



HOUSE BILL 755: Travel Insurance Amendments.

2019-2020 General Assembly

Committee:		Date:	December 6, 2019
Introduced by:		Prepared by:	Kristen L. Harris Staff Attorney
Analysis of:	S.L. 2019-128		

OVERVIEW: *S.L. 2019-128 incorporates language from the National Association of Insurance Commissioners' (NAIC) Travel Insurance Model Act into North Carolina's insurance laws.*

This act becomes effective January 1, 2020.

CURRENT LAW AND BACKGROUND: In 2013, through the passage of S.L. 2013-285, the Department of Insurance began regulating the travel insurance industry. Currently, limited lines travel insurance producers can sell travel insurance through a licensed insurer. Travel insurance covers: 1) personal risks incident to planned travel including interruption or cancellation of a trip or event, 2) loss of baggage or personal effects, 3) damages to accommodations or rental vehicles, 4) and sickness, accident, disability, or death occurring during travel.

In December 2018, the NAIC adopted its Travel Insurance Model Act.

BILL ANALYSIS:

Section 1 incorporates language from the NAIC Model language into North Carolina's existing travel insurance statute G.S. 58-33-19 as follows:

- Adds "travel administrator" to the list of persons authorized to act as a limited lines travel insurance producer.
- Adds the following to the definition of travel insurance coverage: 1) emergency evacuation, 2) repatriation of remains, and 3) any other contractual obligations to indemnify or pay a specified amount to the traveler upon determinable contingencies related to travel as approved by the Commissioner (COI).
- Authorizes any licensed insurance producer, including a property and casualty insurance producer, to sell, solicit, and negotiate travel insurance.

Section 2 incorporates NAIC language and creates a new Article in Chapter 58 of the General Statutes regulating travel insurance. The Article does the following:

- Defines relevant terms in the travel insurance industry including groups eligible to be covered, types of coverage (individual, group, and blanket), fulfillment materials, travel administrator, travel assistance services, and travel protection plans.
- Affirms the requirement, in G.S. 105-228.5, that a travel insurer must pay a tax based on its gross premiums and clarify that the taxes are paid to the home state of the purchaser.
- Offers travel protection plans under certain conditions.
- Regulates the sale and marketing of travel insurance by:

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- Making travel insurers subject to Article 63 (Unfair Trade Practices) of Chapter 58.
- Requiring marketing materials to be consistent with the travel insurance policy.
- Providing pre-existing condition exclusions prior to the time of purchase.
- Prohibiting the use of negative option or opt out when selling, offering, or soliciting travel insurance or travel protection plans.
- Regulates travel administrators by requiring them to be licensed as a property and casualty insurance producer, a managing general agent, and a third-party administrator.
- Allows travel insurance to be provided in the form of an individual, group, or blanket policy.

EFFECTIVE DATE: This act becomes effective January 1, 2020.