

Chapter 21A—Conducting the Property and Casualty Travel Insurance Examination

IMPORTANT NOTE:

The standards set forth in this chapter are based on established procedures and/or NAIC models, not on the laws and regulations of any specific jurisdiction. This handbook is a guide to assist examiners in the examination process. Since it is based on NAIC models, use of the handbook should be adapted to reflect each state's own laws and regulations with appropriate consideration for any bulletins, audit procedures, examination scope and the priorities of examination. Further important information on this and how to use this handbook is included in Chapter 1—Introduction.

This chapter provides a format for conducting travel insurance company examinations. Procedures for conducting property/casualty insurance company examinations and other types of specialized examinations—such as third-party administrators and surplus lines brokers—may be found in separate chapters.

The examination of travel insurance operations may involve any review of one or a combination of the following business areas:

- A. Operations/Management
- B. Complaint Handling
- C. Marketing and Sales
- D. Producer Licensing
- E. Policyholder Service
- F. Underwriting and Rating
- G. Claims

When conducting an examination that reviews these areas, there are essential tests that should be completed. The tests are applied to determine if the company is meeting standards. Some standards may not be applicable to all jurisdictions. The standards may suggest other areas of review that may be appropriate on an individual state basis.

A. Operations/Management

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, Chapter 21—Conducting the Property and Casualty Examination, and the standards set forth below.

1. Tests and Standards

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STANDARDS
OPERATIONS/MANAGEMENT

Standard [None noted for this category]

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

B. Complaint Handling

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, Chapter 21—Conducting the Property and Casualty Examination, and the standards set forth below.

1. Tests and Standards

DRAFT

STANDARDS
COMPLAINT HANDLING

Standard [*None noted for this category*]

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ Applicable complaint register(s)

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

C. Marketing and Sales

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, Chapter 21—Conducting the Property and Casualty Examination, and the standards set forth below.

1. Tests and Standards

The marketing and sales review includes, but is not limited to, the following standards addressing various aspects of the marketing and sales function. The sequence of the standards listed here does not indicate priority of the standard.

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STANDARDS MARKETING AND SALES

Standard 1 All advertising and sales materials comply with applicable statutes, rules and regulations.

Citation: Model #632, Section 4 – Licensing and Registration, Subsection C:

Any Travel Retailer offering or disseminating Travel Insurance shall make available to prospective purchasers, brochures or other written materials that have been approved by the travel insurer. Such materials shall include information which, at a minimum: (1) Provides the identity and contact information of the insurer and the Limited Lines Travel Insurance Producer; (2) Explains that the purchase of Travel Insurance is not required in order to purchase any other product or service from the Travel Retailer; and (3) Explains that an unlicensed Travel Retailer is permitted to provide only 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.

Citation: Model #632 – Section 7 – Sales Practices, Subsection C (1):

All documents provided to consumers prior to the purchase of travel insurance, including but not limited to sales materials, advertising materials, and marketing materials, shall be consistent with the travel insurance policy itself, including but not limited to, forms, endorsements, policies, rate filings, and certificates of insurance.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

- _____ Applicable statutes, rules and regulations
- _____ The travel insurer's approved brochures or other written materials used in offering or disseminating travel insurance to prospective purchasers.
- _____ Policy forms and fulfillment materials are accurately represented in advertising and sales materials
- _____ Producers' own advertising and sales materials, including travel retailers under the direction of a Limited Lines Travel Insurance Producer

NAIC Model References

Travel Insurance Model Act (#632)
Unfair Trade Practices Act (#880)

Review Procedures and Criteria

Ensure the Limited Lines Travel Insurance Producer, travel insurer, **and travel retailer** maintains, at its home or principal office, a complete file containing a specimen copy of every printed, published or prepared advertisement of its travel insurance programs and published or prepared advertisements of its individual, blanket and group travel insurance policies. *Drafting Note: The words "travel retailer" are bolded to emphasize that travel retailers are included in this review area. The Working Group will likely want to consider how deeply to delve into the travel retailers' business operations.*

Review advertising materials in conjunction with the appropriate policy form.

