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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Finance
Tuesday, April 2, 2024
4:00 p.m.

State Capitol, Conference Room 308 and via Videoconference

On the following measure:
S.B. 2913, S.D.1, H.D.2, RELATING TO TRAVEL INSURANCE

Chair Yamashita and Members of the Committee:

My name is Gordon Ito, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to establish a new regulatory framework for the sale of travel insurance in the State.

H.D.2 of this bill replaced the term "licensed individual producer" with "limited lines travel insurance producer individual license" (see p. 12, lines 9-10). We note that, under Hawaii Revised Statutes section 431, all existing business entity producers (i.e., insurance producer, managing general agent, and limited lines producer except third party administrator) are required to be licensed, and all business entities are required to designate a licensed individual producer responsible for the business entity's compliance with the insurance laws and rules of this State. Thus, we respectfully

suggest that the language be changed back to the original term of “licensed individual producer”.

In addition, H.D.2 of this bill replaced the term “chapter” with “code” in various sections at p. 15, line 17; p. 18, line 15; p. 22, lines 2 and 21. The term “code” is vague. Therefore, we respectfully request the term “code” at the above-cited sections be changed back to the original term “chapter”.

We also note that the proposed framework appears to be based on the National Association of Insurance Commissioners’ Travel Insurance Model Act.

Thank you for the opportunity to testify.

TESTIMONY OF ALISON UEOKA

COMMITTEE ON FINANCE
Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair

Tuesday, April 2, 2024
4:00 p.m.

SB 2913, SD1, HD2

Chair Yamashita, Vice Chair Kitagawa, and members of the Committee on Finance, my name is Alison Ueoka, President of Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** the intent of the bill. A comprehensive, uniform, and national regulatory framework – as provided in the proposed legislation is needed to: (i) clarify the application of current laws to the unique aspects of travel insurance, which is sold on a national basis and is a product that travels with a consumer across state and national boundaries; (ii) benefit consumers by standardizing protections and requirements; (iii) establish a level playing field for the travel insurance market; and (iv) clarify and bolster regulator' enforcement authority over the travel insurance industry.

The legislation is based on the Travel Insurance Model Act adopted by the National Council of Insurance Legislators (NCOIL) and National Association of Insurance Commissioners (NAIC) (the "Model Act"). The Model Act was thoroughly vetted by, and has national support among, legislators, regulators, and meetings, Hawaii voted in favor of enacting the NAIC Travel Insurance Model Act.

As of January 2024, thirty-five (35) states have enacted the Model Act, which is expected to eventually become enacted across the country. A number of other states are considering the Model Act for their current/next legislative session.

Thank you for the opportunity to testify.

Hawaii Senate Bill 2913 SD1, HD2***Hawaii House Committee on Finance******April 2, 2024******Statement of Duke de Haas on behalf of AGA Service Company***

Good afternoon Members of the House Committee on Finance,

My name is Duke de Haas, I am Vice President and Deputy General Counsel at AGA Service Company (“Allianz”), and I am also Co-Chair of the United States Travel Insurance Association (“USTiA”) Law and Regulation Committee.

The USTiA’s members include insurance carriers, third-party administrators, insurance agencies, and related businesses in the development, administration, and sale of travel insurance and travel assistance products.

Allianz is a large writer of travel insurance, and it has an insurance company, as well as a fully licensed travel insurance producer authorized to do business in all 50 states, including Hawaii.

Thank you for bringing Senate Bill 2913 SD1, HD2 before the Committee today. S.B. 2913 SD1, HD2 is important for travel consumers, state insurance regulators and the industry.

S.B. 2913 SD1, HD2 contains Model Act language from the National Association of Insurance Commissioners (all the chief insurance regulators in the US), which is essentially identical to a Model Act authored by the National Council of Insurance Legislators (NCOIL).

To date, 35 states have enacted the Model Act, and we are working in another 9 states, including Hawaii, in 2024.

S.B. 2913 SD1, HD2, if enacted, would amend the insurance code to clarify the regulatory framework for the sale of travel insurance on a national, uniform basis. The bill standardizes definitions and contains consumer protections, including with respect to sales practices, a free-look period for refunds, and various consumer disclosures.

Allianz, the USTiA and other industry participants support the legislation.

We are not aware of any opposition.

Allianz, the USTiA, and other industry participants, respectfully request one amendment. The effect of this amendment is to generally return the current version of the legislation to the original version, which tracks more closely with the Travel Insurance Model Act.

