

House Engrossed

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 24

HOUSE BILL 2047

AN ACT

AMENDING SECTIONS 20-281 AND 20-288, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 2, ARTICLE 3.3, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-333; RELATING TO LIMITED LINES TRAVEL INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-281, Arizona Revised Statutes, is amended to
3 read:

4 20-281. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Business entity" means any corporation, association, partnership,
7 limited liability company, limited liability partnership or other legal
8 entity except an individual or sole proprietorship.

9 2. "Designated producer" means the individual insurance producer that
10 a business entity designates pursuant to section 20-285, subsection C,
11 paragraph 3 as the individual responsible for the business entity's
12 compliance with the insurance laws of this state.

13 3. "Health or sickness insurance" means disability insurance as
14 defined in section 20-253.

15 4. "Home state" means the District of Columbia and any state or
16 territory of the United States in which:

17 (a) An individual insurance producer maintains a principal place of
18 residence or principal place of business and is licensed to act as a resident
19 insurance producer.

20 (b) A business entity insurance producer maintains its principal place
21 of business and is licensed to act as a resident insurance producer.

22 5. "Insurance producer" means a person required to be licensed under
23 this article to sell, solicit or negotiate insurance.

24 6. "Limited line credit insurance" means any form of insurance that is
25 offered in connection with an extension of credit and that is limited to
26 partially or wholly extinguishing that credit obligation, including credit
27 life, credit disability, credit property, credit unemployment, involuntary
28 unemployment, mortgage life, mortgage guaranty, mortgage disability,
29 guaranteed asset or automobile protection insurance and any other form of
30 insurance that is offered in connection with an extension of credit, that is
31 limited to partially or wholly extinguishing that credit obligation and that
32 the director determines should be designated a form of limited line credit
33 insurance.

34 7. "Limited line insurance" means limited line credit insurance,
35 ~~travel accident ticket and baggage insurance~~ LIMITED LINES TRAVEL INSURANCE
36 UNDER SECTION 20-333 and any other line of insurance that the director deems
37 necessary to recognize for the purposes of complying with section 20-287,
38 subsection C, paragraph 2.

39 8. "Major line insurance" means life insurance, accident and health or
40 sickness insurance, property insurance, casualty insurance, personal lines
41 insurance and variable insurance contracts, as described in section 20-286.

42 9. "Member" means, if used in reference to a business entity, a person
43 that holds an ownership interest in the business entity, excluding any
44 interest in publicly traded securities and any interest of less than ten per
45 cent of the voting rights.

1 10. "Negotiate" means the act of conferring directly with or offering
2 advice directly to a purchaser or prospective purchaser of a particular
3 contract of insurance concerning any of the substantive benefits, terms or
4 conditions of the contract if the person engaged in that act either sells
5 insurance or obtains insurance from insurers for purchasers.

6 11. "Nonresident" means a person whose home state is not Arizona.

7 12. "Person" means an individual or a business entity.

8 13. "Resident" means a person whose home state is Arizona and who does
9 not hold a resident insurance producer license in another state or territory
10 of the United States or in the District of Columbia.

11 14. "Sell" means to exchange a contract of insurance by any means, for
12 money or its equivalent, on behalf of an insurer.

13 15. "Solicit" means attempting to sell insurance or asking or urging a
14 person to apply for a particular kind of insurance from a particular company.

15 ~~16. "Travel accident ticket and baggage insurance producer" means a~~
16 ~~ticket selling agent or other representative of a common carrier who solicits~~
17 ~~or sells only over the counter, short term, nonrenewable travel accident,~~
18 ~~ticket and baggage insurance.~~

19 Sec. 2. Section 20-288, Arizona Revised Statutes, is amended to read:

20 20-288. Exemption from examination

21 A. An individual who applies for an insurance producer license in this
22 state and who was previously licensed for the same lines of authority in
23 another state is not required to take an examination if either:

24 1. The applicant is currently licensed in the other state.

25 2. The application is received within ninety days after the
26 cancellation of the applicant's previous license and the other state issues a
27 certification that, at the time of cancellation, the applicant was in good
28 standing in that state, or other reliable information available to the
29 director indicates that the applicant is or was licensed in good standing for
30 the line of authority requested.

31 B. The following applicants are not required to take an examination:

32 1. An applicant for timely renewal of a license.

33 2. An applicant for the same type of license that covers the same
34 lines of authority for which the applicant was licensed in this state, other
35 than under a temporary license, within the twelve months preceding the date
36 of application.