Materials should not:

- Misrepresent policy benefits, advantages or conditions by failing to disclose limitations, exclusions or reductions, or use terms or expressions that are misleading or ambiguous;
- Make false, deceptive or misleading statements or representations with respect to any person, company or organization in the conduct of insurance business;

Materials should:

- Clearly disclose name and address of insurer;
- If using a trade name, disclose the name of the insurer, an insurance group designation, name of the parent company of the insurer, name of a particular division of the insurer, service mark, slogan, symbol or other device or reference, if the advertisement would have the capacity or tendency to mislead or deceive as to the true identity of the insurer, or create the impression that a company other than the insurer would have any responsibility for the financial obligation under a policy;
- Prominently describe the type of policy being advertised;
- Indicate that the product being marketed is insurance;
- Comply with applicable statutes, rules and regulations;
- Identify the policy form that is being advertised, where appropriate;

Determine if the company approves producer sales materials and advertising.

Review the company and producer's websites with the following questions in mind:

- Does the website disclose who is selling/advertising/servicing for the website?
- Does the website disclose what is being sold or advertised?
- If required by statutes, rules or regulations, does the website reveal the physical location of the company/entity?
- Does the website reveal the jurisdictions where the advertised product is (or is not) approved, or use some other mechanism (including, but not limited to, identifying persons by geographic location) to accomplish an appropriate result?

For the review of Internet advertisements:

- Run an inquiry with the company's name;
- Review the company's home page;
- Research the ability to request more information about a particular product and verify the information provided is accurate; and
- Review the company's procedures related to producers' advertising on the Internet and ensure the company requires prior approval of the producer pages, if the company name is used.

STANDARDS MARKETING AND SALES

Standard 2 The disclosures regarding combinations of travel insurance and non-insurance travel assistance services are compliant with applicable statutes, rules, and regulations.

Citation: Model #632, Section 6 Travel Protection Plans:

Travel Protection Plans may be offered for one price for the combined features that the Travel Protection Plan offers in this state if:

The Travel Protection Plan clearly discloses to the consumer, at or prior to the time of purchase, that it includes Travel Insurance, Travel Assistance Services, and Cancellation Fee Waivers as applicable, and provides information and an opportunity, at or prior to the time of purchase, for the consumer to obtain additional information regarding the features and pricing of each; and

The Fulfillment Materials: (1) Describe and delineate the Travel Insurance, Travel Assistance Services, and Cancellation Fee Waivers in the Travel Protection Plan, and (2) Include the Travel Insurance disclosures and the contact information for persons providing Travel Assistance Services, and Cancellation Fee Waivers, as applicable.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

- _____ Applicable statutes, rules and regulations
- _____ Policy forms and fulfillment materials are accurately represented in advertising and sales materials
- _____ Producers' own advertising and sales materials and travel retailers acting under the direction of a Limited Lines Travel Insurance Producer

NAIC Model References

Travel Insurance Model Act (#632)
Unfair Trade Practices Act (#880)

Review Procedures and Criteria

STANDARDS MARKETING AND SALES

Standard 3 The Limited Lines Travel Insurance Producer has established and maintains a register of each travel retailer that offers travel insurance on the producer's behalf.

Citation: Model #632 – Section 4 – Licensing and Registration, Subsection B (2):

(2) At the time of licensure, the Limited Lines Travel Insurance Producer 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 Travel Insurance Producer's behalf. The register shall be maintained and updated by the Limited Lines Travel Insurance Producer 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 state insurance department upon reasonable request. ~~The Limited Lines Travel Insurance Producer shall also certify that the Travel Retailer registered complies with 18 USC §1033. The grounds for the suspension, revocation and the penalties applicable to resident insurance producers under [insert applicable reference to insurance code], shall be applicable to the Limited Lines Travel Insurance Producers and Travel Retailers.~~ *[Stricken language is not relevant to this standard.]*

