

House File 2540 - Reprinted

HOUSE FILE 2540
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 689)

(As Amended and Passed by the House March 10, 2022)

A BILL FOR

- 1 An Act relating to the sale of travel insurance.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 515K.1 Short title.

2 This chapter shall be known and may be cited as the "*Travel*
3 *Insurance Model Act*".

4 Sec. 2. NEW SECTION. 515K.2 Definitions.

5 As used in this chapter, unless the context otherwise
6 requires:

7 1. "*Aggregator site*" means an internet site that provides
8 access to information regarding insurance products, including
9 product and insurer information, that is obtained from more
10 than one insurer for use by consumers in comparison shopping.

11 2. "*Blanket travel insurance*" means a policy of travel
12 insurance issued to any eligible group that provides coverage
13 for specific classes of persons as defined in the policy, with
14 coverage provided to all members of the eligible group without
15 a separate charge to individual members of the eligible group.

16 3. "*Cancellation fee waiver*" means a contractual agreement
17 between a supplier of travel services and the supplier's
18 customers to waive some or all of the nonrefundable
19 cancellation fee provisions of the supplier's underlying travel
20 contract with or without regard to the reason for cancellation
21 or to the form of reimbursement. A cancellation fee waiver
22 shall not be considered insurance.

23 4. "*Commissioner*" means the commissioner of insurance.

24 5. "*Designated responsible producer*" means an employee of
25 a limited lines travel insurance producer who is a licensed
26 individual insurance producer and who is designated by the
27 limited lines travel insurance producer as the individual
28 responsible for compliance with the travel insurance laws and
29 regulations applicable to the limited lines travel insurance
30 producer and the limited lines travel insurance producer's
31 registrants.

32 6. "*Eligible group*" means two or more persons who
33 are engaged in a common enterprise, or have an economic,
34 educational, or social affinity or relationship, including but
35 not limited to any of the following:

1 *a.* An entity engaged in the business of providing travel
2 or travel services, including but not limited to a tour
3 operator, a lodging provider, a vacation property owner, a
4 hotel, a resort, a travel club, a travel agency, a property
5 manager, a cultural exchange program, and a common carrier or
6 the operator, owner, or lessor of a means of transportation
7 of passengers including but not limited to an airline, a
8 cruise line, a railroad, a steamship company, and a public bus
9 carrier, where with regard to any particular travel or type of
10 travel or travelers, all members or customers have a common
11 exposure to risk attendant to such travel.

12 *b.* A college, school, or other institution of learning,
13 covering students, teachers, employees, and volunteers of the
14 college, school, or other institution of learning.

15 *c.* An employer, covering any group of employees, volunteers,
16 contractors, and members of the employer's board of directors;
17 and all dependents and guests of an employee, a volunteer, a
18 contractor, or a member of the employer's board of directors.

19 *d.* A sports team, sports camp, or a sponsor of a sports
20 team or sports camp, covering participants, members, campers,
21 employees, officials, supervisors, or volunteers of the sports
22 team, sports camp, or the sponsor of a sports team or sports
23 camp.

24 *e.* A religious, charitable, recreational, educational,
25 or civic organization, covering any group of members,
26 participants, or volunteers of the religious, charitable,
27 recreational, educational, or civic organization or a branch
28 thereof.

29 *f.* A financial institution, a financial institution vendor,
30 or a parent holding company, trustee, agent of, or agent
31 designated by, one or more financial institutions or financial
32 institution vendors, including account holders, credit card
33 holders, debtors, guarantors, or purchasers.

34 *g.* An incorporated or unincorporated association, including
35 a labor union, that has a common interest, a constitution, and

1 bylaws; and that is organized and maintained in good faith for
2 a purpose other than obtaining insurance for the members or
3 participants of the association.

4 *h.* A trust or a trustee of a fund established, created, or
5 maintained for the benefit of and covering members, employees,
6 or customers, and that is subject to the commissioner
7 permitting the use of a trust and the premium tax provisions
8 under section 515K.8, of one or more associations meeting the
9 requirements under paragraph *g*.

