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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2544

02/27/2012 Authored by Loon, Atkins, Hoppe, Davids and Johnson
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform
03/26/2012 Adoption of Report: Pass as Amended and Read Second Time

1.1 A bill for an act
1.2 relating to insurance; regulating the offer and dissemination of travel insurance;
1.3 amending Minnesota Statutes 2010, sections 60K.36, subdivision 2; 60K.38,
1.4 subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 60K.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2010, section 60K.36, subdivision 2, is amended to read:

1.7 Subd. 2. Examination not required. A resident individual applying for a limited
1.8 lines credit insurance, title insurance, travel baggage insurance, or bail bonds license is
1.9 not required to take a written examination.

1.10 Sec. 2. Minnesota Statutes 2010, section 60K.38, subdivision 1, is amended to read:

1.11 Subdivision 1. Issuance. (a) Unless denied a license under section 60K.43, a person
1.12 who has met the requirements of sections 60K.36 and 60K.37 must be issued an insurance
1.13 producer license. An insurance producer may receive qualification for a license in one or
1.14 more of the lines of authority in paragraphs (b) and (c).

1.15 (b) An individual insurance producer may receive qualification for a license in
1.16 one or more of the following major lines:

1.17 (1) life insurance: coverage on human lives including benefits of endowment and
1.18 annuities, and may include benefits in the event of death or dismemberment by accident
1.19 and benefits for disability income;

1.20 (2) accident and health or sickness insurance: coverage for sickness, bodily injury,
1.21 or accidental death, and may include benefits for disability income;

1.22 (3) property insurance: coverage for the direct or consequential loss or damage to
1.23 property of every kind;

2.1 (4) casualty insurance: coverage against legal liability, including that for death,
 2.2 injury, or disability, or damage to real or personal property;

2.3 (5) variable life and variable annuity products insurance: coverage provided under
 2.4 variable life insurance contracts and variable annuities; and

2.5 (6) personal lines: property and casualty insurance coverage sold to individuals and
 2.6 families for primarily noncommercial purposes.

2.7 (c) An individual insurance producer may receive qualification for a license in
 2.8 one or more of the following limited lines:

2.9 (1) limited line credit insurance;

2.10 (2) farm property and liability insurance;

2.11 (3) title insurance;

2.12 (4) travel ~~baggage~~ insurance; and

2.13 (5) bail bonds.

2.14 Sec. 3. **[60K.383] TRAVEL INSURANCE.**

2.15 **Subdivision 1. Definitions.** (a) As used in this section, the terms in paragraphs (b)
 2.16 to (d) have the meanings given.

2.17 (b) "Travel insurance" means insurance coverage for personal risks incident to
 2.18 planned travel, including, but not limited to:

2.19 (1) interruption or cancellation of trip or event;

2.20 (2) loss of baggage or personal effects;

2.21 (3) damages to accommodations or rental vehicles; or

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

2.23 Travel insurance does not include major medical plans, which provide
 2.24 comprehensive medical protection for travelers with trips lasting six months or longer,
 2.25 including those working overseas as an ex-patriot or military personnel being deployed.

2.26 (c) "Travel insurance producer" means an insurer designee, such as a managing
 2.27 general underwriter, managing general agent, or licensed limited lines producer of travel
 2.28 insurance.

2.29 (d) "Travel retailer" means a business entity that offers and disseminates travel
 2.30 insurance on behalf of and under the direction of a travel insurance producer.

2.31 **Subd. 2. Travel retailer license.** A travel retailer may offer and disseminate travel
 2.32 insurance on behalf of and under a travel insurance producer business entity license only if
 2.33 the travel insurance producer holds a business entity license, and:

3.1 (1) the licensed business entity is clearly identified as the licensed producer on
3.2 marketing materials and fulfillment packages distributed by travel retailers to customers,
3.3 identification shall include the entity's name and contact information;

3.4 (2) the licensed business entity keeps a register of each travel retailer that offers
3.5 travel insurance on the licensed business entity's behalf. The register must include the
3.6 name and contact information of the travel retailer and an officer or person who directs
3.7 or controls the travel retailer's operations, and the travel retailer's federal Employer
3.8 Identification Number. The licensed business entity shall also certify that the travel retailer
3.9 registered complies with United States Code, title 18, section 1033. The licensed business
3.10 entity shall submit the register within 30 days upon request by the commissioner;

3.11 (3) the licensed business entity has designated one of its employees as a licensed
3.12 individual producer, a "designated responsible producer" or "DRP," responsible for the
3.13 business entity's compliance with Minnesota insurance laws and rules;

3.14 (4) the DRP, president, secretary, treasurer, and any other officer or person who
3.15 directs or controls the licensed business entity's insurance operations comply with the
3.16 fingerprinting requirements applicable to insurance producers in the resident state of
3.17 the business entity;

3.18 (5) the licensed business entity has paid all applicable insurance producer licensing
3.19 fees as set forth in Minnesota state law; and

3.20 (6) the licensed business entity requires each employee of the travel retailer whose
3.21 duties include offering and disseminating travel insurance to receive a program of
3.22 instruction or training, which may be subject to review by the commissioner.

3.23 **Subd. 3. Offer and dissemination of travel insurance; compensation. A**
3.24 travel retailer, whose activities, and those of its employees, are limited to offering and
3.25 disseminating travel insurance on behalf of and under the direction of a licensed business
3.26 entity meeting the conditions stated in this section, is authorized to do so and receive
3.27 related compensation, upon registration by the licensed business entity. For purposes of
3.28 this section, "offering and disseminating" means providing general information, including
3.29 a description of the coverage and price, as well as processing the application, collecting
3.30 premiums, and performing other nonlicensable activities permitted by the state.

3.31 **Subd. 4. Insurer designee.** As the insurer designee, the travel insurance producer is
3.32 responsible for the acts of the travel retailer.

3.33 **Sec. 4. EFFECTIVE DATE.**

3.34 Sections 1 to 3 are effective July 1, 2012.