HOUSE FILE 2540
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 689)

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

[= New Language by the House

* = Language Stricken by the House

A BILL FOR

An Act relating to the sale of travel insurance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

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

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

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

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

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

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

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

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

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

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

b. A college, school, or other institution of learning, [covering] students, teachers, employees, and volunteers of the college, school, or other institution of learning.

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

d. A sports team, sports camp, or a sponsor of a sports team or sports camp, [covering] participants, members, campers, employees, officials, supervisors, or volunteers of the sports team, sports camp, or the sponsor of a sports team or sports camp.

e. A religious, charitable, recreational, educational, or civic organization, [covering] any group of members, participants, [or] volunteers of the religious, charitable, recreational, educational, or civic organization [or a branch thereof].

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

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

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

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

i. An entertainment production company [covering any group of] participants, volunteers, audience members, contestants, [or] workers.

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

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

l. An organization for senior citizens.

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

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

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

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

issued to an eligible group.

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

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

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

c. A travel administrator.

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

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

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

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

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

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

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

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

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

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

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

a. Security advisories.

b. Destination information.

c. Vaccination and immunization information services.

d. Travel reservation services.

e. Entertainment planning.

f. Activity and event planning.

g. Translation assistance.

h. Emergency messaging.

i. International legal and medical referrals.

j. Medical case monitoring.

k. Coordination of transportation arrangements.

l. Emergency cash transfer assistance.

m. Medical prescription replacement assistance.

n. Passport and travel document replacement assistance.

o. Lost luggage assistance.

p. Concierge services.

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

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

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

(2) Loss of baggage or personal effects.

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

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

(5) Emergency evacuation.

(6) Repatriation of remains.

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

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

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

a. Travel insurance.

b. Travel assistance services.

c. Cancellation fee waivers.

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

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

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

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

retailer.

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

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

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

(2) A description of the claim filing process.

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

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

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

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

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

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

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

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

limited lines travel insurance producers and travel retailers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c. The fulfillment materials and the information described in section [515K.3, subsection 2, paragraph *"a"*, subparagraphs (1) through (4)] shall be provided to a primary policyholder or to a primary certificate holder as soon as practicable following the policyholder's or the certificate holder's purchase of a travel protection plan. [Unless an insured has either started a covered trip or filed a claim under the travel insurance coverage, a policyholder or certificate holder may cancel a policy or certificate for a full refund of the travel protection plan price from the date of purchase of a travel protection plan until at least fifteen days following the date of delivery of the travel protection plan's fulfillment materials by postal mail, or ten days following the date of delivery of the travel protection plan's fulfillment materials by means other than postal mail. For purposes of this paragraph, *"delivery"* means handing fulfillment materials to the policyholder or certificate holder or sending fulfillment materials by postal mail or electronic means to the policyholder or certificate holder.]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. An insurer that offers travel insurance shall pay tax

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

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

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

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

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

a. Document the state of residence or the state of the principal place of business of the primary policyholder or primary certificate holder.

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

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

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

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

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

The commissioner may adopt rules pursuant to chapter 17A as necessary to implement and administer this chapter.