Citation: Model #632 – Section 4 – Licensing and Registration, Subsection F Responsibility: As the insurer's 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 act.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

State Licensing Handbook; Uniform Licensing Standard 34 (Limited Lines Travel Insurance Standard)

Review Procedures and Criteria

STANDARDS MARKETING AND SALES

Standard 4 The Limited Lines Travel Insurance Producer has documentation sufficient to demonstrate compliance that the travel retailers (acting under the Limited Lines Travel Insurance Producer's license) comply with 18 USC §1033.

Citation: Model 632 – Section 4 – Licensing and Registration, Subsection B (2):

~~(2) At the time of licensure, the Limited Lines Travel Insurance Producer 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 Travel Insurance Producer's behalf. The register shall be maintained and updated by the Limited Lines Travel Insurance Producer 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 state insurance department upon reasonable request. The Limited Lines Travel Insurance Producer shall also certify that the Travel Retailer registered complies with 18 USC §1033. The grounds for the suspension, revocation and the penalties applicable to resident insurance producers under [insert applicable reference to insurance code], shall be applicable to the Limited Lines Travel Insurance Producers and Travel Retailers. [Stricken language is not relevant to this standard.]~~

Citation: Model #632 – Section 4 – Licensing and Registration, Subsection F Responsibility: As the insurer's 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 act.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

State Licensing Handbook; Uniform Licensing Standard 34 (Limited Lines Travel Insurance Standard)

Review Procedures and Criteria

**STANDARDS
MARKETING AND SALES**

Standard 5 Consumers are provided with information and an opportunity to learn more about the pre-existing condition exclusions (i) at any time prior to the purchase and (ii) in the fulfillment materials.

Citation: Model #632, Section 7 – Sales Practices, Subsection C (2): For Travel Insurance policies or certificates that contain pre-existing condition exclusions, information and an opportunity to learn more about the pre-existing condition exclusions shall be provided any time prior to the time of purchase, and in the coverage’s Fulfillment Materials.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ Policy form, fulfillment materials, advertising/sales materials, and disclosures

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Review Procedures and Criteria

Determine that information about pre-existing condition exclusions is provided prior to the time of purchase

Determine that the fulfillment materials provide information about pre-existing condition exclusions

Determine that the policies or certificates and fulfillment materials clearly define pre-existing conditions as intended in the exclusions

Determine the completeness of the pre-existing condition exclusion and definition in the contract.

**STANDARDS
MARKETING AND SALES**

Standard 6 Descriptions of the following are provided: (i) material or actual terms of the insurance coverage, (ii) process for filing a claim, (iii) review or cancellation process for the Travel Insurance policy and (iv) the identity and contact information of the insurer and Limited Lines Travel Insurance Producer.

Citation: Model #632 – Section 4 – Licensing and Registration, Subsection B (1) (a) through (d):
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 Travel Insurance Producer.

Citation: Model #632 – Section 4 – Licensing and Registration, Subsection F Responsibility: As the insurer's 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 Act.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

STANDARDS MARKETING AND SALES

Standard 7 The Limited Lines Travel Insurance Producer has a program and procedures in place to instruct or train each employee and authorized representative of any travel retailer whose duties include offering and disseminating travel insurance under the Limited Lines Travel Insurance Producer's license.

Citation: Model #632 – Section 4 – Licensing and Registration, Subsection B (6):

The Limited Lines Travel Insurance Producer requires each employee and authorized representative of the Travel Retailer whose duties including offering and disseminating Travel Insurance to receive a program of instruction or training, which is subject, at the discretion of the Commissioner, to review and approval. The training materials shall, at a minimum, contain adequate instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers.