37 3. An applicant ~~who is a ticket selling agent or any other~~
38 ~~representative of a common carrier for a limited line license that covers the~~
39 ~~sale of travel accident ticket policies or baggage insurance~~ FOR A LIMITED
40 LINES TRAVEL INSURANCE PRODUCER BUSINESS ENTITY LICENSE, OR A TRAVEL RETAILER
41 WORKING UNDER THE TRAVEL INSURANCE PRODUCER BUSINESS ENTITY LICENSE, THAT IS
42 ISSUED PURSUANT TO SECTION 20-333.

43 4. An applicant for a license as a nonresident insurance producer who
44 meets the requirements of section 20-287, subsection A.

1 5. An applicant for a rental car agent license that is issued pursuant
2 to section 20-331.

3 6. An applicant for a self-service storage agent license that is
4 issued pursuant to section 20-332.

5 Sec. 3. Title 20, chapter 2, article 3.3, Arizona Revised Statutes, is
6 amended by adding section 20-333, to read:

7 20-333. Limited lines travel insurance producer business entity
8 license; requirements; travel retailers; definitions

9 A. NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, A TRAVEL
10 RETAILER MAY OFFER AND ISSUE TRAVEL INSURANCE UNDER A LIMITED LINES TRAVEL
11 INSURANCE PRODUCER BUSINESS ENTITY LICENSE UNDER THE FOLLOWING CONDITIONS:

12 1. THE LIMITED LINES TRAVEL INSURANCE PRODUCER OR TRAVEL RETAILER
13 PROVIDES TO PURCHASERS OF TRAVEL INSURANCE ALL OF THE FOLLOWING:

14 (a) A DESCRIPTION OF THE MATERIAL TERMS OR THE ACTUAL MATERIAL TERMS
15 OF THE INSURANCE COVERAGE.

16 (b) A DESCRIPTION OF THE PROCESS FOR FILING A CLAIM.

17 (c) A DESCRIPTION OF THE REVIEW OR CANCELLATION PROCESS FOR THE TRAVEL
18 INSURANCE POLICY.

19 (d) THE IDENTITY AND CONTACT INFORMATION OF THE INSURER AND LIMITED
20 LINES TRAVEL INSURANCE PRODUCER.

21 2. AT THE TIME OF LICENSURE, THE LIMITED LINES TRAVEL INSURANCE
22 PRODUCER ESTABLISHES AND MAINTAINS A REGISTER, ON A FORM PRESCRIBED BY THE
23 DIRECTOR, OF EACH TRAVEL RETAILER THAT OFFERS TRAVEL INSURANCE ON THE LIMITED
24 LINES TRAVEL INSURANCE PRODUCER'S BEHALF. THE LIMITED LINES TRAVEL INSURANCE
25 PRODUCER SHALL MAINTAIN AND ANNUALLY UPDATE THE REGISTER, WHICH SHALL INCLUDE
26 THE NAME, ADDRESS AND CONTACT INFORMATION OF THE TRAVEL RETAILER AND AN
27 OFFICER OR PERSON WHO DIRECTS OR CONTROLS THE TRAVEL RETAILER'S OPERATIONS,
28 AND THE TRAVEL RETAILER'S FEDERAL TAX IDENTIFICATION NUMBER. THE LIMITED
29 LINES TRAVEL INSURANCE PRODUCER SHALL SUBMIT THE REGISTER TO THE DEPARTMENT
30 WITHIN THIRTY DAYS AFTER A REQUEST. THE LIMITED LINES TRAVEL INSURANCE
31 PRODUCER SHALL ALSO CERTIFY TO THE DEPARTMENT THAT THE REGISTERED TRAVEL
32 RETAILER IS NOT IN VIOLATION OF 18 UNITED STATES CODE SECTION 1033.

33 3. THE LIMITED LINES TRAVEL INSURANCE PRODUCER DESIGNATES ONE OF THE
34 PRODUCER'S EMPLOYEES WHO IS A LICENSED INDIVIDUAL PRODUCER AS THE PERSON
35 RESPONSIBLE FOR THE LIMITED LINES TRAVEL INSURANCE PRODUCER'S COMPLIANCE WITH
36 THE TRAVEL INSURANCE LAWS AND RULES OF THIS STATE.

37 4. THE LICENSED INDIVIDUAL PRODUCER DESIGNATED UNDER PARAGRAPH 3 OF
38 THIS SUBSECTION COMPLIES WITH THE FINGERPRINTING REQUIREMENTS APPLICABLE TO
39 INSURANCE PRODUCERS IN THE RESIDENT STATE OF THE LIMITED LINES TRAVEL
40 INSURANCE PRODUCER.

