

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/13

SPONSOR Leavell LAST UPDATED _____ HB _____

SHORT TITLE Travel Insurance Sales SB 386

ANALYST Clark

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

Senate Bill 386 amends two sections of the Insurance Code and enacts a new section to allow a travel retailer to sell travel insurance under the license of a "limited lines travel insurance agent" and defines the conditions under which this may be done. The bill also removes the current language regarding limited agent's license for insurance incidental to transportation of persons or baggage.

The Attorney General's Office (AGO) provides the following detailed summary of the new section of Insurance Code this bill would enact.

The section permits a "travel retailer" to solicit and sell travel insurance only under the license of a "limited lines travel insurance agent" and pursuant to specific terms and requirements intended to ensure consumer education and informed choice:

- 1) a description of the insurance coverage terms, the claims filing process, the cancellation process, and the identity and contact information of the insurer and the agent;

- 2) the establishment and regular updating of a register of each travel retailer who solicits and sells travel insurance that includes the travel retailer's federal tax identifier and contact information, and the identity of the retailer's person in charge;
- 3) identification of the limited lines travel insurance agent's designated responsible agent in charge of ensuring compliance with travel insurance laws, requiring certain members of the limited lines travel insurance agent to comply with fingerprinting requirements, payment of applicable licensing fees, and requiring certain members of the limited lines travel insurance agent to receive instruction and training in travel insurance sales;
- 4) requiring a travel retailer to provide written materials detailing the travel insurance program and prohibiting an unlicensed travel retailer from misrepresenting his license status or providing technical assistance about the program to the consumer; and
- 5) holding the limited lines travel insurance agent responsible for the acts of the travel retailer.

The section also defines terms used in the new travel insurance material to be added to the Insurance Code.

FISCAL IMPLICATIONS

There are no significant fiscal implications.

SIGNIFICANT ISSUES

This bill allows for travel retailers (read travel agents) to sell travel insurance under the supervision and training of a limited lines travel insurance agent; currently, a travel retailer would need to obtain a limited agent's license in order to sell such insurance. The bill also clarifies existing statute and provides comprehensive guidelines for the requirements related to travel retailers who wish to sell travel insurance and the conditions under which they may do so.

The Public Regulation Commission (PRC) provides the following additional notes in its analysis.

This bill requires the mandatory training of travel retailers by limited license travel insurance agents to cover ethical sales practices, disclosures to consumers, and the basic details of travel insurance coverage.

The bill also requires limited lines travel insurance agents to keep a register of the travel retailers under their training and control and be legally responsible for their actions in selling travel insurance.