

Sixty-fourth  
Legislative Assembly  
of North Dakota

## ENGROSSED 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 sections 26.1-26-54 and 26.1-26-55 of the North Dakota  
2 Century Code, relating to lines of insurance and procedures for travel insurance.

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

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

6 **26.1-26-54. Insurance licenses for limited lines travel insurance producers.**

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

8 2. As used in this section:

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

10 (1) Licensed managing general agent or third-party administrator; or

11 (2) Licensed insurance producer, including a limited lines producer, designated  
12 by an insurer as the travel insurance supervising entity as set forth under  
13 subsection 9.

14 b. "Offer and disseminate" means to provide general information, including a  
15 description of the coverage and price, as well as to process the application,  
16 collect premiums, and perform other nonlicensable activities permitted by the  
17 state.

18 c. "Travel insurance" means insurance coverage for personal risks incident to  
19 planned travel, including interruption or cancellation of a trip or event, loss of  
20 baggage or personal effects, damages to accommodations or rental vehicles, or  
21 sickness, accident, disability, or death occurring during travel. The term does not  
22 include a major medical plan that provides comprehensive medical protection for  
23 an individual on a trip lasting at least six months.

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

5           3. Notwithstanding any other provision of law:

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

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

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

13                   (a) ~~A description of material terms and the~~ The actual material terms of  
14                   the insurance coverage;

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

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

17                   (d) The identity and contact information of the insurer and limited lines  
18                   producer; and

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

24           (2) At the time of licensure, the limited lines travel insurance producer  
25           establishes and maintains a register of each travel retailer that offers  
26           insurance on the behalf of the producer. The register must be on a form  
27           prescribed by the commissioner. Annually, the register must be updated by  
28           the limited lines travel insurance producer. The register must include the  
29           name, address, and contact information of the travel retailer and a person  
30           that controls the travel retailer's operations. The register must include the  
31           travel retailer's federal tax identification number. Upon request, the limited

1 lines travel insurance producer shall submit the register to the insurance  
2 department. The limited lines producer shall certify that the travel retailer  
3 complies with the Violent Crime and Law Enforcement Act of 1994 [Pub. L.  
4 103-322; 108 Stat. 1796; 18 U.S.C. 1033 et seq.].

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

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

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

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

21 4. The limited lines travel insurance producer and any travel retailer and the travel  
22 retailer's employees offering and disseminating travel insurance under the limited lines  
23 travel insurance producer license shall be subject to the provisions of chapters 26.1-04  
24 and 26.1-26.

25 5. The travel retailer and its employees act on behalf of the limited lines producer and the  
26 producer is responsible for any representations made by the employees of the travel  
27 retailer relating to insurance products offered or disseminated through the travel  
28 retailer.

29 6. If the insurance commissioner determines that a travel retailer, or a travel retailer's  
30 employee has violated any provision of this chapter or any other provision of this title,  
31 the commissioner may:

- 1 a. Direct the limited lines travel insurance producer to implement a corrective action  
2 plan with the travel retailer; or
- 3 b. Revoke the authorization of the travel retailer to transact travel insurance on  
4 behalf of the limited lines travel insurance producer under its license and direct  
5 the limited lines travel insurance producer to remove the travel retailer's name  
6 from its register.
- 7 7. If the insurance commissioner determines that a travel retailer, or a travel retailer's  
8 employee, has violated any provision in this chapter or any other provision of this title,  
9 the commissioner may:
- 10 a. Suspend or revoke the license of the limited lines travel insurance producer;  
11 b. Issue a cease and desist order against the license of the limited lines travel  
12 insurance producer; and
- 13 c. Impose a monetary fine on the limited lines travel insurance producer.
- 14 8. Limited lines travel insurance producers, and those registered under the producer's  
15 license, are exempt from continuing education requirements.
- 16 ~~5.9.~~ A travel retailer shall make brochures or other written materials available to  
17 prospective purchasers which:
- 18 a. Provide the identity and contact information of the insurer and the limited lines  
19 travel insurance producer;
- 20 b. Explain purchase of travel insurance is not required in order to purchase any  
21 other product or service from the travel retailer; and
- 22 c. Explain an unlicensed travel retailer may provide general information about the  
23 insurance offered by the travel retailer, including a description of the coverage  
24 and price. An unlicensed travel retailer may not answer technical questions about  
25 the terms and conditions of the insurance offered by the travel retailer or evaluate  
26 the adequacy of existing insurance coverage.
- 27 ~~6.10.~~ An unlicensed employee or authorized representative of a travel retailer may not:
- 28 a. Evaluate or interpret the technical terms, benefits, or conditions of the offered  
29 travel insurance coverage;
- 30 b. Evaluate or advise a prospective purchaser regarding existing insurance  
31 coverage;

- 1           c. Be held out as a licensed insurer, licensed producer, or insurance expert; or  
2           d. Be directly paid a commission or any other compensation by an insurer for the  
3           sale of insurance.

4       ~~7.11.~~ Notwithstanding any other provision of law, a travel retailer who is in compliance with  
5       all requirements of this section may receive fair compensation for offering and  
6       disseminating travel insurance.

7       ~~8.12.~~ Travel insurance may be provided under an individual policy or under a group or  
8       master policy.

9       ~~9.13.~~ The limited lines travel insurance producer is responsible for the acts of the travel  
10       retailer. The limited lines travel insurance producer shall ensure the travel retailer  
11       complies with this chapter.

12       ~~10.~~ A licensed limited lines travel insurance producer and travel retailer offering and  
13       disseminating travel insurance are subject to chapter 26.1-04.

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

16       **26.1-26-55. Rulemaking.**

17       The commissioner may adopt rules for the implementation and administration of this  
18       chapter.