

**VERMONT DEPARTMENT OF FINANCIAL REGULATION**

**REGULATION I-2016-02**

**BUSINESS ENTITY LIMITED LINES PRODUCER  
FOR TRAVEL INSURANCE LICENSE**

**Section 1. Authority.**

This regulation is promulgated under the authority granted to the Commissioner by 8 V.S.A. §§ 15, 4813a(6) and 4813f(b).

**Section 2. Definitions.**

(A) “Limited lines producer for travel insurance” means a:

Licensed insurance producer, including a limited lines producer, designated by an insurer as the travel insurance supervising entity as set forth in section 6 below.

(B) “Offer and disseminate” means providing general information, including a description of the coverage and price, as well as processing the application, collecting premiums, and performing other non-licensable activities permitted by the Department of Financial Regulation.

(C) “Travel insurance” means insurance coverage for personal risks incident to planned travel, including but not limited to:

- (1) interruption or cancellation of trip or event;
- (2) loss of baggage or personal effects;
- (3) damages to accommodations or rental vehicles; or
- (4) 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 (6) months or longer, including for example, those working overseas as an ex-patriot or military personnel being deployed.

(D) “Travel retailer” means 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 producer for travel insurance.

**Section 3. Requirements.**

(A) The Commissioner may issue to an individual or to a business entity that has complied with the requirements of this regulation and filed an application for such limited lines license in a form and manner prescribed by the Commissioner, a business entity limited lines producer for travel insurance license, which authorizes the limited

lines producer for travel insurance to sell, solicit or negotiate travel insurance through a licensed insurer.

(B) A travel retailer may offer and disseminate travel insurance under a business entity limited lines producer for travel insurance license (“licensed business entity”) only if the following conditions are met:

(1) The limited lines producer for travel insurance 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 producer for travel insurance shall establish and maintain a register on a form prescribed by the Commissioner of each travel retailer that offers travel insurance on the limited lines producer for travel insurance’s behalf. The register shall be maintained and updated annually by the limited lines producer for travel insurance 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 producer for travel insurance shall submit such register within 30 days upon request by the Department of Financial Regulation. The limited lines producer shall also certify that the travel retailer registered complies with 18 USC 1033.

(3) The limited lines producer for travel insurance has designated one of its employees who is a licensed individual producer as the person (a “Designated Responsible Licensed Producer” or “DRLP”) responsible for the limited lines producer for travel insurance’s compliance with the travel insurance laws, rules and regulations of the state and who is appointed as an agent of the limited lines producer for travel insurance consistent with 8 V.S.A. § 4813.

(4) The DRLP, president, secretary, treasurer, and any other officer or person who directs or controls the limited lines producer for travel insurance’s insurance operations has complied with the fingerprinting requirements applicable to insurance producers in the resident state of the limited lines producer for travel insurance.

(5) The limited lines producer for travel insurance has paid all applicable insurance producer licensing fees as set forth in applicable state law.

(6) The limited lines producer for travel insurance 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 may be subject to review by the Commissioner. The training material shall, at a minimum, contain instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers.

(7) Limited lines producers for travel insurance, and those registered under its license, are exempt from examination requirements pursuant to section 8 V.S.A. § 4813i(c) and continuing education requirements under 8 V.S.A. § 4800a.

(C) Any travel retailer offering or disseminating travel insurance shall make available to prospective purchasers, brochures or other written materials that:

(1) Provide the identity and contact information of the insurer and the limited lines producer for travel insurance;

(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.

(D) 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, and conditions of the offered travel insurance coverage;

(2) Evaluate or provide advice concerning a prospective purchaser's existing insurance coverage; or

(3) Hold himself or herself out as a licensed insurer, licensed producer, or insurance expert.

#### **Section 4. Registration.**

Notwithstanding any other provision of law, a travel retailer whose insurance-related activities, 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 producer for travel insurance meeting the conditions stated in this section, is authorized to do so and receive related compensation for such services, upon registration

by the limited lines producer for travel insurance as described in section 3(B)(2) of this rule.

**Section 5. Policy.**

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

**Section 6. Responsibility.**

The limited lines producer for travel insurance, its designated responsible licensed producer, and the appointing insurer are responsible for the acts of the travel retailer related to the offer and dissemination of travel insurance and shall use reasonable means to ensure the travel retailer's compliance with this rule.

**Section 7. Enforcement.**

The limited lines producer for travel insurance and any travel retailer offering and disseminating travel insurance under the business entity limited lines producer license for travel insurance shall be subject to the provisions of 8 V.S.A. § 13, 8 V.S.A. Chapter 129, and 8 V.S.A. § 4804.

**Section 8. Effectiveness.**

This regulation shall become effective May 15, 2017.