HB489

150386-2

By Representative Wren

RFD: Insurance

First Read: 20-MAR-13

ACT 2013 - 213

MAY 2013
RECEIVED
GOVERNOR'S OFFICE

1

2 ENROLLED, An Act,

3 Relating to travel insurance; to add Section
4 27-7-5.2 to the Code of Alabama 1975, to provide a broader
5 definition of the limited line of travel insurance for
6 insurance producers and provide additional duties and
7 responsibilities for limited lines travel insurance producers;
8 and to amend Sections 27-7-1 and 27-7-14.1, as amended by Act
9 2012-312 of the 2012 Regular Session, Code of Alabama 1975, to
10 conform with this act.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. Section 27-7-5.2 is added to the Code of
13 Alabama 1975, to read as follows:

14 §27-7-5.2. Licenses; Limited license for travel
15 insurance producers.

16 (a) As used in this section, the following terms
17 shall have the following meanings:

18 (1) OFFER AND DISSEMINATE. Provide general
19 information, including a description of the coverage and
20 price, as well as processing the application, collecting
21 premiums, and performing other non-licensable activities
22 permitted by the state.

23 (2)a. TRAVEL INSURANCE. Insurance coverage for
24 personal risks incident to planned travel, including, but not
25 limited to:

1. Interruption or cancellation of trip or event.

2. Loss of baggage or personal effects.

3. Damages to accommodations or rental vehicles.

4. Sickness, accident, disability, or death occurring during travel.

b. Travel insurance does not include major medical plans which provide comprehensive medical protection for travelers with trips lasting six months or longer, including for example, those working overseas or military personnel being deployed.

(3) TRAVEL INSURANCE PRODUCER. A limited lines producer or managing general agent designated by an insurer to sell, solicit, or negotiate travel insurance coverage to individuals through a master, corporate, group, or individual policy, to include a limited lines producer designated by an insurer as the travel insurance supervising entity as set forth in subsection (e).

(4) TRAVEL RETAILER. A business entity that makes, arranges, or offers travel services.

(b) A travel retailer may offer and disseminate travel insurance as a service to its customers on behalf of and under the direction of a travel insurance producer only if the following conditions are met:

(1) The travel insurance producer is clearly identified as the licensed producer on marketing materials and

1 fulfillment packages distributed by travel retailers to
2 customers.
3 (2) The travel insurance producer or the travel
4 retailer provides to purchasers of travel insurance all of the
5 following:
6 a. A description of the material terms or the actual
7 material terms of the insurance coverage.
8 b. A description of the process for filing a claim.
9 c. A description of the review or cancellation
10 process for the travel insurance policy.
11 d. The identity and contact information of the
12 insurer and travel insurance producer.
13 (3) The travel insurance producer shall establish at
14 the time of licensure and thereafter maintain a register, in a
15 form prescribed by the commissioner, of each travel retailer
16 that offers travel insurance on behalf of the travel insurance
17 producer. The register shall be maintained and updated
18 annually by the travel insurance producer and shall include
19 the name, address, and contact information of the travel
20 retailer and of an officer or person who directs or controls
21 the operations of the travel retailer, and the federal tax
22 identification number of the travel retailer. The travel
23 insurance producer shall submit the register to the
24 commissioner upon request. The travel insurance producer shall

1 also certify that a registered travel retailer complies with
2 18 USC § 1033.
3 (4) The travel insurance producer shall designate
4 one of its employees who is a licensed individual producer as
5 the "designated responsible producer" or "DRP" responsible for
6 the business entity's compliance with the insurance laws,
7 rules, and regulations of the state.
8 (5) The DRP, president, secretary, treasurer, and
9 any other officer or person who directs or controls the
10 insurance operations of the travel insurance producer shall
11 comply with the fingerprinting requirements applicable to
12 insurance producers in the resident state of the travel
13 insurance producer.
14 (6) The travel insurance producer has paid all
15 applicable insurance producer licensing fees as set forth in
16 applicable state law.
17 (7) The travel insurance producer requires each
18 employee or authorized representative of the travel retailer
19 whose duties include offering and disseminating travel
20 insurance to receive a program of instruction or training,
21 which may be subject to review by the commissioner. The
22 training material, at a minimum, shall contain instructions on
23 the types of insurance offered, ethical sales practices, and
24 required disclosures to prospective customers.