Citation: Model #632 – Section 4 – Licensing and Registration, Subsection F Responsibility: As the insurer's 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 Act.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

- _____ Applicable statutes, rules and regulations
- _____ Limited Lines Travel Insurance Producer's policies and procedures, including the standards for product training
- _____ Limited Lines Travel Insurance Producer's instruction/training files travel retailer employees and authorized representatives offering or disseminating travel insurance
- _____ Limited Lines Travel Insurance Producer's training materials for travel retailer employees and authorized representatives offering or disseminating travel insurance

NAIC Model References

Travel Insurance Model Act (#632)

State Licensing Handbook; Uniform Licensing Standard 34 (Limited Lines Travel Insurance Standard)

Review Procedures and Criteria

Review policies and procedures to ensure that the Limited Lines Travel Insurance Producer has adequate procedures in place to provide instruction and training, including product-specific training that is appropriate to the specific product(s) being sold for each insurer. Review the Limited Lines Travel Insurance Producer's procedures to inform travel retailers of the regulated entity's standards for travel insurance product training and of applicable state statutes, rules or regulations regarding the solicitation and sale of travel insurance products.

Determine that the Limited Lines Insurance Travel Insurance Producer has adequate procedures in place to verify that the employees and authorized representatives of a travel retailer have completed necessary training, as required by applicable state statutes, rules and regulations, before allowing the employees and authorized representatives to sell travel insurance for that insurer.

Review complaint logs, any applicable complaint files and any investigation files for allegations of unsuitable, improper or misleading sales by the travel retailer's employees or authorized representatives. *[Drafting note: Should the examination extend into this level of review of the travel retailer's operations?]*

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STANDARDS MARKETING AND SALES

Standard 8 The Limited Lines Insurance Producer has product-specific training standards and materials designed to provide travel retailers with adequate knowledge of the travel insurance products recommended prior to travel retailers offering or disseminating the sale of travel insurance products.

Citation: Model #632 – Section 4 – Licensing and Registration, Subsection B (6):

The Limited Lines Travel Insurance Producer requires each employee and authorized representative of the Travel Retailer whose duties including offering and disseminating Travel Insurance to receive a program of instruction or training, which is subject, at the discretion of the Commissioner, to review and approval. The training materials shall, at a minimum, contain adequate instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers.

Citation: Model #632 – Section 4 – Licensing and Registration, Subsection F Responsibility: As the insurer's 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 act.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

- _____ Applicable statutes, rules and regulations
- _____ Agency correspondence file/Agency bulletins
- _____ Agency procedural manual
- _____ Producer training materials

NAIC Model References

Travel Insurance Model Act (#632)

State Licensing Handbook; Uniform Licensing Standard 34 (Limited Lines Travel Insurance Standard)

Review Procedures and Criteria

Contact other regulators that may have conducted a recent review of the training standards.

Determine if the insurer product-specific training materials are appropriate and accurately reflect the coverage provided by the travel insurance product.

Review regulated entity's records to determine if, when and how product-specific training occurred prior to the employees or authorized representatives of a travel retailer recommend a travel insurance product.

**STANDARDS
MARKETING AND SALES**

Standard 9 The travel insurer has procedures in place to require its producers to comply with applicable travel retailer training requirements.

Citation: Model #632, Section 4 – Licensing and Registration, Subsection B (6):

(6) 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, at the discretion of the Commissioner, to review and approval. The training materials shall, at a minimum, contain adequate instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers.

Citation: Model #632 – Section 4 – Licensing and Registration, Subsection F Responsibility:

As the insurer's 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 act.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

- _____ Applicable statutes, rules and regulations
- _____ Agency correspondence file/Agency bulletins
- _____ Agency procedural manual
- _____ Producer training materials

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

State Licensing Handbook; Uniform Licensing Standard 34 (Limited Lines Travel Insurance Standard)

Review Procedures and Criteria

STANDARDS
MARKETING AND SALES

Standard 10 The Limited Lines Travel Insurance Producer has designated a “Designated Responsible Producer.”