10 *i.* An entertainment production company covering any group
11 of participants, volunteers, audience members, contestants, or
12 workers.

13 *j.* A volunteer fire department, ambulance or rescue
14 organization, first aid organization, civil defense
15 organization, and similar volunteer organizations.

16 *k.* A preschool, or a day care facility for children or
17 adults.

18 *l.* An organization for senior citizens.

19 *m.* An automobile or truck rental or leasing company that
20 covers a group of individuals who may become renters, lessees,
21 or passengers as defined by an individual's travel status on
22 the rented or leased automobile or truck. The common carrier,
23 the operator, owner, or lessor of a means of transportation,
24 or the automobile or truck rental or leasing company is the
25 policyholder under a policy to which this chapter applies.

26 *n.* Any other group, as determined by the commissioner by
27 rule, that the members are engaged in a common enterprise,
28 or have an economic, educational, or social affinity or
29 relationship, and for which issuance of a travel insurance
30 policy is not contrary to the public interest.

31 7. *"Fulfillment materials"* means documentation sent to
32 the purchaser of a travel protection plan that confirms the
33 purchase and that provides details of the travel protection
34 plan coverage and the travel assistance services.

35 8. *"Group travel insurance"* means travel insurance that is

1 issued to an eligible group.

2 9. "*Limited lines travel insurance producer*" means any of the
3 following:

4 a. A licensed managing general agent or a licensed
5 third-party administrator.

6 b. A licensed insurance producer, including a licensed
7 limited lines producer.

8 c. A travel administrator.

9 10. "*Offer and disseminate*" means to provide general
10 information regarding travel insurance or a travel protection
11 plan, including a description of the coverage and price, and
12 to process an application and collect premiums for travel
13 insurance or a travel protection plan.

14 11. "*Primary certificate holder*" means an individual who has
15 elected and purchased travel insurance under a group policy.

16 12. "*Primary policyholder*" means an individual who has
17 elected and purchased individual travel insurance.

18 13. "*Travel administrator*" means a person who directly
19 or indirectly underwrites, collects charges, collateral, or
20 premiums from, or adjusts or settles claims on, residents
21 of this state in connection with travel insurance. "*Travel*
22 *administrator*" shall not include a person whose only actions
23 that would otherwise cause the person to be considered a travel
24 administrator are any of the following:

25 a. A person that works for a travel administrator to
26 the extent that the person's activities are subject to the
27 supervision and control of the travel administrator.

28 b. A person that is an insurance producer and who sells
29 insurance or is engaged in administrative and claims-related
30 activities within the scope of the person's producers license.

31 c. A person that is a travel retailer that offers and
32 disseminates travel insurance and that is registered under the
33 license of a limited lines travel insurance producer.

34 d. An individual who adjusts or settles claims in the
35 normal course of the individual's practice or employment as

1 an attorney and who does not collect charges or premiums in
2 connection with insurance coverage.

3 e. A business entity that is affiliated with a licensed
4 insurer while acting as a travel administrator for the direct
5 and assumed insurance business of an affiliated insurer.

6 14. "*Travel assistance services*" means a non-insurance,
7 non-insurance-related service for which a consumer is not
8 indemnified based on a fortuitous event and for which provision
9 of the service does not result in the transfer or shifting of
10 risk that constitutes the business of insurance, including but
11 not limited to any of the following services:

12 a. Security advisories.

13 b. Destination information.

14 c. Vaccination and immunization information services.

15 d. Travel reservation services.

16 e. Entertainment planning.

17 f. Activity and event planning.

18 g. Translation assistance.

19 h. Emergency messaging.

20 i. International legal and medical referrals.

21 j. Medical case monitoring.

22 k. Coordination of transportation arrangements.

23 l. Emergency cash transfer assistance.

24 m. Medical prescription replacement assistance.

