

SENATE BILL NO. 2283

Introduced by

Senators Klein, O'Connell, Oehlke

Representatives Kasper, Kelsh, Ruby

1 A BILL for an Act to create and enact ~~subsection 6 to section 26.1-26-11 and section~~sections
2 26.1-26-54 and 26.1-26-55 of the North Dakota Century Code, relating to lines of insurance and
3 procedures for travel insurance.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 ~~SECTION 1. Subsection 6 to section 26.1-26-11 of the North Dakota Century Code is~~
6 ~~created and enacted as follows:~~

7 ~~6. Travel insurance, as that term is defined in section 26.1-26-54, as a limited line.~~

8 **SECTION 1.** Section 26.1-26-54 of the North Dakota Century Code is created and enacted
9 as follows:

10 **26.1-26-54. Insurance licenses for limited lines travel insurance producers.**

11 1. Travel insurance, as that term is defined in this section, is a limited line of insurance.

12 ~~1.2.~~ As used in this section:

13 a. "Limited lines travel insurance producer" means a:

14 (1) ~~Licensed managing general underwriter;~~

15 ~~(2) Licensed managing general agent or third-party administrator; or~~

16 ~~(3)~~(2) Licensed insurance producer, including a limited lines producer, designated

17 by an insurer as the travel insurance supervising entity as set forth under

18 subsection 89.

19 b. "Offer and disseminate" means to provide general information, including a

20 description of the coverage and price, as well as to process the application,

21 collect premiums, and perform other nonlicensable activities permitted by the

22 state.

23 c. "Travel insurance" means insurance coverage for personal risks incident to

24 planned travel, including interruption or cancellation of a trip or event, loss of

1 baggage or personal effects, damages to accommodations or rental vehicles, or
2 sickness, accident, disability, or death occurring during travel. The term does not
3 include a major medical plan that provides comprehensive medical protection for
4 an individual on a trip lasting at least six months.

5 d. "Travel retailer" means a business entity that makes, arranges, or offers travel
6 services and which may offer and disseminate travel insurance as a service to
7 customers on behalf of and under the direction of a limited lines travel insurance
8 producer.

9 2.3. Notwithstanding any other provision of law:

10 a. The commissioner may issue a limited lines travel insurance producer license to
11 an individual or business entity that files an application with the commissioner in
12 a form and manner prescribed by the commissioner. A licensed limited lines
13 travel insurance producer may sell, solicit, or negotiate travel insurance through a
14 licensed insurer.

15 b. A travel retailer may offer and disseminate travel insurance, if:

16 (1) The limited lines travel insurance producer or travel retailer provide:

17 (a) A description of material terms ~~or~~and the actual material terms of the
18 insurance coverage;

19 (b) A description of the claim filing process;

20 (c) A description of the policy review or cancellation process; ~~and~~

21 (d) The identity and contact information of the insurer and limited lines
22 producer; and

23 (e) The travel retailer and its employees certify in writing to the
24 commissioner that they act on behalf of the limited lines producer and
25 the producer is responsible for any representations made by the
26 employees of the travel retailer relating to insurance products offered
27 or disseminated through the travel retailer.

28 (2) At the time of licensure, the limited lines travel insurance producer
29 establishes and maintains a register of each travel retailer that offers
30 insurance on the behalf of the producer. The register must be on a form
31 prescribed by the commissioner. Annually, the register must be updated by

1 the limited lines travel insurance producer. The register must include the
2 name, address, and contact information of the travel retailer and a person
3 that controls the travel retailer's operations. The register must include the
4 travel retailer's federal tax identification number. Upon ~~a reasonable~~
5 request, the limited lines travel insurance producer shall submit the register
6 to the insurance department. The limited lines producer shall certify ~~the~~
7 ~~register~~ that the travel retailer complies with the Violent Crime and Law
8 Enforcement Act of 1994 [Pub. L. 103-322; 108 Stat. 1796; 18 U.S.C. 1033
9 et seq.].

10 (3) The limited lines travel insurance producer designates one of the producer's
11 licensed insurance employees as the individual responsible for the
12 compliance with the state's travel insurance laws, rules, and regulations.

13 (4) The designated employee, president, secretary, treasurer, or any other
14 individual who controls the producer's insurance operations complies with
15 the fingerprinting requirements applicable to insurance producers in the
16 resident state of the limited lines travel insurance producer.

17 (5) The limited lines travel insurance producer pays all applicable licensing fees
18 as set forth in state law.

19 (6) The limited lines travel insurance producer requires each employee and
20 authorized representative of the travel retailer, who offer and disseminate
21 travel insurance, to receive training. The commissioner may review the
22 training procedures. The training material must contain instructions on the
23 type of insurance offered, ethical sales practices, and required disclosures
24 to prospective customers, and upon request must be provided to the
25 commissioner for inspection.

26 ~~3.4.~~ Limited lines travel insurance producers, and those registered under the producer's
27 license, are exempt from continuing education requirements.

28 ~~4.5.~~ A travel retailer shall make brochures or other written materials available to
29 prospective purchasers which:

30 a. Provide the identity and contact information of the insurer and the limited lines
31 travel insurance producer;

- 1 b. Explain purchase of travel insurance is not required in order to purchase any
2 other product or service from the travel retailer; and
3 c. Explain an unlicensed travel retailer may provide general information about the
4 insurance offered by the travel retailer, including a description of the coverage
5 and price. An unlicensed travel retailer may not answer technical questions about
6 the terms and conditions of the insurance offered by the travel retailer or evaluate
7 the adequacy of existing insurance coverage.

8 ~~5.6.~~ An unlicensed employee or authorized representative of a travel retailer may not:

- 9 a. Evaluate or interpret the technical terms, benefits, or conditions of the offered
10 travel insurance coverage;
11 b. Evaluate or advise a prospective purchaser regarding existing insurance
12 coverage; ~~or~~
13 c. Be held out as a licensed insurer, licensed producer, or insurance expert; ~~or~~
14 d. Be directly paid a commission or any other compensation by an insurer for the
15 sale of insurance.

16 ~~6.7.~~ Notwithstanding any other provision of law, a ~~licensed~~ travel retailer who is in
17 compliance with all requirements of this section may receive fair compensation for
18 offering and disseminating travel insurance.

19 ~~7.8.~~ Travel insurance may be provided under an individual policy or under a group or
20 master policy.

21 ~~8.9.~~ The limited lines travel insurance producer is responsible for the acts of the travel
22 retailer. The limited lines travel insurance producer shall ensure the travel retailer
23 complies with this chapter.

24 ~~9.10.~~ A licensed limited lines travel insurance producer and travel retailer offering and
25 disseminating travel insurance are subject to chapter 26.1-04.

26 **SECTION 2.** Section 26.1-26-55 of the North Dakota Century Code is created and enacted
27 as follows:

28 **26.1-26-55. Rulemaking.**

29 The commissioner may adopt rules for the implementation and administration of this
30 chapter.