1 (c) Any travel retailer offering or disseminating
2 travel insurance shall make brochures or other written
3 materials available to prospective purchasers to do all of the
4 following:
5 (1) Provide the identity and contact information of
6 the insurer and the travel insurance producer.
7 (2) Explain that the purchase of travel insurance is
8 not required in order to purchase any other product or service
9 from the travel retailer.
10 (3) Explain that an unlicensed travel retailer is
11 permitted to provide general information about the insurance
12 offered by the travel retailer, including a description of the
13 coverage and price, but is not qualified or authorized to
14 answer technical questions about the terms and conditions of
15 the insurance offered by the travel retailer or to evaluate
16 the adequacy of the customer's existing insurance coverage.
17 (d) A travel retailer employee or authorized
18 representative who is not licensed as an insurance producer
19 may not:
20 (1) Evaluate or interpret the technical terms,
21 benefits, and conditions of the offered travel insurance
22 coverage.
23 (2) Evaluate or provide advice concerning the
24 existing insurance coverage of a prospective purchaser.

(3) Hold himself or herself out as a licensed insurer, licensed producer, or insurance expert.

(e) A travel retailer whose insurance-related activities, and those of its employees and authorized representatives, are limited to offering and disseminating travel insurance on behalf of and under the direction of a travel insurance producer meeting the conditions stated in this section, may offer and disseminate travel insurance and receive related compensation, upon registration by the travel insurance producer as described in this section.

(f) As the insurer designee, the 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 act.

(g) The travel insurance producer and any travel retailer offering and disseminating travel insurance under the travel insurance producer license shall be subject to the applicable trade practices provisions of Chapter 12 and the enforcement provisions applicable to insurance producers generally.

Section 2. Sections 27-7-1 and 27-7-14.1, as amended by Act 2012-312 of the 2012 Regular Session, Code of Alabama 1975, are amended to read as follows:

"§27-7-1.

1 "For the purposes of this chapter, the following
2 terms shall have the meanings respectively ascribed to them by
3 this section:
4 "(1) BUSINESS ENTITY. A corporation, association,
5 partnership, limited liability company, limited liability
6 partnership, or other legal entity.
7 "(2) COMMISSIONER. The Alabama Commissioner of
8 Insurance.
9 "(3) HOME STATE. The District of Columbia and any
10 state or territory of the United States in which an insurance
11 producer maintains his or her principal place of residence or
12 principal place of business and is licensed to act as an
13 insurance producer.
14 "(4) INSURANCE. As defined in Section 27-1-2.
15 "(5) INSURANCE PRODUCER or PRODUCER. A person
16 required to be licensed under the laws of this state to sell,
17 solicit, or negotiate insurance.
18 "(6) INSURER. As defined in Section 27-1-2. For the
19 purposes of this chapter, insurer shall also mean an insurance
20 company licensed pursuant to Chapter 3, commencing with
21 Section 27-3-1 of this title; a health care service plan
22 licensed pursuant to Article 6, commencing with Section
23 10A-20-6.01 of Chapter 20 of Title 10A; a dental service
24 corporation licensed pursuant to Article 12, commencing with
25 Section 22-21-360 of Chapter 21 of Title 22; a health

1 maintenance organization licensed pursuant to Chapter 21A,
2 commencing with Section 27-21A-1 of this title; a mutual aid
3 association licensed pursuant to Chapter 30, commencing with
4 Section 27-30-1 of this title; a fraternal benefit society
5 licensed pursuant to Chapter 34, commencing with Section
6 27-34-1 of this title; an automobile club or association
7 licensed pursuant to Chapter 39, commencing with Section
8 27-39-1 of this title; and a legal service insurance
9 corporation licensed pursuant to Chapter 43, commencing with
10 Section 27-43-1 of this title.
11 "(7) LICENSE. A document issued by the commissioner
12 authorizing a person to act as an insurance producer for the
13 lines of authority specified in the document. The license
14 itself does not create any authority, actual, apparent, or
15 inherent, in the holder to represent or commit an insurance
16 carrier.
17 "(8) LICENSEE. A producer or service representative
18 licensed in accordance with this chapter; a reinsurance
19 intermediary licensed in accordance with Chapter 5A; a
20 managing general agent licensed in accordance with Chapter 6A;
21 and a surplus line broker licensed in accordance with Chapter
22 10.
23 "(9) LICENSEE PENALTIES. For a producer or service
24 representative licensed in accordance with this chapter, the
25 penalties set forth in Section 27-7-19; for a reinsurance