25 n. Passport and travel document replacement assistance.

26 o. Lost luggage assistance.

27 p. Concierge services.

28 q. Any other service furnished in connection with planned
29 travel.

30 15. a. "*Travel insurance*" means insurance coverage for
31 personal risks incident to planned travel including all of the
32 following:

33 (1) Interruption or cancellation of a trip or event.

34 (2) Loss of baggage or personal effects.

35 (3) Damage to an accommodation or to a rental vehicle.

1 (4) Sickness, accident, disability, or death occurring
2 during travel.

3 (5) Emergency evacuation.

4 (6) Repatriation of remains.

5 (7) Any other contractual obligation to indemnify or pay a
6 specified amount to a traveler upon a determinable contingency
7 related to travel as approved by the commissioner.

8 *b.* "Travel insurance" shall not include a major medical plan
9 that provides comprehensive medical protection for a traveler
10 for a trip that lasts longer than six months, including a
11 traveler who works or resides overseas as an expatriate, or
12 any other product that requires a specific insurance producer
13 license.

14 16. "Travel protection plan" means a product that provides
15 one or more of any of the following:

16 *a.* Travel insurance.

17 *b.* Travel assistance services.

18 *c.* Cancellation fee waivers.

19 17. "Travel retailer" means a business entity that makes,
20 arranges, or offers planned travel and that may offer and
21 disseminate travel insurance as a service to the business's
22 customers on behalf of and under the direction of a limited
23 lines travel insurance producer.

24 **Sec. 3. NEW SECTION. 515K.3 Licensing and registration —**
25 **limited lines travel insurance producers and travel retailers.**

26 1. *a.* The commissioner may issue a limited lines travel
27 insurance producer license to a person that has filed an
28 application for a limited lines travel insurance producer
29 license in the form and manner prescribed by the commissioner.

30 *b.* A limited lines travel insurance producer must be
31 licensed to sell, solicit, or negotiate travel insurance
32 through a licensed insurer. A person shall not act as a
33 limited lines travel insurance producer, or as a travel
34 retailer, unless the person is licensed as a limited lines
35 travel insurance producer or is registered as a travel

1 retailer.

2 2. A travel retailer may offer and disseminate travel
3 insurance under a limited lines travel insurance producer's
4 license only if all of the following conditions are satisfied:

5 a. The travel retailer or the limited lines travel insurance
6 producer provides all of the following to a purchaser of travel
7 insurance:

8 (1) A description of the material terms, or the actual
9 material terms, of the travel insurance coverage.

10 (2) A description of the claim filing process.

11 (3) A description of the review and cancellation process.

12 (4) The identity of, and the contact information for, the
13 insurer and the limited lines travel insurance producer.

14 b. (1) Beginning on the date of licensure, a limited
15 lines travel insurance producer shall establish and maintain
16 a register, in the form and manner prescribed by the
17 commissioner, of each travel retailer that offers travel
18 insurance on behalf of the limited lines travel insurance
19 producer. The register shall include all of the following
20 information:

21 (a) The name, address, and contact information of each
22 travel retailer.

23 (b) The name, address, and contact information of an
24 officer or other individual who directs or controls each travel
25 retailer's operations.

26 (c) Each travel retailer's federal tax identification
27 number.

28 (2) A limited lines travel insurance producer shall submit
29 the register under subparagraph (1) to the commissioner upon
30 the commissioner's reasonable request, and shall certify that
31 the register complies with 18 U.S.C. §1033.

32 (3) Provisions under Title XIII, subtitle 1, that are
33 applicable to the suspension or revocation of a resident
34 insurance producer's license, or to the imposition of penalties
35 on a resident insurance producer, shall be applicable to

1 limited lines travel insurance producers and travel retailers.

2 *c.* The limited lines travel insurance producer has a
3 designated responsible producer.