41 5. THE LIMITED LINES TRAVEL INSURANCE PRODUCER PAYS ALL APPLICABLE
42 INSURANCE PRODUCER LICENSING FEES REQUIRED UNDER THIS TITLE.

43 6. THE LIMITED LINES TRAVEL INSURANCE PRODUCER REQUIRES EACH EMPLOYEE
44 OR AUTHORIZED REPRESENTATIVE OF THE TRAVEL RETAILER WHOSE DUTIES INCLUDE
45 OFFERING AND DISSEMINATING TRAVEL INSURANCE TO RECEIVE A TRAINING OR AN

1 INSTRUCTION PROGRAM, WHICH MAY BE SUBJECT TO REVIEW BY THE DIRECTOR. THE
2 TRAINING MATERIAL, AT A MINIMUM, SHALL CONTAIN INSTRUCTIONS ON THE TYPES OF
3 INSURANCE OFFERED, ETHICAL SALES PRACTICES AND REQUIRED DISCLOSURES TO
4 PROSPECTIVE CUSTOMERS.

5 B. LIMITED LINES TRAVEL INSURANCE PRODUCERS AND THOSE REGISTERED UNDER
6 THE PRODUCER'S LICENSE ARE EXEMPT FROM THE EXAMINATION REQUIREMENTS UNDER
7 THIS CHAPTER AND THE CONTINUING EDUCATION REQUIREMENTS UNDER CHAPTER 18 OF
8 THIS TITLE.

9 C. ANY TRAVEL RETAILER OFFERING OR DISSEMINATING TRAVEL INSURANCE
10 SHALL MAKE AVAILABLE TO PROSPECTIVE PURCHASERS BROCHURES OR OTHER WRITTEN
11 MATERIALS THAT:

12 1. PROVIDE THE IDENTITY AND CONTACT INFORMATION OF THE INSURER AND THE
13 LIMITED LINES TRAVEL INSURANCE PRODUCER.

14 2. EXPLAIN THAT THE PURCHASE OF TRAVEL INSURANCE IS NOT REQUIRED IN
15 ORDER TO PURCHASE ANY OTHER PRODUCT OR SERVICE FROM THE TRAVEL RETAILER.

16 3. EXPLAIN THAT AN UNLICENSED TRAVEL RETAILER IS PERMITTED TO PROVIDE
17 GENERAL INFORMATION ABOUT THE INSURANCE OFFERED BY THE TRAVEL RETAILER,
18 INCLUDING A DESCRIPTION OF THE COVERAGE AND PRICE, BUT IS NOT QUALIFIED OR
19 AUTHORIZED TO ANSWER TECHNICAL QUESTIONS ABOUT THE TERMS AND CONDITIONS OF
20 THE INSURANCE OFFERED BY THE TRAVEL RETAILER OR TO EVALUATE THE ADEQUACY OF
21 THE CUSTOMER'S EXISTING INSURANCE COVERAGE.

22 D. A TRAVEL RETAILER'S EMPLOYEE OR AUTHORIZED REPRESENTATIVE WHO IS
23 NOT LICENSED AS AN INSURANCE PRODUCER MAY NOT DO ANY OF THE FOLLOWING:

24 1. EVALUATE OR INTERPRET THE TECHNICAL TERMS, BENEFITS AND CONDITIONS
25 OF THE OFFERED TRAVEL INSURANCE COVERAGE.

26 2. EVALUATE OR PROVIDE ADVICE CONCERNING A PROSPECTIVE PURCHASER'S
27 EXISTING INSURANCE COVERAGE.

28 3. HOLD HIMSELF OUT AS A LICENSED INSURER, LICENSED PRODUCER OR
29 INSURANCE EXPERT.

30 E. A TRAVEL RETAILER WHOSE INSURANCE-RELATED ACTIVITIES, AND THOSE OF
31 THE RETAILER'S EMPLOYEES AND AUTHORIZED REPRESENTATIVES, ARE LIMITED TO
32 OFFERING AND DISSEMINATING TRAVEL INSURANCE UNDER THE LIMITATIONS OF THIS
33 SECTION MAY RECEIVE RELATED COMPENSATION ON REGISTRATION BY THE LIMITED LINES
34 TRAVEL INSURANCE PRODUCER PURSUANT TO SUBSECTION A, PARAGRAPH 2 OF THIS
35 SECTION.

