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HOUSE BILL NO. 2023

Offered January 9, 2013

Prefiled January 9, 2013

A BILL to amend and reenact § 38.2-1800 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 18 of Title 38.2 an article numbered 9, consisting of sections numbered 38.2-1881 through 38.2-1884, relating to travel insurance.

 Patron—Marshall, D.W.

 Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-1800 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Chapter 18 of Title 38.2 an article numbered 9, consisting of sections numbered 38.2-1881 through 38.2-1884, as follows:

§ 38.2-1800. Definitions.

As used in this chapter:

"Agent," "insurance agent," "producer," or "insurance producer," when used without qualification, means an individual or business entity that sells, solicits, or negotiates contracts of insurance or annuity in the Commonwealth.

"Appointed agent," "appointed insurance agent," "appointed producer," or "appointed insurance producer," when used without qualification, means an individual or business entity licensed in the Commonwealth to sell, solicit, or negotiate contracts of insurance or annuity of the classes authorized within the scope of such license and who is appointed by a company licensed in the Commonwealth to sell, solicit, or negotiate on its behalf contracts of insurance of the classes authorized within the scope of such license and, if authorized by the company, may collect premiums on those contracts.

"Automobile club authority" means the authority in the Commonwealth to sell, solicit, or negotiate automobile club contracts on behalf of automobile clubs licensed under Chapter 3.1 (§ 13.1-400.1 et seq.) of Title 13.1.

"Business entity" means a partnership, limited partnership, limited liability company, corporation, or other legal entity other than a sole proprietorship.

"Dental plan organization authority" means the authority in the Commonwealth to sell, solicit, or negotiate dental benefit contracts on behalf of dental plan organizations licensed under Chapter 61 (§ 38.2-6100 et seq.).

"Dental services authority" means the authority in the Commonwealth to sell, solicit, or negotiate dental services plan contracts on behalf of dental services plans licensed under Chapter 45 (§ 38.2-4500 et seq.).

"Filed" means received by the Commission.

"Health agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate insurance as defined in §§ 38.2-108 and 38.2-109, and including contracts issued by insurers, health services plans, health maintenance organizations, dental services plans, optometric services plans, and dental plan organizations licensed in the Commonwealth.

"Home protection insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate home protection insurance as defined in § 38.2-129 on behalf of insurers licensed in the Commonwealth.

"Home state" means the District of Columbia and any state or territory of the United States, except Virginia, or any province of Canada, in which an insurance producer maintains such person's principal place of residence or principal place of business and is licensed by that jurisdiction to act as a resident insurance producer.

"Legal services insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate legal services insurance as defined in § 38.2-127 on behalf of insurers licensed in the Commonwealth.

"License" means a document issued by the Commission authorizing an individual or business entity to act as an insurance producer for the lines of authority specified in the document. Except as provided in § 38.2-1833, the license itself does not create any authority, actual, apparent or inherent, in the licensee to represent, commit, or bind an insurer.

"Licensed agent," "licensed insurance agent," "licensed producer," or "licensed insurance producer," when used without qualification, means an individual or business entity licensed in the Commonwealth to sell, solicit, or negotiate contracts of insurance or annuity of the classes authorized within the scope

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59 of such license.

60 "Life and annuities insurance agent" means an agent licensed in the Commonwealth to sell, solicit, or
61 negotiate life insurance and annuity contracts as defined in §§ 38.2-102, 38.2-103, 38.2-104, 38.2-105.1,
62 38.2-106, and 38.2-107.1, respectively, on behalf of insurers licensed in the Commonwealth.

63 "Limited burial insurance authority" means the authority in the Commonwealth to sell, solicit, or
64 negotiate burial insurance society membership where the certificates of membership are used solely to
65 fund preneed funeral contracts on any individual, on behalf of insurers licensed under Chapter 40
66 (§ 38.2-4000 et seq.); or to represent an association referred to in § 38.2-3318.1, limited to soliciting
67 members of that association for association group life insurance certificates where the funds are used
68 solely to fund preneed funeral contracts.