Citation: Model #632, Section 4 – Licensing and Registration, Subsection B (3):

(3) The Limited Lines Travel Insurance Producer has designated one of its employees who is a licensed individual producer as the person (a “Designated Responsible Producer” or “DRP”) responsible for the compliance with the Travel Insurance laws and regulations applicable to the Limited Lines Travel Insurance Producer and its registrants.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

State Licensing Handbook; Uniform Licensing Standard 34 (Limited Lines Travel Insurance Standard)

Review Procedures and Criteria

**STANDARD
MARKETING AND SALES**

Standard 11 Sales practices do not include “negative option or opt out.”

Citation: Model #632, Section 7 – Sales Practices, Subsection D:

D. Opt out. No person offering, soliciting, or negotiating Travel Insurance or Travel Protection Plans on an individual or group basis may do so by using negative option or opt out, which would require a consumer to take an affirmative action to deselect coverage, such as unchecking a box on an electronic form, when the consumer purchases a trip.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ Sales and marketing

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

Review Procedures and Criteria

**STANDARDS
MARKETING AND SALES**

Standard 12 Blanket coverage is not marketed or described as “free” coverage.

Citation: Model #632, Section 7 – Sales Practices, Subsection E:

E. It shall be an unfair trade practice to market Blanket Travel Insurance coverage as free.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Review Procedures and Criteria

Review the use of the words/phrases “free,” “no cost,” “without cost,” “no additional cost,” “at no extra cost” or words/phrases of similar import. Such words/phrases should not be used with respect to any benefit or service being made available with a policy, unless true.

If there is no charge to the insured, then the identity of the payor must be prominently disclosed. An advertisement may specify the charge for a benefit or a service or may state that a charge is included in the premium or use other appropriate language.

**STANDARD
MARKETING AND SALES**

Standard 13 If the aggregator's website provides a short summary of the coverage, determine that the consumer has access to the full provisions of the policy by electronic means.

Citation: Model #632, Section 7 – Sales Practices, Subsection C (5):

(5) Where Travel Insurance is marketed directly to a consumer through an insurer's website or by others through an Aggregator Site, it shall not be an unfair trade practice or other violation of law where an accurate summary or short description of coverage is provided on the web page, so long as the consumer has access to the full provisions of the policy through electronic means.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Review Procedures and Criteria

D. Producer Licensing

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, Chapter 21—Conducting the Property and Casualty Examination, and the standards set forth below.

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**STANDARD
PRODUCER LICENSING**

Standard 1 Determine that the activities of a travel retailer, acting within the Limited Lines Travel Insurance Producer's license, comply with applicable state statutes, rules and regulations pertaining to the oversight of property and casualty travel insurance.

Citation: Model #632, Section 4 – Licensing and Registration, Subsection B:

B. A Travel Retailer may offer and disseminate Travel Insurance under a Limited Lines Travel Insurance Producer business entity license only if the following conditions are met:

(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 Travel Insurance Producer.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Unfair Trade Practices Act (#880)

State Licensing Handbook; Uniform Licensing Standard 34 (Limited Lines Travel Insurance Standard)

Review Procedures and Criteria

Determine if the requested coverage is issued.

E. Policyholder Service

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, Chapter 21—Conducting the Property and Casualty Examination, and the standards set forth below.

DRAFT

**STANDARD
POLICYHOLDER SERVICE**

Standard 1 The content and delivery of fulfillment materials and the policy documentation comply with applicable state statutes, rules and regulations pertaining to the oversight of property and casualty travel insurance.

Citation: Model #632, Section 7 – Sales Practices, Subsection C Marketing (3):

(3) The Fulfillment Materials and the information described in Section 4B(1)(a)-(d) shall be provided to a policyholder or certificate holder as soon as practicable, following the purchase of a Travel Protection Plan. ~~Unless the insured has either started a covered trip or filed a claim under the Travel Insurance coverage, a policyholder or certificate holder may cancel a policy or certificate for a full refund of the Travel Protection Plan price from the date of purchase of a Travel Protection Plan until at least: (a) Fifteen (15) days following the date of delivery of the Travel Protection Plan's Fulfillment Materials by postal mail; or (b) Ten (10) days following the date of delivery of the Travel Protection Plan's Fulfillment Materials by means other than postal mail. For the purposes of this section, delivery means handing Fulfillment Materials to the policyholder or certificate holder or sending Fulfillment Materials by postal mail or electronic means to the policyholder or certificate holder.~~

[Stricken language is not relevant to this standard.]

