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## HOUSE BILL NO. 2023

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the House Committee on Commerce and Labor  
on January 22, 2013)

(Patron Prior to Substitute—Delegate Marshall, D.W.)

*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.*

**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 of such license.

"Life and annuities insurance agent" means an agent licensed in the Commonwealth to sell, solicit, or negotiate life insurance and annuity contracts as defined in §§ 38.2-102, 38.2-103, 38.2-104, 38.2-105.1,

60 38.2-106, and 38.2-107.1, respectively, on behalf of insurers licensed in the Commonwealth.

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

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

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

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

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

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

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

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

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

117 1. Personal accident insurance that provides benefits in the event of accidental death or injury  
118 occurring during the rental period;

119 2. Liability coverage sold to the renter in excess of the rental company's obligations under  
120 § 38.2-2204, 38.2-2205, or Title 46.2, as applicable;

121 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 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 property and casualty agent" means a nonresident agent whose license

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

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

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

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

193 "Surety bail bondsman" means a person licensed as a surety bail bondsman pursuant to Article 11  
194 (§ 9.1-185 et seq.) of Chapter 1 of Title 9.1.

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

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

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

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

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

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

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

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

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

#### 217 Article 9.

#### 218 Travel Insurance.

#### 219 § 38.2-1881. Definitions.

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

225 "Limited lines travel insurance agent" means a licensed property and casualty insurance agent or a  
226 limited lines property and casualty agent, designated by an insurer as the travel insurance supervising  
227 entity.

228 "Offer and disseminate" means providing general information, including a description of the  
229 coverage and price, as well as processing the application, collecting premiums, and performing other  
230 non-licensable activities permitted by the Commonwealth.

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

237 "Travel retailer" means a business entity that offers and disseminates travel insurance on behalf of  
238 and under the direction and license of a travel insurance agent or under its own agent license.

#### 239 § 38.2-1882. Requirements for sale of travel insurance.

240 A. A travel retailer may offer and disseminate travel insurance under its own or another's limited  
241 lines travel insurance agent license only if the following conditions are met:

242 1. Any travel retailer offering or disseminating travel insurance shall make available to prospective  
243 purchasers brochures or other written materials that:

244 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;.

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

a. A description of the material terms or the actual material terms of the insurance coverage;

b. A description of the process for filing a claim;

c. A description of the review or cancellation process for the travel insurance policy; and

d. The identity and contact information of the insurer and limited lines travel insurance agent;

3. 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 Tax Identification Number. The limited lines travel insurance agent shall submit such register to 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;

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

5. 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;

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

7. The limited lines travel insurance agent requires each employee or authorized representative 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;

B. A travel retailer's employee or authorized representative who is not licensed as an insurance agent may not:

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

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

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

C. A travel retailer whose insurance-related activities, and those of its employees or authorized representatives, 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 conduct such activities and receive related compensation, upon registration by the limited lines travel insurance agent as described in subdivision A 3. No travel retailer employee or authorized representative 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 or authorized representatives for activities under the limited lines travel insurance agent's license that are incidental to the travel retailer's or its employee's or authorized representative's overall compensation.

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

E. 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, revocation, or termination of license.**

A. If a limited lines travel insurance agent or travel retailer or its employee or authorized representative violates any provision of this article, the Commission may do any of the following:

1. After notice and hearing, impose fines and penalties in accordance with § 38.2-218; and

2. After notice and hearing, impose such other penalties that the Commission deems necessary and reasonable to carry out the purpose of this article, including (i) suspending the privilege of transacting travel insurance pursuant to this article at specific business locations where violations have occurred, (ii) suspending or revoking the ability of individual employees or authorized representatives or travel retailers to act under the license, and (iii) imposing a penalty in accordance with § 38.2-218 on the

306 *licensed producer designated by the travel insurance agent pursuant to § 38.2-1820.*

307 *B. The license authority of any licensed limited lines property and casualty producer selling travel*  
308 *insurance may be terminated if the sole licensed responsible producer designated for the limited lines*  
309 *travel insurance agent's compliance with the insurance laws, rules, and regulations of the*  
310 *Commonwealth is removed for any reason and a new responsible producer has not been appointed. The*  
311 *Commission shall be notified within 30 calendar days of such removal and of the newly designated*  
312 *responsible producer.*

313 **§ 38.2-1884. What laws applicable; rulemaking authority.**

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

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