CHAPTER 805

S.B. No. 1672

AN ACT
relating to the business of travel insurance; authorizing penalties.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. The heading to Subchapter D, Chapter 4055, Insurance Code, is amended to read as follows:

SUBCHAPTER D. TRAVEL INSURANCE [LICENSE]

SECTION 2. Section 4055.151, Insurance Code, is amended by adding Subdivisions (1-b) and (2-b) to read as follows:

(1-b) "Supervising entity" means a travel insurance supervising entity designated by an insurer under Section 4055.1515.

(2-b) "Travel retailer" means a business entity that makes, arranges, or offers travel services.

SECTION 3. Subchapter D, Chapter 4055, Insurance Code, is amended by adding Section 4055.1515 to read as follows:

Sec. 4055.1515. TRAVEL INSURANCE SUPERVISING ENTITY. An insurer authorized to engage in the business of travel insurance in this state may designate a travel insurance supervising entity for purposes of this subchapter. The supervising entity must be:

(1) a licensed managing general agent;
(2) a licensed third-party administrator; or
(3) a licensed insurance agent, including a specialty license holder and a person described by Section 4055.002(a).

SECTION 4. Sections 4055.152 and 4055.153, Insurance Code, are amended to read as follows:

Sec. 4055.152. SPECIALTY [ISSUANCE OF] LICENSE; LICENSE NOT REQUIRED FOR TRAVEL RETAILER. (a) The commissioner may issue to an applicant under this chapter a specialty license that authorizes the license holder to sell, solicit, or negotiate travel insurance through a licensed insurer.

(b) Notwithstanding any other provision of this chapter or this code, a travel retailer that operates on behalf of and under the license and direction of a supervising entity does not require a license issued under this title, subject to Section 4055.153 [agency, the franchisee of a travel agency, or a public carrier that complies with this subchapter. The specialty license may be issued only for the limited purposes specified by this subchapter].

Sec. 4055.153. AUTHORITY OF TRAVEL RETAILER [AGENCY OR FRANCHISEE]. (a) A travel retailer may offer and disseminate travel insurance as a service to the retailer's customers on behalf of and under the license and direction of a supervising entity [agency or franchisee licensed under this chapter may act as an agent for an authorized insurer] only:

(1) in connection with the sale or arrangement of transportation, [or] accommodations, or events for travelers; and
(2) with respect to travel insurance that includes:

(A) accident and health insurance that provides coverage to a traveler for accidental death or dismemberment and for medical expenses resulting from an accident or sickness involving the traveler that occurs during the planned trip;

(B) insurance that provides coverage to a traveler for expenses incurred as a result of trip cancellation or interruption of a planned trip or event;

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(C) personal effects insurance that provides coverage to a traveler for loss of or damage to personal effects during the planned trip or event;

(D) insurance that provides coverage for damage to accommodations or rental vehicles (life insurance not exceeding $150,000 on any one life covering risks of travel during a planned trip); or

(E) any other coverage the commissioner approves as meaningful and appropriate in connection with the transportation or accommodations arranged through a travel agency.

(b) Travel insurance does not include major medical expense coverage for a traveler on a planned trip for six months or more, including:

(1) an individual working abroad;

(2) an expatriate; and

(3) a military service member on deployment.

SECTION 5. Subchapter D, Chapter 4055, Insurance Code, is amended by adding Sections 4055.154, 4055.155, 4055.156, and 4055.157 to read as follows:

Sec. 4055.154. TRAVEL INSURANCE GENERALLY. (a) A travel retailer, or the supervising entity, shall provide to a traveler seeking to purchase travel insurance:

(1) a description of the material terms or the actual terms of the coverage;

(2) a description of the claims filing process;

(3) a description of the review and cancellation process for the insurance policy; and

(4) the name and contact information for the insurer and the supervising entity.

(b) Travel insurance coverage may be provided under an individual policy or a group or master policy.

