

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 26.1-26-54
2 of the North Dakota Century Code, relating to lines of insurance and procedures for travel
3 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 2.** 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. As used in this section:

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

13 (1) Licensed managing general underwriter;

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

15 (3) Licensed insurance producer, including a limited lines producer, designated
16 by an insurer as the travel insurance supervising entity as set forth under
17 subsection 8.

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

22 c. "Travel insurance" means insurance coverage for personal risks incident to
23 planned travel, including interruption or cancellation of a trip or event, loss of
24 baggage or personal effects, damages to accommodations or rental vehicles, or

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

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

8 2. Notwithstanding any other provision of law:

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

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

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

16 (a) A description of material terms or the actual material terms of the
17 insurance coverage;

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

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

20 (d) The identity and contact information of the insurer and limited lines
21 producer.

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

1 with the Violent Crime and Law Enforcement Act of 1994 [Pub. L. 103-322;
2 108 Stat. 1796; 18 U.S.C. 1033 et seq.].

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

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

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

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

18 3. Limited lines travel insurance producers, and those registered under the producer's
19 license, are exempt from continuing education requirements.

20 4. A travel retailer shall make brochures or other written materials available to
21 prospective purchasers which:

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

24 b. Explain purchase of travel insurance is not required in order to purchase any
25 other product or service from the travel retailer; and

26 c. Explain an unlicensed travel retailer may provide general information about the
27 insurance offered by the travel retailer, including a description of the coverage
28 and price. An unlicensed travel retailer may not answer technical questions about
29 the terms and conditions of the insurance offered by the travel retailer or evaluate
30 the adequacy of existing insurance coverage.

31 5. An unlicensed employee or authorized representative of a travel retailer may not:

- 1 a. Evaluate or interpret the technical terms, benefits, or conditions of the offered
- 2 travel insurance coverage;
- 3 b. Evaluate or advise a prospective purchaser regarding existing insurance
- 4 coverage; or
- 5 c. Be held out as a licensed insurer, licensed producer, or insurance expert.
- 6 6. Notwithstanding any other provision of law, a licensed travel retailer who is in
- 7 compliance with all requirements of this section may receive fair compensation for
- 8 offering and disseminating travel insurance.
- 9 7. Travel insurance may be provided under an individual policy or under a group or
- 10 master policy.
- 11 8. The limited lines travel insurance producer is responsible for the acts of the travel
- 12 retailer. The limited lines travel insurance producer shall ensure the travel retailer
- 13 complies with this chapter.
- 14 9. A licensed limited lines travel insurance producer and travel retailer offering and
- 15 disseminating travel insurance are subject to chapter 26.1-04.