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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Consumer Protection and Commerce
Wednesday, February 12, 2025
2:00 p.m.
State Capitol, Conference Room 329 and via videoconference

On the following measure:
H.B. 97, H.D. 1, RELATING TO TRAVEL INSURANCE

Chair Matayoshi and Members of the Committee:

My name is Jerry Bump, and I am the Acting 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, including licensing and registration requirements for limited lines travel insurance producers.

On page 5, lines 20-21 to page 6, lines 1-6, the definition for an "[e]ligible group" includes, in relevant part, "[a]ny automobile or truck rental or leasing company covering a group of individuals who may become renters, lessees, or passengers of the rented or leased vehicles." We note that the inclusion of this group may intrude upon and/or duplicate the no-fault protections consumers already have under sections 431:10C-303.5 and 431:10C-801 of the Hawaii Revised Statutes (HRS). To minimize any

potential conflict, we respectfully suggest striking paragraph (12), page 5, lines 20-21 to page 6, lines 1-6.

Additionally, in Hawaii, travel insurance falls within the scope of Property and Casualty (P&C) insurance. Producers who are authorized to sell, solicit, or negotiate for P&C lines of authority are also authorized to do the same for travel insurance. As such, we respectfully request that the definition of “[l]imited lines travel insurance producer,” page 6, line 20 to page 7, lines 1-5, be amended to comply with HRS § 431:9A-103(a). Listed below are our proposed amendments:

Page 7, lines 1-4:

- (1) Licensed managing general agent with property, and casualty lines of authority or third-party administrator;
- (2) Licensed insurance producer with property and casualty lines of authority, including a limited lines producer licensed under 431:9A-107.5 (a)(1); or

Page 15, lines 8-10:

Any person licensed in property and casualty lines of authority as an insurance producer may sell, solicit, and negotiate travel insurance; provided that no property ~~or~~ and casualty insurance producer shall be required to become appointed by a travel insurer to sell, solicit, or negotiate travel insurance.

Page 22, line 9:

- (2) Holds a valid property and casualty managing general agent license; or

Additionally, we note that fingerprinting requirements apply only to individual resident applicants. In Hawai‘i, nonresident applicants are not required to submit fingerprinting under HRS § 431:9A-108. Therefore, we respectfully ask to amend the language regarding the fingerprinting requirements on page 12, line 15 to include the following language “producers in the resident state of the limited lines travel insurance producer.”

On page 18, lines 11-14, the sales practice “(b) If a conflict arises between this article and any other provision of this chapter regarding the sale and marketing of travel insurance and travel protection plans, the provisions of this article shall control.” We note that the inclusion of this practice may conflict with article 13 of the Hawaii Revised

Statutes (HRS). To minimize any potential conflict and for the protection of the consumer from any unfair methods of competition and unfair and deceptive acts and practices in the business of insurance, we respectfully suggest striking paragraph (b), page 18, lines 11-14.

We note that the proposed framework appears to be significantly based on the National Association of Insurance Commissioners' Travel Insurance Model Act which allows for regulators to adapt the model to fit within their state's insurance law. We believe that in accident and health or sickness product, any description of "property and casualty benefits" should not be permitted, as "incidental" or "limited" as the benefit may be, as described on P 23, lines 11 to 14. We also note that the phrase "incidental limited property and casualty benefits" on page 23, lines 11 to 12 of the bill is vague and not defined in the bill. As such, requiring that there be an option to file a product as accident and health or inland marine if it includes "incidental limited property and casualty" creates a standard that will be unclear and unduly burdensome to implement. Therefore, to avoid confusion over statutory interpretation and to provide clear standards for implementation, we respectfully suggest amending request striking the language on page 23, lines 7 to 14, as follows starting with "provided that travel insurance..." and ending with "...line of insurance: "or repatriation of remains shall be filed under an accident and health line of insurance."

Thank you for the opportunity to testify.



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February 10, 2025

Hawaii State House of Representatives
Rep. Scot Z. Matayoshi, Chair
Committee on Consumer Protection and Commerce
Conference Room 423

Re: Testimony in Support of H.B. 97, HD1 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 HB 97 before the Committee today and for allowing interested parties the opportunity to provide testimony in support of the Travel Bill.

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.

Specifically, the proposed legislation:

- Allows travel products to continue to be offered in a manner that provides a seamless consumer experience and cost-saving efficiencies.
- Clarifies permissible and prohibited sales practices, and the applicability of the state's unfair trade practices law.
- Requires several important consumer disclosures.



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- Clarifies further that travel insurance may be sold via individual, group, or blanket policies.
- Clarifies current practice with respect to premium taxes.
- Establishes uniform meanings of key terms.

Consumers deserve Travel Protection Plans that work for them. In enacting the legislation as proposed, the legislature will benefit consumers and empower regulators by codifying an efficient, fair, uniform, and effective regulatory framework for travel insurance.

The legislation 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. 37 other states have already enacted legislation based upon these Model Acts and several 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 HB 97 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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Hawaii House of Representatives Bill HB 97 HD1**Hawaii House Committee on Consumer Protection & Commerce****February 10, 2025****Statement of Duke de Haas on behalf of AGA Service Company (Allianz)**

Good afternoon, Members of the House Committee on Consumer Protection & Commerce.

My name is Duke de Haas. I am Vice President and Deputy General Counsel of 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 HB97_HD1 before the Committee today. This legislation is important for travel insurance consumers, state insurance regulators, and the industry.

HB97_HD1 contains Model Act language from the National Association of Insurance Commissioners (all the chief insurance regulators in the United States and US territories), which is essentially identical to a Model Act authored by the National Council of Insurance Legislators.

To date, 37 states have enacted the NAIC Travel Insurance Model Act (“Model Act”), and we are working in another 8 states, including Hawaii, in 2025.

HB97_HD1, 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 important 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, and we have worked with the Division of Insurance as we have developed this bill.

We are not aware of any opposition.

We request one minor, non-substantive amendment to the bill to ensure its consistency with the Model Act. On page 20, line 5, strike the words “delivery of” and insert the word “sending”, which will make this section consistent with Section 7(C)(3) of the Model Act.

How can we help?

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804.281.6707
dukedehaas@allianz.com

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

Sincerely,

A handwritten signature in blue ink that reads "Philip R. de Haas". The signature is written in a cursive style with a long horizontal flourish at the end.

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



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February 11, 2025

Hawaii State House of Representatives
Hale o nā Luna Maka‘āinana
Committee on Consumer Protection & Commerce
Conference Room 329

Re: H.B. 97 H.D. 1, Hawaii Travel Insurance Act

Dear Committee Members:

We are writing on behalf of the U.S. Travel Insurance Association (“UStiA”) and the American Property Casualty Insurance Association (“APCIA”) in support of H.B. 97 H.D. 1—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.

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 most states—37 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.

H.B. 97 H.D. 1 has been thoroughly vetted to ensure the legislation that appears before you creates an efficient, effective regulatory framework for travel insurance that protects consumers, empowers regulators, and ensures the marketplace operates fairly.

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For these reasons, UStiA and APCIA support H.B. 97 H.D. 1 and urge the Committee to pass the bill.
Thank you so much for your consideration.

Sincerely,



H. Michael Byrne
Counsel, UStiA



Mark Sektnan
VP, State Government Relations, APCIA