4 *d.* The designated responsible producer, president,
5 secretary, treasurer, and any other officer or individual
6 who directs or controls the limited lines travel insurance
7 producer's insurance operations has complied with all
8 fingerprinting requirements applicable to insurance producers
9 in this state.

10 *e.* The limited lines travel insurance producer has paid all
11 licensing fees required by state law.

12 *f.* The limited lines travel insurance producer requires
13 each employee and each authorized representative of the travel
14 retailer who offers and disseminates travel insurance to
15 successfully complete a training program that, at a minimum,
16 educates each employee and each authorized representative on
17 the details of each type of insurance offered by the travel
18 retailer, ethical sales practices, and all disclosures that are
19 required to be made to prospective purchasers.

20 3. A travel retailer that offers and disseminates travel
21 insurance shall make brochures or other written materials
22 that have been approved by the travel insurer available
23 to prospective purchasers. The brochures or other written
24 materials shall, at a minimum, do all of the following:

25 *a.* Provide the name, address, and telephone number of the
26 insurer and the limited lines travel insurance producer.

27 *b.* Explain that the purchase of travel insurance by the
28 prospective purchaser is not required in order to purchase any
29 other product or service from the travel retailer.

30 *c.* Explain that a travel retailer that is not licensed as
31 an insurance producer is only permitted to provide general
32 information about travel insurance offered by the travel
33 retailer, including a description of the coverage and price;
34 however, the travel retailer is not qualified or authorized
35 to answer technical questions about the terms and conditions

1 of the travel insurance, or to evaluate the adequacy of the
2 prospective purchaser's existing insurance coverage.

3 4. A travel retailer's employee or authorized
4 representative who is not licensed as an insurance producer
5 shall not do any of the following:

6 a. Evaluate or interpret the technical terms, benefits,
7 or conditions of travel insurance offered to a prospective
8 purchaser.

9 b. Evaluate or provide advice on a prospective purchaser's
10 existing insurance coverage.

11 c. Represent themselves as a licensed insurer, a licensed
12 insurance producer, or as an insurance expert.

13 5. Notwithstanding any other provision of law to the
14 contrary, a travel retailer whose insurance-related activities
15 and the insurance-related activities of the travel retailer's
16 employees and authorized representatives are limited to
17 offering and disseminating travel insurance on behalf of
18 and under the direction of a limited lines travel insurance
19 producer in compliance with this chapter, shall be authorized
20 to receive related compensation if the travel retailer is
21 included in the register maintained by the limited lines travel
22 insurance producer under subsection 2, paragraph "b".

23 6. As an insurer's designee, a limited lines travel
24 insurance producer shall be responsible for the acts of each
25 travel retailer that offers and disseminates travel insurance
26 under the limited lines travel insurance producer's license and
27 shall use reasonable means to ensure that each travel retailer
28 complies with this chapter.

29 7. A person that is licensed as an insurance producer in a
30 major line of authority shall be authorized to sell, solicit,
31 and negotiate travel insurance. A property and casualty
32 insurance producer shall not be required to become appointed
33 by an insurer in order to sell, solicit, or negotiate travel
34 insurance.

35 Sec. 4. NEW SECTION. 515K.4 Travel protection plans.

1 A travel protection plan may be offered in this state at one
2 price for all features included in the travel protection plan
3 if all of the following are true:

4 1. The travel protection plan clearly discloses to the
5 purchaser, at or prior to the time of purchase, that the travel
6 protection plan includes, as applicable, travel insurance,
7 travel assistance services, and cancellation fee waivers.

8 2. A purchaser is provided with an opportunity at or prior
9 to the time of purchase to obtain additional details regarding
10 each feature and the cost of each feature.

11 3. The fulfillment materials provided to the purchaser do
12 all of the following:

13 a. Describe and delineate the travel insurance, travel
14 assistance services, and cancellation fee waivers included in
15 the travel protection plan.

16 b. Include, as applicable, travel insurance disclosures
17 and the contact information for all persons providing travel
18 assistance services and cancellation fee waivers.

