificate holder for tax purposes and directs travel insurers to report premium for travel insurance and not travel assistance services or cancellation fee waivers.

Section 3. AS 21.27.150(a)(1) is amended to change the statutory reference for who may be issued a travel limited producer license from the general requirements of AS 21.27.150(a) to new Sec 21.42.805.

Section 4. Amends AS 21.42 to add new Article 4. Travel Insurance comprised of the following new sections:

New Sec. 21.42.800. Travel insurance classification and filing. Provides who can purchase travel insurance under (b), that travel insurance will be filed with the division as inland marine insurance under (c), and that eligibility and underwriting standards for travel insurance must meet the same standards as the underwriting standards for wet marine and transportation lines of insurance under (d).

New Sec. 21.42.805. Travel insurance limited producers and travel retailers. Provides the requirements under which the director of insurance may issue a license to an individual or business entity to transact travel insurance.

(a) Provides under what requirements the director may issue a travel insurance limited produce license to an individual or business entity, that a travel insurance

limited producer can sell, solicit, or negotiate travel insurance through a licensed insurer,

(b) Provides the requirements for when a travel retailer who is authorized to act on behalf of a travel insurance limited producer may offer travel insurance.

(c) Provides the activities a travel retailer's employee or authorized representative may not engage in unless they are also a travel insurance limited producer.

(d) Provides the travel insurance product descriptions that must be provided to the consumer.

(e) Provides the administrative and compliance duties of a travel insurance limited producer when authorizing travel retailers to offer or disseminate travel insurance on their behalf, including maintaining a register of all travel retailers, certifying that travel retailers are compliant with federal law, required training of travel retailer employees and authorized representatives, designating a compliance officer, and the payment of all applicable licensing fees.

(f) Provides that the parties responsible for an agency or travel insurance limited producer be fingerprinted in the same manner as insurance producers in their resident state.

(g) Provides that a travel insurance limited producer is liable for acts of a travel retailer acting on their behalf.

(h) Provides the minimum content requirements for written materials that a travel retailer must make available to prospective purchasers

(i) Allows a travel retailer and their employees and authorized representatives whose insurance-related activity are limited to offering and disseminating travel insurance receive related compensation if they are included in the register of a travel insurance limited producer.

(j) Provides that new Article 4. Travel Insurance (Sec. 21.42.800 – 21.42.825) apply to travel insurance, but not to cancellation fee waivers or travel assistance services except as expressly provided. Provides that travel insurance is still subject to applicable provisions of Title 21 Insurance except where specifically superseded by Sec. 21.42.800 – 21.42.825.

(k) Provides that any person licensed for a line of authority under AS 21.27.115 may sell, solicit or negotiate travel insurance. A property & casualty insurance producer is not required to be appointed with an insurer.

New Sec. 21.42.810. Travel Protection Plans

(a) Provides that a travel protection plan can be offered for a single price if the travel protection plan clearly discloses to the consumer before purchase that the plan includes both travel insurance coverage and non-insurance services such as travel assistance services and cancellation fee waivers, as applicable, and provides the consumer an opportunity to get additional information regarding each feature and the pricing of each feature. Also provides that the fulfillment materials describe and delineate the features of the travel protection plan, including travel insurance disclosures and contact information for persons providing travel assistance services and cancellation fee waivers.

(b) Provides examples of the travel assistance services that may be provided under travel protection plans. Provides that travel assistance services are not insurance and not related to insurance.

New Sec 21.42.815. Sales practices.

(a) Provides that a person offering travel insurance to state residents is subject to AS 21.36 Trade Practices and Frauds, except as provided in Sec. 21.42.800 –

21.42.825. Provides that Sec. 21.42.800 – 21.42.825 shall control in a conflict with other provisions in Title 21 relating to the sales and marketing of travel insurance and travel protection plans.

- (b) Provides that offering a policy that could never result in payment of a claim is an unfair trade practice under AS 21.36.
- (c) Requires that all documents provided to consumers are consistent with the policy.
- (d) Requires disclosure of preexisting condition exclusions to the consumer before the time of purchase and in the fulfillment materials.
- (e) Requires as soon as practicable delivery of the policy materials and outlines cancellation and refund requirements. Defines delivery of fulfillment materials for travel protection plans.
- (f) Materials presented to consumers must disclose if coverage is primary or secondary to other coverage.
- (g) Provides exception to unfair trade practice for travel insurance marketed directly to a consumer through the internet or aggregator website when providing summaries or descriptions of the product.
- (h) Prohibits use of opt-out plans that require a consumer to take affirmative action to deselect coverage.
- (i) Provides that marketing blanket travel insurance coverage as free is an unfair trade practice under AS 21.36.
- (j) Allows a consumer to secure alternate insurance coverage, with proof of insurance required, when a travel destination's jurisdiction requires that a consumer secure insurance.

New Sec. 21.42.820. Travel administrators. outline those that may act as or represent themselves to be an administrator and the activities they may engage in.

- (a) Provides the licensing requirements for a person to act or represent itself as a travel administrator for travel insurance.
- (b) Exempts travel administrators and their employees from adjuster license requirements for administering travel insurance.
- (c) Provides that the insurer is liable for the acts of the travel administrator administering travel insurance underwritten by the insurer and requires that the administrator maintain and their records available to the director upon request.

New Sec. 21.42.825. Definitions. Provides definitions for the following terms in Sec. 21.42.800 – 21.42.825: blanket travel insurance, cancellation fee waiver, eligible group, fulfillment materials, offering and disseminating, travel administrator, travel assistance services, travel insurance, travel insurance limited producer, travel protection plan, and travel retailer.

Section 5. Repeals AS 21.27.152 Travel Insurance

Section 6. Provides that the Act applies only to contracts or insurance policies delivered or renewed on or after the effective date of Sections 1-5.