



## 2013 SENATE BILL 576

February 7, 2014 – Introduced by Senators PETROWSKI, SCHULTZ and LASSA, cosponsored by Representatives KRUG, WEININGER and JAGLER. Referred to Committee on Insurance and Housing.

1     **AN ACT** *to repeal and recreate* 628.02 (1) (b) 8.; and *to create* 601.31 (1) (s),  
2           628.02 (1) (b) 8m. and 632.977 of the statutes; **relating to:** the sale of limited  
3           lines travel insurance.

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### *Analysis by the Legislative Reference Bureau*

This bill allows the commissioner of insurance to issue to a person, who may be but need not be an insurance intermediary, a limited lines travel insurance producer license, which authorizes the licensed person (travel insurance producer) to sell, solicit, and negotiate travel insurance through an insurer. Travel insurance is defined in the bill as limited lines insurance coverage for personal risks incident to planned travel, including cancellation of trip, loss of baggage, and sickness or accident occurring during travel.

The bill authorizes a travel retailer, which is defined in the bill as a business entity that makes, arranges, or offers travel services, that meets the conditions set out in the bill to take certain actions related to travel insurance on behalf of and under the control of a travel insurance producer, without having a travel insurance producer license, including providing general information, processing applications, and collecting premiums (offering and disseminating travel insurance). Under the bill, such a travel insurance producer is responsible for the acts of such a travel retailer and must use reasonable means to ensure the travel retailer's compliance with the requirements under the bill. The bill provides that a travel retailer that is authorized to offer and disseminate travel insurance on behalf of a travel insurance producer may receive compensation for doing so.

**SENATE BILL 576**

For a travel retailer to offer and disseminate travel insurance on behalf of a travel insurance producer, the travel insurance producer or travel retailer must provide to travel insurance purchasers a description of the material terms of the travel insurance, a description of the process for filing a claim, a description of the policy's review or cancellation process, and the contact information of the insurer. The travel insurance producer must pay all applicable licensing fees; must maintain a register that provides the contact information of each travel retailer that offers and disseminates travel insurance on its behalf; must designate an employee, who must be an insurance intermediary, as the person responsible for ensuring that the travel retailer complies with the applicable statutes; and must require the travel retailer's employees and representatives whose duties include offering and disseminating travel insurance to receive a program of instruction or training on the types of insurance products offered, ethical sales practices, and required disclosures to prospective customers.

A travel retailer that offers and disseminates travel insurance on behalf of a travel insurance producer must make available to prospective travel insurance purchasers written materials that provide the contact information of the travel insurer and the travel insurance producer, that explain that the purchase of travel insurance is not required for the purchase of any other product or service from the travel retailer, and that explain the limitations on technical information that a travel retailer who is not a travel insurance producer may provide concerning the travel insurance. A travel retailer's employee or authorized representative who is not a travel insurance producer is prohibited from evaluating or interpreting technical terms of the travel insurance coverage, from providing advice concerning a prospective travel insurance purchaser's existing insurance coverage, and from holding himself or herself out as an insurer, a travel insurance producer, or an insurance expert.

The bill provides that travel retailers are not subject to the statutory examination and education requirements that apply to insurance intermediaries and sets out the insurance statutes that do apply to travel insurance producers and travel retailers, such as the statutes that relate to procedures for enforcing compliance with the insurance statutes and the statutes that provide penalties for noncompliance with the insurance statutes.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

- 1           **SECTION 1.** 601.31 (1) (s) of the statutes is created to read:
- 2           601.31 (1) (s) For initial issuance and for each annual renewal of a license as
- 3           a limited lines travel insurance producer under s. 632.977 (2), \$100.

**SENATE BILL 576**

1           **SECTION 2.** 628.02 (1) (b) 8. of the statutes is repealed and recreated to read:

2           628.02 (1) (b) 8. A travel retailer, as defined in s. 632.977 (1) (d), or an employee  
3 or authorized representative of a travel retailer, that offers and disseminates, as  
4 defined in s. 632.977 (1) (a), travel insurance under s. 632.977.

5           **SECTION 3.** 628.02 (1) (b) 8m. of the statutes is created to read:

6           628.02 (1) (b) 8m. A travel insurance producer, as defined in s. 632.977 (1) (c),  
7 who is not licensed under this chapter.

8           **SECTION 4.** 632.977 of the statutes is created to read:

9           **632.977 Limited lines travel insurance. (1) DEFINITIONS.** In this section:

10           (a) “Offer and disseminate” means to provide general information, including  
11 a description of coverage and price, as well as to process applications, collect  
12 premiums, and perform other activities permitted by statute or rule.

13           (b) 1. “Travel insurance” means limited lines insurance coverage for personal  
14 risks incident to planned travel, including any of the following:

15           a. Interruption or cancellation of trip or event.

16           b. Loss of baggage or personal effects.