19 Sec. 5. NEW SECTION. **515K.5 Sales and marketing practices.**

20 1. All persons offering travel insurance to residents of
21 this state shall be subject to sections 507B.3 and 507B.4,
22 except as otherwise provided in this section. In the event of
23 a conflict between this chapter and another provision under
24 Title XIII, subtitle 1, regarding the sale and marketing of
25 travel insurance and travel protection plans, this chapter
26 shall control.

27 2. a. Any document provided to a prospective purchaser
28 prior to the prospective purchaser's purchase of travel
29 insurance, including but not limited to sales, advertising,
30 and marketing materials, shall be consistent with the
31 travel insurance policy, including but not limited to forms,
32 endorsements, policies, rate filings, and certificates of
33 insurance.

34 b. If a travel insurance policy or a travel insurance
35 certificate contains any preexisting condition exclusion, a

1 prospective purchaser shall, any time prior to the time of
2 purchase, be provided an opportunity to learn more about the
3 preexisting condition exclusion. Any preexisting condition
4 exclusion information shall also be included in the travel
5 insurance policy or travel insurance certificate fulfillment
6 materials.

7 c. The fulfillment materials and the information described
8 in section 515K.3, subsection 2, paragraph "a", subparagraphs
9 (1) through (4) shall be provided to a primary policyholder
10 or to a primary certificate holder as soon as practicable
11 following the policyholder's or the certificate holder's
12 purchase of a travel protection plan. Unless an insured has
13 either started a covered trip or filed a claim under the travel
14 insurance coverage, a policyholder or certificate holder may
15 cancel a policy or certificate for a full refund of the travel
16 protection plan price from the date of purchase of a travel
17 protection plan until at least fifteen days following the
18 date of delivery of the travel protection plan's fulfillment
19 materials by postal mail, or ten days following the date
20 of delivery of the travel protection plan's fulfillment
21 materials by means other than postal mail. For purposes
22 of this paragraph, "delivery" means handing fulfillment
23 materials to the policyholder or certificate holder or sending
24 fulfillment materials by postal mail or electronic means to the
25 policyholder or certificate holder.

26 d. An insurer shall disclose in the policy documentation
27 and fulfillment materials provided to the purchaser of travel
28 insurance whether the travel insurance is primary or secondary
29 to any other applicable insurance coverage.

30 e. If travel insurance is marketed directly to consumers
31 through an insurer's internet site, or by another person via
32 an aggregator site, it shall not be an unfair trade practice
33 or other violation of law for the insurer or the other person
34 to provide an accurate summary or short description of the
35 available insurance coverage, if all provisions of each

1 available travel insurance policy are accessible to consumers
2 via electronic means.

3 3. No person shall offer, solicit, or negotiate travel
4 insurance or a travel protection plan on an individual or group
5 basis through use of a negative option or an opt out that
6 requires a consumer to take an affirmative action to deselect
7 coverage, such as unchecking a box on an electronic form when
8 the consumer purchases a trip.

9 4. It shall be an unfair trade practice pursuant to section
10 507B.3 and section 507B.4 to do any of the following:

11 a. Offer or sell a travel insurance policy that, due to an
12 exclusion or other provisions in the policy, cannot result in
13 payment of any claim made by any insured under the policy.

14 b. Market blanket travel insurance coverage as no cost
15 coverage.

16 5. If a consumer's travel destination is located in a
17 jurisdiction that mandates specific insurance coverage, it
18 shall not be an unfair trade practice to require that the
19 consumer, as a condition of purchasing a travel package, select
20 one of the following options:

21 a. Purchase of the coverage required by the destination
22 jurisdiction through either the travel retailer or the limited
23 lines travel insurance producer that provides the travel
24 package.

25 b. Agree to obtain and provide proof of coverage that
26 meets the destination jurisdiction's requirements prior to the
27 consumer's departure.