69 "Limited lines credit insurance agent" means an agent licensed in the Commonwealth whose
70 authority is restricted to selling, soliciting, or negotiating, on behalf of insurers licensed in the
71 Commonwealth, one or more of the following coverages to individuals through a master, corporate,
72 group or individual policy: (i) credit life insurance and credit accident and sickness insurance, but only
73 to the extent authorized in Chapter 37.1 (§ 38.2-3717 et seq.); (ii) credit involuntary unemployment
74 insurance as defined in § 38.2-122.1; (iii) credit property insurance, as defined in § 38.2-122.2; (iv)
75 mortgage accident and sickness insurance; (v) mortgage redemption insurance; (vi) mortgage guaranty
76 insurance; and (vii) any other form of insurance offered in connection with an extension of credit that is
77 limited to partially or wholly extinguishing that credit obligation and that the Commission specifically
78 determines may be sold, solicited, or negotiated by those holding a limited lines credit insurance agent
79 license. Each insurer that sells, solicits or negotiates any of the coverages set forth in this definition
80 shall provide to each individual whose duties will include selling, soliciting or negotiating such
81 coverages a program of instruction that may, at the discretion of the Commission, be submitted for
82 approval by the Commission or reviewed by the Commission subsequent to its implementation.

83 "Limited lines life and health agent" means an individual or business entity authorized by the
84 Commission whose license authority to sell, solicit, or negotiate is limited to the following, or any other
85 type of authority that the Commission may deem it necessary to recognize for the purposes of
86 complying with § 38.2-1836: dental services authority; limited burial insurance authority; mutual
87 assessment life and health insurance authority; optometric services authority; travel ~~accident~~ health
88 insurance ~~authority as defined in Article 9 (§ 38.2-1881 et seq.)~~; and dental plan organization authority.
89 Limited lines life and health insurance shall not include life insurance, health insurance, property
90 insurance, casualty insurance, and title insurance.

91 "Limited lines property and casualty agent" means an individual or business entity authorized by the
92 Commission whose license authority to sell, solicit, or negotiate is limited to the following, or any other
93 type of authority that the Commission may deem it necessary to recognize for the purposes of
94 complying with § 38.2-1836: automobile club authority; home protection insurance authority; legal
95 services insurance authority; mutual assessment property and casualty insurance authority; ocean marine
96 insurance authority; pet accident, sickness and hospitalization insurance authority; portable electronics
97 insurance authority; and travel ~~baggage~~ insurance ~~authority as defined in Article 9 (§ 38.2-1881 et seq.)~~.
98 ~~Limited~~ Unless otherwise defined, "limited lines property and casualty insurance" shall not include life
99 insurance, health insurance, property insurance, casualty insurance, and title insurance.

100 "Mortgage accident and sickness insurance authority" means the authority in the Commonwealth to
101 sell, solicit, or negotiate mortgage accident and sickness insurance on behalf of insurers licensed in the
102 Commonwealth.

103 "Mortgage guaranty insurance authority" means the authority in the Commonwealth to sell, solicit, or
104 negotiate mortgage guaranty insurance on behalf of insurers licensed in the Commonwealth.

105 "Mortgage redemption insurance authority" means the authority in the Commonwealth to sell, solicit,
106 or negotiate mortgage redemption insurance on behalf of insurers licensed in the Commonwealth. As
107 used in this chapter, "mortgage redemption insurance" means a nonrenewable, nonconvertible, decreasing
108 term life insurance policy written in connection with a mortgage transaction for a period of time
109 coinciding with the term of the mortgage. The initial sum shall not exceed the amount of the
110 indebtedness outstanding at the time the insurance becomes effective, rounded up to the next \$1,000.

111 "Motor vehicle rental contract enroller" means an unlicensed hourly or salaried employee of a motor
112 vehicle rental company that is in the business of providing primarily private motor vehicles to the public
113 under a rental agreement for a period of less than six months, and receives no direct or indirect
114 commission from the insurer, the renter or the vehicle rental company.

