

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0785	Date: February 17, 2014
Prime Sponsor(s): Rep. Kraft-Tharp Sen. Jahn	Bill Status: House Business, Labor, Economic, and Workforce Development
	Fiscal Analyst: Clare Pramuk (303-866-2677)

SHORT TITLE: ISSUANCE OF TRAVEL INSURANCE POLICIES

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	<\$1,000	<\$1,000
General Fund	<1,000	<1,000
State Expenditures	\$8,488	
Cash Funds	8,488	
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

This bill changes the name of travel-ticket-sales insurance to travel insurance and creates a regulatory structure for travel insurance producers (producers). Travel insurance covers personal risks related to planned travel. This includes coverage for trip interruption or cancellation, baggage loss, damages to accommodations or rental vehicles, as well as sickness, accident, disability, or death that occurs during travel.

Producers are licensed by the Commissioner of Insurance. A producer is responsible for the acts of a travel retailer (travel agent) who offers the insurance to a prospective customer and receives compensation for sales. The producer is required to:

- maintain a list of all travel agents acting on his or her behalf on a form prescribed by the commissioner;
- certify that a travel agent is not violating federal interstate commerce laws; and
- provide training to travel agents including at a minimum, instructions on the type of insurance offered, ethical sales practices, and disclosures required for prospective customers.

Disclosures required by the bill include:

- the identity and contact information of the insurer and the producer;
- an explanation that the purchase of travel insurance is not required in order to purchase any other product or service from the travel agent; and
- notification that the travel agent is not qualified or permitted to answer technical questions about the travel insurance.

State Revenue

By increasing the regulatory requirements for licensed travel insurance producers, fine revenue to the General Fund may increase by a small amount, estimated at less than \$1,000 per year.

State Expenditures

This bill is expected to increase expenditures for rulemaking by \$8,488 in the Division of Insurance (DOI) in the Department of Regulatory Agencies for FY 2014-15 only. Although the workload is quantified below, the amount of time required to implement the bill is not sufficient to require new appropriations.

Assumptions. The DOI currently licenses 958 producers for travel-ticket-selling. Among those producers, the DOI only received 13 complaints in 2013. The fiscal note assumes that this bill will not increase the number of licensees or complaints. Licensed travel insurance producers will continue to be subject to the same licensing and disciplinary procedures that apply to all licensed insurance producers.

Division of Insurance. The DOI is expected to promulgate three rules to comply with the bill. These include rules for transacting sales of travel insurance, creating the form for the travel agent registry, and a review process for travel agent training. This requires about 80 hours of staff time per rule for a total of 240 hours. No legal services are required for this rulemaking.

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Regulatory Agencies Law