Sec. 4055.155. DUTIES OF INSURERS AND SUPERVISING ENTITIES. (a) An insurer must notify the department in the manner prescribed by the commissioner by rule of the designation of a supervising entity described by Subsection (b).

(b) A supervising entity designated by an insurer that provides travel insurance may authorize a travel retailer to offer and disseminate a travel insurance policy on behalf of the supervising entity by establishing a retailer registry.

(c) The registry established under Subsection (b) must be maintained and updated on an ongoing basis in a form prescribed by the commissioner by rule. The registry must include the name, address, and contact information, and federal employer identification number, if any, of each registered travel retailer and an individual contact person at the retailer.

(d) The registry must be submitted to the department on the request of the commissioner.

(e) The supervising entity must certify in a form prescribed by the commissioner by rule that each registered travel retailer is in compliance with 18 U.S.C. Section 1033.

(f) The supervising entity shall designate an individual who is an officer of the entity and a licensed agent as the compliance officer responsible for compliance with insurance laws, rules, and regulations related to travel insurance.

(g) The compliance officer and the officers of the supervising entity that direct or control the travel insurance business of the supervising entity must submit fingerprints as required by the commissioner by rule.

(h) The supervising entity shall provide travel insurance instruction and training to each employee of a registered travel retailer whose duties include offering and disseminating travel insurance. The instruction and training material are subject to review by the commissioner and must include instruction relating to the insurance offered, ethical sales practices, and required disclosures to travelers.

(i) The supervising entity is responsible for the acts of a travel retailer and shall use reasonable means to ensure each registered retailer's compliance with this subchapter.

Sec. 4055.156. DUTIES OF TRAVEL RETAILERS. (a) A travel retailer offering and disseminating travel insurance under this subchapter shall register with an insurer in a registry established under Section 4055.155.
(b) The travel retailer shall make available to travelers brochures or other written materials that:

(1) provide the name, address, and contact information of the authorized insurer and the supervising entity;

(2) explain that the purchase of travel insurance is not required for the purchase from the travel retailer of any other product or service; and

(3) disclose that the travel retailer is authorized to provide general information about travel insurance, including a description of coverage and the price for coverage, but is not qualified or authorized to provide answers to questions about specific policy terms or to evaluate the adequacy of the traveler's existing insurance coverage.

(c) A travel retailer may not:

(1) evaluate or interpret technical words or phrases used in a travel insurance policy or benefits under or terms of the policy;

(2) evaluate or provide advice related to a traveler's existing insurance coverage; or

(3) advertise or otherwise hold out the travel retailer as a license holder or an insurance expert.

(d) A travel retailer that complies with this subchapter may receive compensation for offering and disseminating travel insurance on behalf of a supervising entity on or after the date the retailer registers with the insurer under this subchapter.

Sec. 4055.157. ENFORCEMENT. A supervising entity and a travel retailer registered with the supervising entity are subject to Chapters 82 and 83 and Subtitle C, Title 5.

SECTION 6. The commissioner of insurance shall promulgate forms described by Section 4055.155, Insurance Code, as added by this Act, as soon as practicable after the effective date of this Act, but not later than January 1, 2014.

SECTION 7. This Act applies only to a travel insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2014. A policy delivered, issued for delivery, or renewed before January 1, 2014, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 8. This Act takes effect September 1, 2013.

Passed the Senate on April 18, 2013: Yeas 31, Nays 0; passed the House on May 22, 2013: Yeas 143, Nays 3, two present not voting.

Approved June 14, 2013.

Effective September 1, 2013.

CHAPTER 806

S.B. No. 1705

AN ACT

relating to the administration of certain examinations required to obtain a driver's license.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 521.165, Transportation Code, is amended by adding Subsection (e) to read as follows:

(e) The department may authorize an entity described by Subsection (a), including a driver education school described by Section 521.1655, to administer the examination required by Section 521.161(b)(2).

SECTION 2. This Act takes effect September 1, 2013.

Passed the Senate on April 18, 2013: Yeas 29, Nays 1; passed the House on May 22, 2013: Yeas 146, Nays 0, one present not voting.