115 "Motor vehicle rental contract insurance agent" means a person who (i) is a selling agent of a motor
116 vehicle rental company that is in the business of providing primarily private passenger motor vehicles to
117 the public under a rental agreement for a period of less than six months and (ii) whose license in the
118 Commonwealth is restricted to selling, soliciting, or negotiating only the following insurance coverages,
119 and solely in connection with and incidental to the rental contract:

120 1. Personal accident insurance that provides benefits in the event of accidental death or injury

occurring during the rental period;

2. Liability coverage sold to the renter in excess of the rental company's obligations under § 38.2-2204, 38.2-2205, or Title 46.2, as applicable;

3. Personal effects insurance that provides coverages for the loss of or damage to the personal effects of the renter and other vehicle occupants while such personal effects are in or upon the rental vehicle during the rental period;

4. Roadside assistance and emergency sickness protection programs; and

5. Other travel-related or vehicle-related insurance coverage that a motor vehicle rental company offers in connection with and incidental to the rental of vehicles.

The term "motor vehicle rental contract insurance agent" does not include motor vehicle rental contract enrollers.

"Mutual assessment life and health insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate mutual assessment life and accident and sickness insurance on behalf of insurers licensed under Chapter 39 (§ 38.2-3900 et seq.), but only to the extent permitted under § 38.2-3919.

"Mutual assessment property and casualty insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate mutual assessment property and casualty insurance on behalf of insurers licensed under Chapter 25 (§ 38.2-2500 et seq.), but only to the extent permitted under § 38.2-2525.

"NAIC" means the National Association of Insurance Commissioners.

"Negotiate" means 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.

"Ocean marine insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate those classes of insurance classified in § 38.2-126, except those classes specifically classified as inland marine insurance, on behalf of insurers licensed in the Commonwealth.

"Optometric services authority" means the authority in the Commonwealth to sell, solicit, or negotiate optometric services plan contracts on behalf of optometric services plans licensed under Chapter 45 (§ 38.2-4500 et seq.).

"Personal lines agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate insurance as defined in §§ 38.2-110 through 38.2-114, 38.2-116, 38.2-117, 38.2-118, 38.2-124, 38.2-125, 38.2-126, 38.2-129, 38.2-130, and 38.2-131 for transactions involving insurance primarily for personal, family, or household needs rather than for business or professional needs.

"Pet accident, sickness and hospitalization insurance authority" means the authority in the Commonwealth to sell, solicit, or negotiate pet accident, sickness and hospitalization insurance on behalf of insurers licensed in the Commonwealth.

"Property and casualty insurance agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate both personal and commercial lines of insurance as defined in §§ 38.2-110 through 38.2-122.2, and §§ 38.2-124 through 38.2-134 on behalf of insurers licensed in the Commonwealth.

"Resident" means (i) an individual residing in Virginia; (ii) an individual residing outside of Virginia whose principal place of business is in Virginia, who is able to demonstrate to the satisfaction of the Commission that the laws of his home state prevent him from obtaining a resident agent license in that state, and who affirmatively chooses to qualify as and be treated as a resident of Virginia for purposes of licensing and continuing education, both in Virginia and in the state in which the individual resides, if applicable; (iii) a partnership duly formed and recorded in Virginia; (iv) a corporation incorporated and existing under the laws of Virginia; (v) a limited liability company organized and existing under the laws of Virginia; or (vi) a foreign business entity that is not licensed as a resident agent in any other jurisdiction, and that demonstrates to the satisfaction of the Commission that its principal place of business is within the Commonwealth of Virginia.

"Restricted nonresident health agent" means a nonresident agent whose license authority in his home state does not include all of the authority granted under a health agent license in Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or negotiate in Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance for which the agent is authorized in his home state.

"Restricted nonresident life and annuities agent" means a nonresident agent whose license authority in his home state does not include all of the authority granted under a life and annuities agent license in Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or negotiate in Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance for which the agent is authorized in his home state.

"Restricted nonresident personal lines agent" means a nonresident agent whose license authority in his home state does not include all of the authority granted under a personal lines agent license in

182 Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or negotiate in
183 Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance for which
184 the agent is authorized in his home state.

185 "Restricted nonresident property and casualty agent" means a nonresident agent whose license
186 authority in his home state does not include all of the authority granted under a property and casualty
187 agent license in Virginia. The license issued to such agent shall authorize the agent to sell, solicit, or
188 negotiate in Virginia, on behalf of insurers licensed in Virginia, only those kinds or classes of insurance
189 for which the agent is authorized in his home state.

190 "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on
191 behalf of an insurer.

