

AN ACT

ENTITLED, An Act to provide for travel insurance and regulate travel insurance retailers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 58-30-52 be amended to read as follows:

58-30-52. No examination is required of:

- (1) An applicant for the same kind of license as that which the applicant has previously held in this state for at least one year within the five years next preceding the date of application and who is deemed by the director to be fully qualified and competent;
- (2) A travel retailer or applicant for a limited line travel insurance license under sections 5 to 13, inclusive, of this Act;
- (3) Attorneys licensed to practice law in this state;
- (4) Insurance producers outside the United States or its territories;
- (5) Insurance producers applying for a limited license to sell, solicit, or negotiate limited line credit or limited line insurance exclusively;
- (6) Employees of trade associations for the issuance of surety bonds to their association members only;
- (7) Travel accident agents of motor service clubs;
- (8) A person who applies for an insurance producer license in this state who was previously licensed for the same lines of authority in another state. This exemption is available if the person is currently licensed in that state or if the application is received within ninety days of the cancellation of the applicant's previous license as long as the applicant was in good standing in that state and the state's insurance producer database records, maintained by the National Association of Insurance Commissioners, its affiliates, or its subsidiaries, indicate that the insurance producer is or was licensed in good standing for the line of

authority requested;

- (9) A person licensed as an insurance producer in another state who moves to this state and makes application within ninety days of establishing legal residence to become a resident licensee pursuant to §§ 58-30-148 to 58-30-151, inclusive. An examination may be required of that person to obtain any line of authority previously held in the prior state unless the director determines otherwise by rule.

Section 2. That § 58-30-68 be amended to read as follows:

58-30-68. The director may issue to an applicant qualified therefor under this title a limited lines insurance producer's license for the following types of insurance:

- (1) Credit insurance as defined in § 58-30-142;
- (2) Crop insurance as defined in § 58-30-142;
- (3) Rental car insurance as defined in § 58-30-198; and
- (4) Travel insurance as defined in sections 5 to 13, inclusive, of this Act.

Section 3. That § 58-30-69 be amended to read as follows:

58-30-69. Applicants for limited license as to travel insurance under subdivision 58-30-68(4) are exempt from examination, as provided in § 58-30-52, and the fee for each such license, including issuance thereof and the appointment by the insurer, shall be in the amount specified in § 58-2-29.

Section 4. That § 58-30-142 be amended to read as follows:

58-30-142. Terms used in §§ 58-30-141 to 58-30-195, inclusive, and in this Act mean:

- (1) "Agent of the insurer," any insurance producer who is compensated directly or indirectly by an insurer and sells, solicits, or negotiates any product of that insurer;
- (2) "Agent of insured," any insurance producer or person who secures compensation from an insured or insurance customer only and receives no compensation directly or indirectly from an insurer for a transaction with that insured or insurance customer;

- (3) "Business entity," a corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity;
- (3A) "Consultant," an agent of the insured who sells, solicits, or negotiates insurance on behalf of an insured or prospective insured or who assists an insured or prospective insured in the procurement of insurance;
- (4) "Credit insurance," insurance that includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation that the director determines should be designated a form of limited line credit insurance;
- (5) "Crop insurance," insurance providing protection against damage to crops from unfavorable weather conditions, fire or lightening, flood, hail, insect infestation, disease or other yield-reducing conditions or perils provided by the private insurance market, or that is subsidized by the Federal Crop Insurance Corporation, including Multi-Peril Crop Insurance;
- (6) "Home state," the District of Columbia and any state or territory of the United States in which an insurance producer maintains the insurance producer's principal place of residence or principal place of business and is licensed to act as an insurance producer;
- (7) "Limited lines producer," any person authorized by the director to sell, solicit, or negotiate limited lines insurance;
- (8) "Negotiate," the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract if the person engaged in that act

either sells insurance or obtains insurance from insurers for purchasers;

- (9) "Sell," to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company;
- (10) "Solicit," attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company;
- (11) "Terminate," the cancellation of the relationship between an insurance producer and the insurer or the termination of an insurance producer's authority to transact insurance;
- (12) "Travel insurance," a limited line of insurance as defined in sections 5 to 13, inclusive, of this Act.

Section 5. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as follows:

Terms used in sections 5 to 13, inclusive, of this Act mean:

- (1) "Limited lines travel insurance producer," a:
 - (a) Licensed managing general underwriter;
 - (b) Licensed managing general agent or third party administrator; or
 - (c) Licensed insurance producer, including a limited lines producer, designated by an insurer as the travel insurance supervising entity as set forth in section 12 of this Act;
- (2) "Offer and disseminate," providing general information, including a description of the coverage and price, as well as processing the application, collecting premiums, and performing other activities permitted by the state;
- (3) "Travel insurance," insurance coverage for personal risks incident to planned travel, including:
 - (a) Interruption or cancellation of a trip or event;

- (b) Loss of baggage or personal effects;
- (c) Damages to accommodations or rental vehicles; or
- (d) Sickness, accident, disability, or death occurring during travel.