1 intermediary licensed in accordance with Chapter 5A, the
2 penalties set forth in Section 27-5A-11; for a managing
3 general agent licensed in accordance with Chapter 6A, the
4 penalties set forth in Section 27-6A-7; and for a surplus line
5 broker licensed in accordance with Chapter 10, the penalties
6 set forth in Section 27-10-32.
7 "(10) LIFE LINES OF AUTHORITY. Any one or more of
8 the following lines as defined in Section 27-7-14.1: Life;
9 accident and health or sickness, also known as disability; and
10 variable life and variable annuity products.
11 "(11) LIMITED LINE CREDIT INSURANCE. Credit life,
12 credit disability, credit property, credit unemployment,
13 creditor-placed, also known as forced-placed, nonfiling,
14 involuntary unemployment, mortgage life, mortgage guaranty,
15 mortgage disability, guaranteed automobile protection (GAP),
16 family and medical leave insurance, and any other form of
17 insurance offered in connection with an extension of credit
18 that is limited to partially or wholly extinguishing that
19 credit obligation that the commissioner determines should be
20 designated a form of limited line credit insurance.
21 "(12) LIMITED LINE CREDIT INSURANCE PRODUCER. A
22 person who sells, solicits, or negotiates one or more forms of
23 limited line credit insurance coverage to individuals through
24 a master, corporate, group, or individual policy.

"(13) LIMITED LINES INSURANCE. Limited line credit insurance, insurance on rental vehicles as defined in Section 27-7-5.1, travel ~~and~~ insurance as defined in Section 27-7-5.2, crop insurance as defined in Section 27-7-14.1, portable electronics insurance as defined in Chapter 22A, and any other line of insurance that the commissioner deems necessary to recognize for the purposes of complying with subsection (e) of Section 27-7-28.

"(14) LIMITED LINES PRODUCER. A person authorized by the commissioner to sell, solicit, or negotiate limited lines insurance.

"(15) NAIC. The National Association of Insurance Commissioners.

"(16) NEGOTIATE. The act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.

"(17) PERSON. An individual or a business entity.

"(18) PROPERTY LINES OF AUTHORITY. Any one or more of the following lines as defined in Section 27-7-14.1: Property; casualty; and personal lines.

1 "(19) SELL. To exchange a contract of insurance by
2 any means, for money or its equivalent, on behalf of an
3 insurance company.
4 "(20) SERVICE REPRESENTATIVE. A natural person,
5 other than an officer, manager, or managing general agent of
6 the insurer, employed on salary or at an hourly rate by an
7 insurer, managing general agent, or a captive producer to work
8 for, with or through producers in selling, soliciting, or
9 negotiating insurance in the insurer or in the insurers
10 represented by the managing general agent or a captive
11 producer, but only in the property lines of authority.
12 Officers and salaried nonresident traveling representatives of
13 a mutual insurer operating on the premium deposit plan or of a
14 reciprocal insurer not using resident producers for the
15 solicitation of business who inspect risks or solicit
16 insurance in this state and who receive no commissions from
17 the insurer shall be deemed also to be service
18 representatives. A service representative shall otherwise
19 qualify and be licensed as a service representative under this
20 chapter, but shall not be required to take and pass an
21 examination nor be a resident of Alabama if qualified as a
22 service representative in the state of his or her domicile.
23 The service representative must be appointed for each insurer
24 or association of insurers represented and for each class of
25 insurance handled by the insurer or insurers in this state.

1 "(21) SOLICIT. Attempting to sell insurance or
2 asking or urging a person to apply for a particular kind of
3 insurance from a particular company.
4 "(22) TERMINATE. The cancellation of the
5 relationship between an insurance producer and the insurer or
6 the termination of a producer's authority to transact
7 insurance.
8 "(23) UNIFORM BUSINESS ENTITY APPLICATION. The
9 current version of the NAIC Uniform Business Entity
10 Application for resident and nonresident business entities.
11 "(24) UNIFORM APPLICATION. The current version of
12 the NAIC Uniform Application for resident and nonresident
13 producer licensing.
14 "§27-7-14.1.
15 "(a) Unless denied licensure pursuant to Section
16 27-7-19, persons who have met the requirements of Sections
17 27-7-4.3 and 27-7-5 shall be issued an insurance producer
18 license. An insurance producer may receive qualification for a
19 license in one or more of the following lines of authority:
20 "(1) LIFE. Insurance coverage on human lives
21 including benefits of endowment and annuities, and may include
22 benefits in the event of death or dismemberment by accident
23 and benefits for disability income.
24 "(2) ACCIDENT AND HEALTH OR SICKNESS, commonly known
25 as disability. Insurance coverage for sickness, bodily injury,

1 or accidental death and may include benefits for disability
2 income.
3 "(3) PROPERTY. Insurance coverage for the direct or
4 consequential loss or damage to property of every kind.
5 "(4) CASUALTY. Insurance coverage against legal
6 liability, including that for death, injury, or disability or
7 damage to real or personal property, and surety.
8 "(5) VARIABLE LIFE and VARIABLE ANNUITY PRODUCTS.
9 Insurance coverage provided under variable life insurance
10 contracts and variable annuities.
11 "(6) PERSONAL LINES. Property and casualty insurance
12 coverage sold to individuals and families for primarily
13 noncommercial purposes.
14 "(7) CREDIT. Limited line credit insurance.
15 "(8) BAIL BOND. Surety coverage for bail, as defined
16 in Chapter 13 of Title 15.
17 "(9) RENTAL VEHICLE. As described in Section
18 27-7-5.1.
19 "(10) CROP. Insurance providing protection against
20 damage to crops from unfavorable weather conditions, fire, or
21 lightning, flood, hail, insect infestation, disease or other
22 yield-reducing conditions or peril provided by the private
23 insurance market, or that is subsidized by the Federal Crop
24 Insurance Corporation, including Multi-Peril Crop Insurance.

