
A BILL FOR AN ACT

RELATING TO TRAVEL INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 431, article 9A, Hawaii Revised
2 Statutes, is amended by adding a new part to be appropriately
3 designated and to read as follows:

4 "PART . LIMITED LINES TRAVEL INSURANCE PRODUCER

5 §431:9A-A Definitions. Unless specified otherwise, the
6 following terms shall mean as follows:

7 "Limited lines travel insurance producer" means a:

8 (1) Licensed managing general underwriter;

9 (2) Licensed managing general agent or third party
10 administrator; or

11 (3) Licensed insurance producer, including a limited lines
12 producer;

13 designated by an insurer as the travel insurance supervising
14 entity as set forth in subsection 431:9A-B(a)(2).

15 "Offer and disseminate" means providing general
16 information, including a description of the coverage and price,
17 as well as processing the application, collecting premiums, and



1 performing other non-licensable activities permitted by the
2 State.

3 "Travel insurance":

4 (1) Means insurance coverage for personal risks incident
5 to planned travel, including but not limited to:

6 (A) Interruption or cancellation of trip or event;

7 (B) Loss of baggage or personal effects;

8 (C) Damages to accommodations or rental vehicles; or

9 (D) Sickness, accident, disability, or death

10 occurring during travel; and

11 (2) Does not include major medical plans that provide
12 comprehensive medical protection for travelers with
13 trips lasting six months or longer, including plans
14 that cover those working overseas as an expatriate or
15 deployed military personnel.

16 "Travel retailer" means a business entity that makes,
17 arranges, or offers travel services and may offer and
18 disseminate travel insurance as a service to its customers on
19 behalf of, and under the direction of, a limited lines travel
20 insurance producer.

21 **§431:9A-B Requirements.** (a) Notwithstanding any other
22 provision of law, the commissioner may issue to an individual or



1 business entity that has filed with the commissioner an
2 application for a limited license in a form and manner
3 prescribed by the commissioner, a limited lines travel insurance
4 producer license that authorizes the limited lines travel
5 insurance producer to sell, solicit, or negotiate travel
6 insurance through a licensed insurer. A travel retailer may
7 offer and disseminate travel insurance under a limited lines
8 travel insurance producer business entity license only if the
9 following conditions are met:

- 10 (1) The limited lines travel insurance producer or travel
11 retailer provides to purchasers of travel insurance:
- 12 (A) A description of the material terms or the actual
13 material terms of the insurance coverage;
 - 14 (B) A description of the process for filing a claim;
 - 15 (C) A description of the review or cancellation
16 process for the travel insurance policy; and
 - 17 (D) The identity and contact information of the
18 insurer and limited lines travel insurance
19 producer;
- 20 (2) At the time of licensure, the limited lines travel
21 insurance producer establishes and maintains a
22 register on a form prescribed by the commissioner of



1 each travel retailer that offers travel insurance on
2 the limited lines travel insurance producer's behalf;
3 provided that:

4 (A) The register is maintained and updated annually
5 by the limited lines travel insurance producer
6 and includes the name, address, and contact
7 information of the travel retailer, an officer or
8 person who directs or controls the travel
9 retailer's operations, and the travel retailer's
10 federal tax identification number;

11 (B) The limited lines travel insurance producer
12 submits the register to the commissioner upon
13 reasonable request; and

14 (C) The limited lines travel insurance producer also
15 certifies that the travel retailer in the
16 register complies with 18 United States Code
17 section 1033;

18 (3) The limited lines travel insurance producer designates
19 one of its employees, who shall be a licensed
20 individual producer, as the designated responsible
21 producer for purposes of compliance with the travel
22 insurance laws and rules of the State;



- 1 (4) The designated responsible producer, president,
2 secretary, treasurer, or any other officer or person
3 who directs or controls the limited lines travel
4 insurance producer's insurance operations complies
5 with any fingerprinting requirements applicable to
6 insurance producers;
- 7 (5) The limited lines travel insurance producer pays all
8 applicable insurance producer licensing fees; and
- 9 (6) The limited lines travel insurance producer requires
10 any employee or authorized representative of the
11 travel retailer whose duties include offering and
12 disseminating travel insurance to receive instruction
13 or training, which may be subject to review by the
14 commissioner; provided that the training includes, at
15 minimum, instruction on the types of insurance
16 offered, ethical sales practices, and required
17 disclosures to prospective customers.
- 18 (b) A limited lines travel insurance producer, and those
19 persons registered under its license, shall be exempt from the
20 examination requirements of section 431:9A-105 and from the
21 continuing education requirements of section 431:9A-124.