On page 22, after line 11, before line 12, insert a new subsection (b) to read ‘[e]ach travel administrator and its employees shall be exempt from the licensing requirements of section 431:9-201 for any travel insurance that the travel administrator or its employees administer,’ and on page 22, line 12, after inserting new subsection

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(b), change (b) to (c).

This amendment returns the travel administrator section to its original form in the legislation introduced (S.B. 2913). If necessary, we are happy to discuss this further with the insurance commissioner, who requested that the travel administrator/adjuster licensing exemption be removed in his testimony of February 7, 2024 before the Senate Committee on Commerce and Consumer Protection. While we understand the insurance commissioner's testimony, this adjuster licensing exemption simply codifies existing practice as we understand it in Hawaii, which already has a number of exemptions from adjuster licensing for travel insurance-related claims handling, including, but not limited to, (i) producer exemption (H.R.S. § 431:9-227); (ii) MGA exemption (H.R.S. § 431:9C-103(9)); (iii) TPA exemption (H.R.S. § 431:9J-101); (iv) insurance company employee exemption (H.R.S. § 431:9-105(2)(C)); and (v) adjusting marine losses exemption (H.R.S. § 431:9-105(2)(B)).

In short, the amendment will ensure consistency of regulatory treatment of the travel insurance industry while maintaining the strong consumer protections incorporated into the legislation.

We thank you for your time and consideration, and we are happy to answer any questions.

Sincerely,



Philip R. "Duke" de Haas
Vice President, Deputy General Counsel, USA



CRUM & FORSTER®

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April 1, 2024

Hawaii House Committee on Finance

Re: Testimony in Support of S.B. 2913 SD1, Hawaii Travel Insurance Act

Dear Committee Members:

Good afternoon. My name is Caren Alvarado and I am VP of Regulatory Affairs for Crum& Forster, a subsidiary of Fairfax Holdings. My organization has been writing travel insurance for many years, is fully licensed in all 50 states, including Hawaii, and we are therefore very familiar with the unique intricacies of these products and the marketplace. I am also Co-Chair of the Law and Reg Committee for the US Travel Insurance Association (USTiA) that is comprised of a variety of organizations involved in the travel insurance industry.

I would like to thank the members for bringing S.B. 2913 before the Committee today and for allowing interested parties the opportunity to provide testimony in support of the Travel Bill. We are writing in support of the bill and respectfully request the reinsertion of the adjuster licensing exemption from the introduced version of S.B. 2913 which was deleted following testimony from the Insurance Commissioner of the Department of Commerce and Consumer Affairs' Insurance Division. If necessary, we are happy to discuss this further with the insurance commissioner, who requested that the travel administrator/adjuster licensing exemption be removed in his testimony of February 7, 2024 before the Senate Committee on Commerce and Consumer Protection. While we understand the insurance commissioner's testimony, this adjuster licensing exemption simply codifies existing practice as we understand it in Hawaii, which already has a number of exemptions from adjuster licensing for travel insurance-related claims handling

This crucial legislation builds upon existing regulatory frameworks and further promotes a framework that works for everyone – regulators, consumers, and industry players alike, promoting a clear and level playing field with minimal negative disruption while promoting uniformity throughout the states. Both the industry and consumers will benefit from a nationwide consistent approach for travel protection plans that include insurance and non-insurance components. By incorporating this regulatory framework into your statute, you will ensure clarity and consistency is provided to the way travel insurance products are regulated.

This travel insurance legislation is good for all industry participants because going forward, we will have specific requirements applicable to travel insurance with which all players will have to comply, including new entrants to this growing market. The language before you today has been thoroughly vetted to ensure the legislation creates an efficient, effective regulatory framework for travel insurance that benefits consumers, empowers regulators, and ensures the marketplace operates fairly.



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The legislation with this minor requested amendment is aligned with the model law adopted by adopted by the National Council of Insurance Legislators (NCOIL) and the National Association of Insurance Commissioners (NAIC). Industry worked alongside the NAIC, NCOIL, Insurance Divisions of the various states, and the overall travel community for many years, leading to the NAIC's adoption of the model. We support the bill because it is good for consumers and industry participants alike. 35 other states have already enacted legislation based upon these Model Acts and at least 9 other states are contemplating enacting similar legislation in the coming months.

We respectfully request that you approve this important legislation. On behalf of Crum & Forster, thank you for your consideration of the original version of S.B. 2913 that will ensure the industry and consumers will benefit from a transparent framework for travel insurance as well as for your continued support of our industry.