192 "Settlement agent" means a person licensed as a title insurance agent and registered with the Virginia
193 State Bar pursuant to Chapter 27.3 (§ 55-525.16 et seq.) of Title 55.

194 "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular
195 class of insurance from one or more insurers.

196 "Surety bail bondsman" means a person licensed as a surety bail bondsman pursuant to Article 11
197 (§ 9.1-185 et seq.) of Chapter 1 of Title 9.1.

198 "Surplus lines broker" means a person licensed pursuant to Article 5.1 (§ 38.2-1857.1 et seq.) of this
199 chapter, and who is thereby authorized to engage in the activities set forth in Chapter 48 (§ 38.2-4800
200 et seq.).

201 "Terminate" means the cancellation of the relationship between an insurance producer and the
202 insurer, or the termination of an insurance producer's authority to transact insurance.

203 "Title insurance agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate
204 title insurance, and performing all of the services set forth in § 38.2-4601.1, on behalf of title insurance
205 companies licensed under Chapter 46 (§ 38.2-4600 et seq.).

206 "Travel accident insurance authority" means the authority in the Commonwealth to sell, solicit, or
207 negotiate travel accident insurance to individuals on behalf of insurers licensed in the Commonwealth.

208 "Travel baggage insurance authority" means the authority in the Commonwealth to sell, solicit, or
209 negotiate travel baggage insurance to individuals on behalf of insurers licensed in the Commonwealth.

210 "Uniform Application" means the current version of the NAIC Uniform Application for resident and
211 nonresident producer licensing.

212 "Uniform Business Entity Application" means the current version of the NAIC Uniform Business
213 Entity Application for resident and nonresident business entities.

214 "Variable contract agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate
215 variable life insurance and variable annuity contracts on behalf of insurers licensed in the
216 Commonwealth.

217 "Viatical settlement broker" means a person licensed pursuant to Chapter 60 (§ 38.2-6000 et seq.), in
218 accordance with Article 6.1 (§ 38.2-1865.1 et seq.) of this chapter, and who is thereby authorized to
219 engage in the activities set forth in Chapter 60 (§ 38.2-6000 et seq.).

220 Article 9.

221 Travel Insurance.

222 § 38.2-1881. Definitions.

223 "Designated Responsible Licensed Producer" or "DRLP" means an employee of a limited lines travel
224 insurance agent who (i) is a licensed agent, which may include an individual limited lines life and
225 health agent or a limited lines property and casualty agent, and (ii) has been designated by the limited
226 lines travel insurance agent as the person responsible for the limited lines travel insurance agent's
227 compliance with the travel insurance laws, rules, and regulations of the Commonwealth.

228 "Limited lines travel insurance agent" means a licensed insurance agent, including a limited lines life
229 and health agent and limited lines property and casualty agent, designated by an insurer as the travel
230 insurance supervising entity.

231 "Offer and disseminate" means to provide general information, including a description of the
232 coverage and price, as well as to process the application, collect premiums, and perform other
233 non-licensable activities permitted by the Commonwealth.

234 "Travel health insurance" means insurance coverage that provides comprehensive medical protection
235 for travelers with trips lasting six months or longer, including those working overseas as an expatriate
236 or deployed overseas as military personnel.

237 "Travel insurance" means insurance coverage for personal risks incident to planned travel,
238 including: (i) interruption or cancellation of trip or event; (ii) loss of baggage or personal effects; (iii)
239 damages to accommodations or rental vehicles; or (iv) sickness, accident, disability, or death occurring
240 during travel. "Travel insurance" does not include major medical plans that provide comprehensive
241 medical protection for travelers with trips lasting six months or longer, including those working
242 overseas as an expatriate or deployed overseas as military personnel.

243 "Travel retailer" means a business entity that offers and disseminates travel insurance on behalf of

and under the direction and license of a travel insurance agent or under its own agent license.

§ 38.2-1882. Requirements for sale of travel insurance.