17           c. Damages to accommodations or rental vehicles.

18           d. Sickness, accident, disability, or death occurring during travel.

19           2. “Travel insurance” does not include major medical plans that provide  
20 comprehensive medical protection for travelers with trips lasting 6 months or longer,  
21 such as those persons working overseas as expatriates or military personnel being  
22 deployed.

23           (c) “Travel insurance producer” means a person, including an intermediary,  
24 who is licensed under sub. (2) to sell travel insurance.

**SENATE BILL 576****SECTION 4**

1 (d) “Travel retailer” means a business entity that makes, arranges, or offers  
2 travel services.

3 (2) LIMITED LICENSE TO SELL TRAVEL INSURANCE. The commissioner may issue to  
4 a person, including a person licensed as an intermediary under ch. 628, who applies  
5 on a form and in the manner prescribed by the commissioner, a limited lines travel  
6 insurance producer license authorizing the person to sell, solicit, or negotiate travel  
7 insurance through an insurer.

8 (3) AUTHORITY TO OFFER AND DISSEMINATE TRAVEL INSURANCE. A travel retailer,  
9 or an employee or authorized representative of a travel retailer, may offer and  
10 disseminate travel insurance on behalf of and under the control of a travel insurance  
11 producer without holding a certificate of authority under s. 601.04, a license as an  
12 intermediary, or a license under sub. (2) only if all of the following apply:

13 (a) The travel insurance producer or travel retailer provides to purchasers of  
14 travel insurance all of the following:

15 1. The material terms, or a description of the material terms, of the travel  
16 insurance coverage.

17 2. A description of the process for filing a claim.

18 3. A description of the review or cancellation process for the travel insurance  
19 policy.

20 4. The identity and contact information of the insurer and travel insurance  
21 producer.

22 (b) The travel insurance producer establishes and maintains, on a form  
23 prescribed by the commissioner, a register of each travel retailer that offers and  
24 disseminates travel insurance on behalf of the travel insurance producer. The travel  
25 insurance producer shall update the register annually. The register shall include the

**SENATE BILL 576**

1 name, address, and contact information of the travel retailer and of an officer or  
2 person who directs or controls the travel retailer's operations and the travel retailer's  
3 federal tax identification number. The travel insurance producer shall submit the  
4 register to the commissioner upon request within 30 days after receiving a request.  
5 The travel insurance producer shall also certify that the travel retailer register  
6 complies with 18 USC 1033.

7 (c) The travel insurance producer has designated one of its employees, who  
8 must be an individual licensed under ch. 628, as the person responsible for ensuring  
9 the travel retailer's compliance with the limited lines travel insurance statutes and  
10 rules of this state.

11 (d) The travel insurance producer has paid all applicable licensing fees under  
12 s. 601.31 (1) (s).

13 (e) The travel insurance producer requires each employee and authorized  
14 representative of the travel retailer whose duties include offering and disseminating  
15 travel insurance to receive a program of instruction or training, which may be subject  
16 to review by the commissioner. The instruction or training materials shall contain,  
17 at a minimum, instructions on the types of insurance offered, ethical sales practices,  
18 and required disclosures to prospective customers.

19 **(4) TRAVEL RETAILER DUTIES, LIMITATIONS, RIGHT TO COMPENSATION.** (a) A travel  
20 retailer that offers and disseminates travel insurance on behalf of and under the  
21 control of a travel insurance producer shall make available to prospective purchasers  
22 of the travel insurance, brochures or other written materials that do all of the  
23 following:

24 1. Provide the identity and contact information of the insurer and the travel  
25 insurance producer.

**SENATE BILL 576****SECTION 4**

1           2. Explain that the purchase of travel insurance is not required for the  
2 purchase of any other product or service from the travel retailer.

3           3. Explain that a travel retailer that is not licensed as a travel insurance  
4 producer may provide general information about the insurance offered by the travel  
5 retailer, including a description of the coverage and price, but is not qualified or  
6 authorized to answer technical questions about the terms and conditions of the  
7 insurance offered by the travel retailer or to evaluate the adequacy of the customer's  
8 existing insurance coverage.

9           (b) A travel retailer's employee, or authorized representative, who is not  
10 licensed as a travel insurance producer may not do any of the following:

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

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

15           3. Hold himself or herself out as an insurer, a licensed travel insurance  
16 producer, or an insurance expert.

17           (c) A travel retailer whose insurance-related activities, and those of its  
18 employees and authorized representatives, are limited to offering and disseminating  
19 travel insurance on behalf of and under the direction of a travel insurance producer  
20 that meets the conditions under this section is authorized to do so and to receive  
21 related compensation upon registration by the travel insurance producer under sub.  
22 (3) (b).

23           **(5) MISCELLANEOUS PROVISIONS.** (a) Travel insurance may be provided under  
24 an individual policy or under a group or master policy.

