



Statement in Support of SB 169 Regarding the Sale of Travel Insurance

Ohio House of Representatives Committee on Insurance

November 29, 2017

The members of the US Travel Insurance Association (UStiA) thank you for considering SB 169, which would amend sections 3905.01, 3905.06, and 3905.40 and enact section 3905.064 of the Revised Code to oversee the sale of travel insurance. We support enactment of the bill and urge you to adopt it. The legislation would update Ohio’s producer licensing requirements for travel insurance and does so in a way that (1) provides legislators and regulators with the information they need for good governance, (2) updates the licensing process to reflect the way the marketplace operates today, and (3) most importantly, protects consumers.

Similar reforms are in place in 44 states and the District of Columbia, and are pending or under consideration in the most of the remaining states. This bill is based on a model act adopted by the National Conference of Insurance Legislators (NCOIL) in November 2012, and uniform licensing standards adopted by the National Association of Insurance Commissioners (NAIC) in 2010.

The UStiA is a national association of insurance carriers, third-party administrators, insurance agencies and related businesses involved in the development, administration and marketing of travel insurance and travel assistance products. UStiA works to assist our members to ensure that travelers have affordable access to travel protection and travel assistance; to educate consumers about travel insurance and related issues; to foster ethical and professional standards of industry conduct; and to inform and assist members with matters pertaining to the industry.

Prior to adoption of the travel producer licensing reform widely across the country, travel insurance producer licensing was in dire need of modernization. The need for reform continues in Ohio and the handful of other states that have yet to adopt the model act. Licensing difficulties and regulatory inconsistencies among the states are driven by a number of underlying factors, reflecting both the realities of the market and the regulatory approaches of the states. The pending legislation provides a fix for those problems that addresses the needs of consumers, regulators, and the industry players who must comply with state licensing requirements in Ohio and across the country.

Although may it seem straightforward, the process for licensing travel insurance limited lines producers has not worked for the simple reason that the travel business is different now from decades ago. It is a much more national business, with travel agencies serving customers across the country. This complicates the distribution of travel insurance because each state has its own licensing requirements for insurance producers. Non-resident licenses are very difficult to obtain for travel insurance producers because, unlike major lines of authority like life & health or property & casualty, there is very little licensing reciprocity among states for the limited line of travel insurance. In fact, before states started enacting the model act a few years ago, there were 41 different licensing qualification codes to get licensed for travel insurance across the states; states had different licensing processes and procedures; and there were multiple application types – some electronic, some paper – across the states. As a result, it could take six months to get licensed to sell travel insurance across the U.S., making full compliance nearly impossible in an industry that can suffer high turnover. This is a significant burden and regulatory risk to the approximately 355 retail travel agencies in Ohio, which provide more than 2,000 full-time jobs and \$85 million in direct economic impact to the state. Compliance burdens can be more keenly felt because these are predominantly small businesses, with approximately 91 percent of them employing fewer than 10 people, and 77 percent employer fewer than 5.

This situation has improved as more and more states have enacted the model act's reforms, but compliance difficulties will remain until all states have adopted the model language.

SB 169 would permit licensed insurance providers (MGAs, insurers, administrators) to be the licensed insurance producers for products distributed through non-insurance travel retailers

(travel agents), if and only if certain consumer protections are met – such as training and providing important consumer disclosures, neither of which is required under current law. The names and contact information for these travel agents would be registered and provided to the insurance department upon request. Moreover, the licensed limited lines producers would be legally responsible for the acts of the travel retailers registered under their licenses, so if there are any problems, the insurance department knows who to look to and can take any necessary enforcement action. In addition, the definition of travel insurance would be updated to reflect the current marketplace in common with the other states that have enacted the model.

UStiA greatly appreciates your considering this issue. As we have noted, SB 169 will protect consumers, provide a workable licensing structure for market participants, and maintain strong regulatory authority. It is good for everyone, and we urge adoption. UStiA notes that, in addition to the UStiA, the bill is supported by the American Society of Travel Agents (ASTA), which represents travel agents in Ohio and across the country. Moreover, although I certainly do not speak for the Department of Insurance, we have endeavored over the last several iterations of this bill to work with ODI, and the bill before you incorporates many of the department's recommended edits.

Thank you, again, for your consideration and for the opportunity to present the views of the UStiA with respect to SB 169.