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

- (4) "Travel retailer," a business entity that makes, arranges, or offers travel services and may offer and disseminate travel insurance as a service to its customers on behalf of and under the direction of a limited lines travel insurance producer.

Section 6. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as follows:

The director may issue to an individual or business entity that has filed with the director an application for such limited license in a form and manner prescribed by the director, a limited lines travel insurance producer license, which authorizes the limited lines travel insurance producer to sell, solicit, or negotiate travel insurance through a licensed insurer.

Section 7. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as follows:

A travel retailer may offer and disseminate travel insurance under a limited lines travel insurance producer business entity license only if the entity meets the following conditions:

- (1) The limited lines travel insurance producer or travel retailer provides to purchasers of travel insurance:
 - (a) A description of the material terms or the actual material terms of the insurance coverage;
 - (b) A description of the process for filing a claim;

- (c) A description of the review or cancellation process for the travel insurance policy;
and
 - (d) The identity and contact information of the insurer and limited lines producer;
- (2) At the time of licensure, the limited lines travel insurance producer shall establish and maintain a register on a form prescribed by the director of each travel retailer that offers travel insurance on the limited lines producer's behalf. The limited lines travel insurance producer shall maintain and update the register annually and shall include the name, address, and contact information of the travel retailer and an officer or person who directs or controls the travel retailer's operations, and the travel retailer's federal tax identification number. The limited lines travel insurance producer shall submit such register to the division of insurance upon reasonable request. The limited lines producer shall certify that the travel retailer registered complies with 18 U.S.C. 1033;
- (3) The limited lines travel insurance producer shall designate an employee who is a licensed individual producer as a designated responsible producer, or DRP. The DRP is responsible for the limited lines travel insurance producer's compliance with the travel insurance laws and rules of this state;
- (4) The limited lines travel insurance producer pays all applicable insurance producer licensing fees;
- (5) The limited lines travel insurance producer requires each employee and authorized representative of the travel retailer whose duties include offering and disseminating travel insurance to receive a program of instruction or training, which is subject to review by the director. The training material shall, at a minimum, contain instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers; and

- (6) Limited lines travel insurance producers, and those registered under its license, are exempt from any examination and continuing education requirements under this chapter.

Section 8. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as follows:

Any travel retailer offering or disseminating travel insurance shall make available to prospective purchasers, brochures or other written materials that clearly display the following:

- (1) Provide the identity and contact information of the insurer and the limited lines travel insurance producer;
- (2) Explain that the purchase of travel insurance is not required in order to purchase any other product or service from the travel retailer; and
- (3) Explain that an unlicensed travel retailer is permitted to provide general information about the insurance offered by the travel retailer, including a description of the coverage and price, but is not qualified or authorized to answer technical questions about the terms and conditions of the insurance offered by the travel retailer or to evaluate the adequacy of the customer's existing insurance coverage.

Section 9. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as follows:

A travel retailer's employee or authorized representative who is not licensed as an insurance producer may not:

- (1) Evaluate or interpret the technical terms, benefits, or conditions of the offered travel insurance coverage;
- (2) Evaluate or provide advice concerning a prospective purchaser's existing insurance coverage; or
- (3) Hold oneself out as a licensed insurer, licensed producer, or insurance expert.

Section 10. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as follows:

Notwithstanding any other provision of law, a travel retailer whose activities related to insurance, and those of its 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 meeting the conditions stated in this Act, is authorized to do so and receive related compensation for such services, upon registration by the limited lines travel insurance producer as described in subdivision (2) of section 7 of this Act.

Section 11. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as follows:

Travel insurance may be provided under an individual policy or under a group or master policy.

Section 12. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as follows:

As the insurer designee, the limited lines travel insurance producer is responsible for the acts of the travel retailer and shall use reasonable means to ensure compliance by the travel retailer with this chapter.

Section 13. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as follows:

The limited lines travel insurance producer and any travel retailer offering and disseminating travel insurance under the limited lines travel insurance producer license shall comply with chapter 58-30 and chapter 58-33.

Section 14. The director may promulgate rules, pursuant to chapter 1-26, relating to the program of instruction or training as set forth in subdivision (5) of section 7 of this Act.

An Act to provide for travel insurance and regulate travel insurance retailers.

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I certify that the attached Act
originated in the

SENATE as Bill No. 115

Secretary of the Senate

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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 115

File No. _____

Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,

ss.

Office of the Secretary of State

Filed _____ , 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State