"(11) PORTABLE ELECTRONICS. As defined in Section 27-22A-1.

"(12) TRAVEL. ~~Insurance coverage for trip cancellation, trip interruptions, baggage, life, sickness and accident, disability, and personal effects when limited to a specific trip and sold in connection with transportation provided by a common carrier~~ As described in Section 27-7-5.2.

"(13) Any other line of insurance permitted under state laws or regulations.

"(b) Unless denied licensure pursuant to Section 27-7-19, persons who have met the requirements of Section 27-7-5 shall be issued a service representative license. A service representative shall receive qualification for a license in the following lines of authority:

"(1) PROPERTY. Insurance coverage for the direct or consequential loss or damage to property of every kind.

"(2) CASUALTY. Insurance coverage against legal liability, including that for death, injury, or disability or damage to real or personal property, and surety.

"(c) An insurance producer or service representative license shall remain in effect unless revoked or suspended as long as the license renewal fee set forth in Section 27-8A-9 is paid and education requirements for resident individual producers and service representatives set forth in Chapter 8A of this title are met by the due date.

1 "(d) An individual insurance producer who allows his
2 or her license to lapse may, within 12 months from the due
3 date of the renewal fee, reinstate the same license without
4 the necessity of completing the prelicensing course or passing
5 a written examination; a service representative who allows his
6 or her license to lapse may, within 12 months from the due
7 date of the renewal fee, reinstate the same license without
8 the necessity of completing the prelicensing course; however,
9 a penalty in the amount of double the unpaid renewal fee shall
10 be required for any renewal fee received after the due date.
11 "(e) A licensed insurance producer or service
12 representative who is unable to comply with license renewal
13 procedures due to military service or some other extenuating
14 circumstance, e.g., a long-term medical disability, may
15 request a waiver of those procedures. The producer or service
16 representative may also request a waiver of any examination
17 requirement or any other fine or sanction imposed for failure
18 to comply with renewal procedures."
19 Section 3. This act shall become effective on the
20 first day of the third month following its passage and
21 approval by the Governor, or its otherwise becoming law.

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4 Speaker of the House of Representatives

5 Kay Ivey

6 President and Presiding Officer of the Senate

7 House of Representatives

8 I hereby certify that the within Act originated in
9 and was passed by the House 18-APR-13.
10
11 Jeff Woodard
12 Clerk
13

14

15

16 Senate 02-MAY-13 Passed

17

APPROVED May 13, 2013

TIME 9:10 a.m.

Robert Bentley

GOVERNOR

Alabama Secretary Of State

Act Num....: 2013-213
Bill Num...: H-489

Recv'd 05/15/13 10:15amSLF

B+I

SPONSOR

1 Wren

CO-SPONSORS

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HOUSE ACTION

DATE: 3-20 20 13

RD 1 RFD Insurance

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on Insurance was acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be Passed, w/amend(s)_____ w/sub_____ this 4th day of April, 20 13.

[illegible], Chairperson

DATE: 4-4 20 13

RF RD 2 CAL

DATE: 20__

RE-REFERRED ☐ RE-COMMITTED ☐

Committee_____

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, HB 489.

YEAS 94 NAYS 0

JEFF WOODARD, Clerk

SENATE ACTION

DATE: 4-8 20

RD 1 RFD B+I

This Bill was referred to the Standing Committe the Senate on Banking & Insurance and was acted upon by such Committee session and is by order of the Commit returned therefrom with a favorable re w/amd(s)_____ w/sub_____ w/eng sub_____ by a vote of yeas 7 nays 0 abstain_____ this 23 day of April 20 13

[illegible], Chairpers

DATE: 4-24 20

RF FAV RD 2 ☑ CAL

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, HB 489.

YEAS 28 NAYS 0 Ab

PATRICK HARRIS, Secretary

DATE: 5-2-13 RD 3 at len

PASSED ☑ PASSED AS AMENDED

YEAS 28 NAYS 0 Ab

And was ordered returned forthwith to the Hous

PATRICK HARI Secre

DATE: 20

INDEFINITELY POSTPONED YEAS NAYS

DATE: 20

RECONSIDERED YEAS NAYS