1 (c) Any travel retailer offering or disseminating travel
2 insurance shall make available to prospective purchasers written
3 materials, either printed or electronically, that:

4 (1) Provide the identity and contact information of the
5 insurer and the limited lines travel insurance
6 producer;

7 (2) Explain that the purchase of travel insurance is not
8 required in order to purchase any other product or
9 service from the travel retailer; and

10 (3) Explain that an unlicensed travel retailer is
11 permitted to provide general information about the
12 insurance offered by the travel retailer, including a
13 description of the coverage and price, but is not
14 qualified or authorized to answer technical questions
15 about the terms and conditions of the insurance
16 offered by the travel retailer or to evaluate the
17 adequacy of the customer's existing insurance
18 coverage.

19 (d) Any employee or authorized representative of the
20 travel retailer who is not licensed as an insurance producer
21 shall not:

22 (1) Sell, solicit, or negotiate insurance;



1 (2) Evaluate or provide advice concerning a prospective
2 purchaser's existing insurance coverage; or

3 (3) Hold oneself out as a licensed insurer, licensed
4 producer, or insurance expert.

5 (e) Notwithstanding any other provision of law, a travel
6 retailer, its employees, and authorized representatives shall be
7 authorized to offer and disseminate travel insurance on behalf
8 of, and under the direction of, a limited lines travel insurance
9 producer and receive compensation for their services; provided
10 that the limited lines travel insurance producer registers the
11 travel retailer pursuant to subsection (a) (2).

12 No travel retailer shall be compensated based primarily
13 upon the number of customers who purchase travel insurance.

14 Nothing in this part shall prohibit payment of compensation
15 to a travel retailer or its employees for activities under the
16 limited lines travel insurance agent's license that is
17 incidental to the travel retailer's or its employees overall
18 compensation.

19 (f) Travel insurance may be offered under an individual
20 policy or under a group or master policy.

21 (g) As the insurer designee, the limited lines travel
22 insurance producer shall be responsible for the acts of the



1 travel retailer and shall use reasonable means to ensure
2 compliance by the travel retailer with this section.

3 (h) The limited lines travel insurance producer and any
4 travel retailer offering and disseminating travel insurance
5 under the limited lines travel insurance producer license shall
6 be subject to the article 13."

7 SECTION 2. Section 431:9A-107.5, Hawaii Revised Statutes,
8 is amended by amending subsection (a) to read as follows:

9 "(a) Notwithstanding any other provision of this article,
10 the commissioner may issue:

11 (1) A limited license to persons selling limited lines
12 ~~travel [tickets of a common carrier of persons or~~
13 ~~property who shall act only as to travel ticket~~
14 ~~policies of accident and health or sickness insurance~~
15 ~~or baggage insurance on personal effects;]~~ insurance,
16 as defined in section 431:9A-A;

17 (2) A limited license to each individual who has charge of
18 vending machines used in this State for the
19 effectuation of travel insurance;

20 (3) A limited license to any individual who sells policies
21 of accident and health or sickness insurance as a



H.B. NO. 2215

1 promotional device to improve the circulation of a
2 newspaper in this State; or

3 (4) A limited line credit insurance producer license to
4 any individual who sells, solicits, or negotiates
5 limited line credit insurance."

6 SECTION 3. In codifying the new sections added by section
7 1 of this Act, the revisor of statutes shall substitute
8 appropriate section numbers for the letters used in designating
9 the new sections in this Act.

10 SECTION 4. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: _____



JAN 21 2014



H.B. NO. 2215

Report Title:

Travel Insurance; Producers; Licensing

Description:

Establishes a limited lines travel insurance producer license for producers selling, soliciting, or negotiating travel insurance through a licensed insurer. Authorizes travel retailers to offer the insurance if registered by a limited lines travel insurance producer.

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