Please let us know if you have any questions or we can provide any additional information.

Very truly yours,

Caren Alvarado, VP Regulatory Affairs & Compliance
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April 2, 2024

Hawaii State House of Representatives
Committee on Finance
Conference Room 308

Re: S.B. 2913 S.D. 1 H.D. 2, Hawaii Travel Insurance Act

Dear Committee Members:

I am writing on behalf of the U.S. Travel Insurance Association (“UStiA”) in support of S.B. 2913 S.D. 1 H.D. 2—the Hawaii Travel Insurance Act—a comprehensive bill that includes provisions governing how travel insurance is regulated in Hawaii. UStiA is the national association of the travel insurance industry. Its members include insurance carriers, third-party administrators, insurance agencies, and related businesses involved in the development, administration, and marketing of travel insurance and travel assistance products.

The American Property Casualty Insurance Association (“APCIA”) is also signing this letter in support of S.B. 2913 S.D. 1 H.D. 2. APCIA is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions—protecting families, communities, and businesses in the U.S. and across the globe.

By enacting legislation that closely tracks the Travel Insurance Model Act, a version of which was approved by the National Council of Insurance Legislators in 2017 and the National Association of Insurance Commissioners in 2018, Hawaii would join a growing number of states—35 and counting—incorporating into their statutes a uniform and workable regulatory regime for travel insurance sales. This important legislation builds upon existing regulatory frameworks and distinguishes between insurance and non-insurance elements of travel protection plans in establishing the proper scope and reach of the regulatory framework.

S.B. 2913 S.D. 1 H.D. 2 has been thoroughly vetted to ensure the legislation that appears before you creates an efficient, effective regulatory framework for travel insurance that benefits consumers, empowers regulators, and ensures the marketplace operates fairly.

UStiA and APCIA also respectfully request that the amendment detailed in the testimony submitted by Duke de Haas, on behalf of AGA Service Company, be incorporated into the legislation.

S.B. 2913 S.D. 1 H.D. 2
April 2, 2024
Page 2

For these reasons, UStiA and APCIA support S.B. 2913 S.D. 1 H.D. 2 and urge the Committee to pass the bill and make the requested amendment. Thank you so much for your consideration.

Sincerely,



H. Michael Byrne
Counsel, UStiA



Mark Sektnan
Vice President, State Government Relations
APCIA



MEMORANDUM IN SUPPORT

Hawaii Senate Bill 2913, SD1 HD2

AIG Inc.
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William Melchionni III

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American International Group (AIG) is in **SUPPORT** of the Hawaii Travel Insurance Act.

AIG's Travel Guard is one the largest providers of travel insurance products in the United States offering valuable protection for travel investments. AIG is a member of the U.S. Travel Insurance Association ("USTiA"), the national association of the travel insurance industry. Its members include insurance carriers, third-party administrators, insurance agencies, and related businesses involved in the development, administration, and marketing of travel insurance and travel assistance products. USTiA strongly supports enactment of this act.

By enacting legislation that closely tracks the Travel Insurance Model Act, a version of which was approved by the National Council of Insurance Legislators in 2017 and the National Association of Insurance Commissioners in 2018, Hawaii would join a growing number of states—35 and counting—incorporating into their statutes a uniform and workable regulatory regime for travel insurance sales. This important legislation builds upon existing regulatory frameworks and distinguishes between insurance and non-insurance elements of travel protection plans in establishing the proper scope and reach of the regulatory framework.

We respectfully request one amendment to the existing bill to bring it more appropriately in line with the Travel Insurance Model Act.

On page 22, after line 11, before line 12, insert a new subsection (b) to read "(e)ach travel administrator and its employees shall be exempt from the licensing requirements of section 431:9-201 for any travel insurance that the travel administrator or its employees administer," and on page 22, line 12, after inserting the new subsection (b), change (b) to (c).

This amendment returns the travel administrator section to the original version introduced. While we recognize that this change was made at the request of the Insurance Commissioner, this adjustor licensing exemption simply codifies existing practice in Hawaii. This proposed amendment will ensure consistency of regulatory treatment of the travel insurance industry while maintaining the strong consumer protections in this legislation.

AIG urges the House Committee on Finance to act favorably on this bill. Please feel free to contact Bill Melchionni at william.melchionni@aig.com or 518-220-7370 with any questions.