28 Sec. 6. NEW SECTION. 515K.6 Travel administrators.

29 1. Notwithstanding any provision of Title XIII, subtitle
30 1, to the contrary, a person shall not act as, or represent
31 itself as, a travel administrator for travel insurance in this
32 state unless the person meets at least one of the following
33 requirements:

34 a. The person is a licensed property and casualty insurance
35 producer in this state.

1 *b.* The person is in compliance with all laws and regulations
2 that are applicable to managing general agents in this state.

3 *c.* The person is in compliance with all laws and regulations
4 that are applicable to third-party administrators in this
5 state.

6 2. An insurer shall be responsible for the acts of a travel
7 administrator administering travel insurance underwritten by
8 the insurer, and for ensuring that the travel administrator
9 maintains all records related to the insurer and makes the
10 records available to the commissioner upon request of the
11 commissioner.

12 Sec. 7. NEW SECTION. **515K.7 Rates, forms, eligibility, and**
13 **underwriting.**

14 1. Notwithstanding any provision of Title XIII, subtitle 1,
15 to the contrary, travel insurance shall be classified and filed
16 for purposes of rates and forms under an inland marine line of
17 insurance provided that travel insurance that provides coverage
18 for sickness, accident, disability or death occurring during
19 travel, either exclusively, or in conjunction with related
20 coverages of emergency evacuation or repatriation of remains,
21 or incidental limited property and casualty benefits such as
22 baggage or trip cancellation, may be filed under either an
23 accident and health line of insurance or an inland marine line
24 of insurance.

25 2. Travel insurance may be issued in the form of an
26 individual insurance policy, a group travel insurance policy,
27 or a blanket travel insurance policy.

28 3. Eligibility and underwriting standards for travel
29 insurance may be developed and provided based on travel
30 protection plans designed for individual or identified
31 marketing or distribution channels, provided that the standards
32 also meet the state's underwriting standards for the line of
33 insurance.

34 Sec. 8. NEW SECTION. **515K.8 Tax on gross premiums.**

35 1. An insurer that offers travel insurance shall pay tax

1 on gross premiums, as provided in section 432.1, on travel
2 insurance premiums paid by any of the following:

3 *a.* A primary policyholder who is a resident of this state.

4 *b.* A primary certificate holder who is a resident of this
5 state.

6 *c.* A blanket travel insurance policyholder that is a
7 resident of this state, or that has the policyholder's
8 principal place of business or the principal place of business
9 of an affiliate or subsidiary that has purchased blanket
10 travel insurance in this state for eligible blanket group
11 members, subject to any apportionment rules that apply to the
12 insurer across multiple taxing jurisdictions, or that permit
13 the insurer to allocate premiums on an apportioned basis in a
14 reasonable and equitable manner in those taxing jurisdictions.

15 2. An insurer that offers travel insurance shall do all of
16 the following:

17 *a.* Document the state of residence or the state of the
18 principal place of business of the primary policyholder or
19 primary certificate holder.

20 *b.* Report as premiums only the amount allocable to travel
21 insurance, and not report any amounts received from travel
22 assistance services or cancellation fee waivers.

23 Sec. 9. NEW SECTION. 515K.9 **Applicability.**

24 1. This chapter shall apply to travel insurance that covers
25 any resident of this state, and travel insurance that is sold,
26 solicited, negotiated, or offered in this state, and to any
27 travel insurance policy or certificate that is delivered or
28 issued for delivery in this state. This chapter shall not
29 apply to cancellation fee waivers or to travel assistance
30 services except as expressly provided in this chapter.

31 2. All applicable provisions of Title XIII, subtitle 1,
32 shall apply to travel insurance except that specific provisions
33 of this chapter shall supersede any general provisions of Title
34 XIII, subtitle 1, that are otherwise applicable to travel
35 insurance.

1 Sec. 10. NEW SECTION. 515K.10 Rules.

2 The commissioner may adopt rules pursuant to chapter 17A as

3 necessary to implement and administer this chapter.