36 F. TRAVEL INSURANCE MAY BE PROVIDED UNDER AN INDIVIDUAL POLICY OR
37 UNDER A GROUP OR MASTER POLICY.

38 G. AS THE INSURER DESIGNEE, THE LIMITED LINES TRAVEL INSURANCE
39 PRODUCER IS RESPONSIBLE FOR THE ACTS OF THE TRAVEL RETAILER AND SHALL USE
40 REASONABLE MEANS TO ENSURE COMPLIANCE BY THE TRAVEL RETAILER WITH THE
41 REQUIREMENTS OF THIS SECTION.

42 H. TO THE EXTENT NOT INCONSISTENT WITH THIS ARTICLE, SECTION 20-281,
43 SECTION 20-286, SUBSECTIONS B, C AND D, SECTIONS 20-289 AND 20-289.01,
44 SECTION 20-290, SUBSECTION A AND SECTIONS 20-291, 20-292, 20-295, 20-296,
45 20-297, 20-298, 20-299, 20-301 AND 20-302 APPLY TO A LIMITED LINES TRAVEL

1 INSURANCE PRODUCER AND ANY TRAVEL RETAILER OFFERING AND DISSEMINATING TRAVEL
2 INSURANCE UNDER THE LIMITED LINES TRAVEL INSURANCE PRODUCER BUSINESS ENTITY
3 LICENSE.
4 I. FOR THE PURPOSES OF THIS SECTION:
5 1. "LIMITED LINES TRAVEL INSURANCE PRODUCER" MEANS A BUSINESS ENTITY
6 THAT IS EITHER:
7 (a) A MANAGING GENERAL AGENT.
8 (b) A LICENSED INSURANCE PRODUCER, INCLUDING A LIMITED LINES PRODUCER,
9 DESIGNATED BY AN INSURER AS THE TRAVEL INSURANCE SUPERVISING ENTITY.
10 2. "OFFER AND DISSEMINATE" MEANS PROVIDING GENERAL INFORMATION,
11 INCLUDING A DESCRIPTION OF THE COVERAGE AND PRICE, AS WELL AS PROCESSING THE
12 APPLICATION, COLLECTING PREMIUMS AND PERFORMING OTHER NON-LICENSABLE
13 ACTIVITIES PERMITTED BY THE DEPARTMENT.
14 3. "TRAVEL INSURANCE":
15 (a) MEANS INSURANCE COVERAGE FOR PERSONAL RISKS INCIDENT TO PLANNED
16 TRAVEL, INCLUDING:
17 (i) INTERRUPTION OR CANCELLATION OF A TRIP OR EVENT.
18 (ii) LOSS OF BAGGAGE OR PERSONAL EFFECTS.
19 (iii) DAMAGES TO ACCOMMODATIONS OR RENTAL VEHICLES.
20 (iv) SICKNESS, ACCIDENT, DISABILITY OR DEATH OCCURRING DURING TRAVEL.
21 (b) DOES NOT INCLUDE MAJOR MEDICAL PLANS, WHICH PROVIDE COMPREHENSIVE
22 MEDICAL PROTECTION FOR TRAVELERS WITH TRIPS LASTING SIX MONTHS OR LONGER,
23 INCLUDING THOSE WORKING OVERSEAS AS EXPATRIATES OR MILITARY PERSONNEL BEING
24 DEPLOYED.
25 4. "TRAVEL RETAILER" MEANS A BUSINESS ENTITY THAT MAKES, ARRANGES OR
26 OFFERS TRAVEL SERVICES AND THAT MAY OFFER AND DISSEMINATE TRAVEL INSURANCE AS
27 A SERVICE TO ITS CUSTOMERS ON BEHALF OF AND UNDER THE DIRECTION OF A LIMITED
28 LINES TRAVEL INSURANCE PRODUCER.

APPROVED BY THE GOVERNOR APRIL 15, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 15, 2014.

Passed the House February 3, 2014

Passed the Senate April 9, 2014

by the following vote: 56 Ayes,

by the following vote: 30 Ayes,

0 Nays, 3 Not Voting

0 Nays, 0 Not Voting

[Signature]

[Signature]

Speaker of the House

President of the Senate

[Signature]

[Signature]

Chief Clerk of the House

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

10 day of April, 2014

at 12:00 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 15th day of

April

at 2:58 o'clock P M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 15th day of April, 2014

at 5:03 o'clock P M.

[Signature]
Secretary of State

H.B. 2047