A. A travel retailer:

1. May offer and disseminate travel insurance under its own or another's limited lines travel insurance agent business entity license only if the limited lines travel insurance agent complies with the following:

a. The limited lines travel insurance agent or travel retailer provides to purchasers of travel insurance:

(1) A description of the material terms or the actual material terms of the insurance coverage;

(2) A description of the process for filing a claim;

(3) A description of the review or cancellation process for the travel insurance policy; and

(4) The identity and contact information of the insurer and limited lines travel insurance agent;

b. At the time of licensure, the limited lines travel insurance agent shall establish and maintain a register on a form prescribed by the Commission of each travel retailer that offers travel insurance on the limited lines travel insurance agent's behalf. The register shall be maintained and updated by the limited lines travel insurance agent and shall include the name, address, and contact information of the travel retailer and an officer or person who directs or controls the travel retailer's operations, and the travel retailer's federal employer identification number. The limited lines travel insurance agent shall submit such register to the Bureau of Insurance of the Commission upon reasonable request. The limited lines travel insurance agent shall also certify that the travel retailer registered complies with 18 U.S.C. § 1033;

c. The limited lines travel insurance agent has designated a DRLP;

d. The DRLP, president, secretary, treasurer, and any other officer or person who directs or controls the limited lines travel insurance agent's insurance operations complies with a background check or fingerprinting requirements applicable to insurance agents;

e. The limited lines travel insurance agent has paid all applicable insurance agent licensing fees as set forth in this title; and

f. The limited lines travel insurance agent requires each employee of the travel retailer whose duties include offering and disseminating travel insurance to receive a program of instruction or training, which may be subject to review by the Commission. The training material shall, at a minimum, contain instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers;

2. Offering or disseminating travel insurance shall make available to prospective purchasers brochures or other written materials that:

a. Provide the identity and contact information of the insurer and the limited lines travel insurance agent;

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

c. Explain that an unlicensed travel retailer is permitted to provide general information about the insurance offered by the travel retailer, including a description of the coverage and price, but is not qualified or authorized to answer technical questions about the terms and conditions of the insurance offered by the travel retailer or to evaluate the adequacy of the customer's existing insurance coverage; and

3. That is not licensed as an insurance agent may not:

a. Evaluate or interpret the technical terms, benefits, and conditions of the offered travel insurance coverage;

b. Evaluate or provide advice concerning a prospective purchaser's existing insurance coverage; or

c. Hold himself or itself out as a licensed insurer, licensed agent, or insurance expert.

B. A travel retailer whose insurance-related activities, and those of its employees, are limited to offering and disseminating travel insurance on behalf of and under the direction and license of a limited lines travel insurance agent meeting the conditions stated in this article, is authorized to do so and receive related compensation, upon registration by the limited lines travel insurance agent as described in subdivision A 1 b. No travel retailer employee may be compensated based primarily on the number of customers who purchase travel insurance coverage; however, nothing in this article shall prohibit payment of compensation to a travel retailer or its employees for activities under the limited lines travel insurance agent's license that is incidental to the travel retailer's or its employee's overall compensation.

C. Travel insurance may be provided under an individual policy or under a group or master policy.

D. As the insurer designee, the limited lines travel insurance agent and the insurer (i) are responsible for the acts of a travel retailer who is not a limited lines travel insurance agent and (ii) shall use reasonable means to ensure compliance by the travel retailer with this article.

§ 38.2-1883. Suspension or revocation of license.

305 *If a limited lines travel insurance agent or travel retailer or its employee violates any provision of*
306 *this article, the Commission may do any of the following:*

307 1. *After notice and hearing, impose fines and penalties in accordance with § 38.2-218; and*
308 2. *After notice and hearing, impose such other penalties that the Commission deems necessary and*
309 *reasonable to carry out the purpose of this article, including: (i) suspending the privilege of transacting*
310 *travel insurance pursuant to this article at specific business locations where violations have occurred;*
311 *(ii) suspending or revoking the ability of individual employees or travel retailers to act under the*
312 *license; and (iii) imposing a penalty in accordance with § 38.2-218 on the licensed producer designated*
313 *by the travel insurance agent pursuant to § 38.2-1820.*

314 **§ 38.2-1884. What laws applicable; rulemaking authority.**

315 A. *Except as otherwise provided in this article and except where the context otherwise requires, all*
316 *of the provisions of this title apply to this article.*

317 B. *Pursuant to the authority granted by § 38.2-223, the Commission may promulgate such rules and*
318 *regulations as may be necessary or appropriate for the administration and enforcement of this article.*