Citation: Model #632, Section 7 – Sales Practices, Subsection C Marketing (4):

(4) The company shall disclose in the policy documentation whether the Travel Insurance is primary or secondary to other coverage.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ All applications

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)
Unfair Trade Practices Act (#880)

Review Procedures and Criteria

F. Underwriting and Rating

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, Chapter 21—Conducting the Property and Casualty Examination, and the standards set forth below.

DRAFT

**STANDARD
UNDERWRITING AND RATING**

Standard 1 Minimum data collection standards to ensure proper allocation for payment of premium tax have been established.

Citation: Model #632, Section 5 Premium Tax

A. A travel insurer shall pay premium tax, as provided in [insert reference to the state's existing premium tax provision] on Travel Insurance premiums paid by any of the following:

- (1) An individual primary policyholder who is a resident of this state;
- (2) A primary certificate-holder who is a resident of this state who elects coverage under a Group Travel Insurance policy; or
- (3) A Blanket Travel Insurance policyholder that is a resident in, or has its principal place of business or the principal place of business of an affiliate or subsidiary that has purchased Blanket Travel Insurance in this state for eligible blanket group members, subject to any apportionment rules which apply to the insurer across multiple taxing jurisdictions or that permit the insurer to allocate premium on an apportioned basis in a reasonable and equitable manner in those jurisdictions.

B. A travel insurer shall:

- (1) Document the state of residence or principal place of business of the policyholder or certificateholder, as required in Section 5A; and,
- (2) Report as premium only the amount allocable to Travel Insurance and not any amounts received for Travel Assistance Services or Cancellation Fee Waivers.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ All applications

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Review Procedures and Criteria

STANDARD
UNDERWRITING AND RATING *[Drafting Note: May be unnecessary]*

Standard 2 The insurer's travel insurance products are classified as inland marine insurance.

Citation: Model #632, Section 9 Policy:

A. Notwithstanding any other provision of the [insurance code], Travel Insurance shall be classified and filed for purposes of rates and forms under an inland marine line of insurance, provided, however, that travel insurance that provides coverage for sickness, accident, disability or death occurring during travel, either exclusively, or in conjunction with related coverages of emergency evacuation or repatriation of remains, may be filed under either an accident and health line of insurance or an inland marine line of insurance.

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

_____ Applicable statutes, rules and regulations

_____ All applications

Others Reviewed

NAIC Model References

Travel Insurance Model Act (#632)

Review Procedures and Criteria

G. Claims

Use the standards for this business area that are listed in Chapter 20—General Examination Standards, Chapter 21—Conducting the Property and Casualty Examination, and the standards set forth below.

DRAFT

STANDARD CLAIMS

Standard 1 Verify through the claims records that there is no evidence of “illusory coverage.”

Citation: Model #632, Section 7 – Sales Practices, Subsection B:

B. Illusory Travel Insurance. Offering or selling a Travel Insurance policy that could never result in payment of any claims for any insured under the policy is an unfair trade practice under [insert reference to NAIC model Unfair Trade Practices Act (#880)].

Apply to: All property and casualty travel insurance products

Priority: Essential

Documents to be Reviewed

- _____ Applicable statutes, rules and regulations
- _____ Review policy forms and endorsements
- _____ Claim files
- _____ Claim complaint records
- _____ Claim procedure/underwriting manuals

NAIC Model References

Travel Insurance Model Act (#62)
Unfair Trade Practices Act (#880)

Review Procedures and Criteria

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