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VIA EMAIL (INStestimony@CGA.ct.gov)

**Written Testimony on behalf of the Tourism and Travel Industry Consumer Coalition in Support of H.B. No. 7024 (Raised) An Act Regulating the Offer and Dissemination of Travel Insurance.**

On behalf of the Tourism and Travel Industry Consumer Coalition ("TTICC"), we appreciate the opportunity to provide written testimony in support of Connecticut H.B. 7024. This Bill will encourage economic growth in the travel and tourism industry by providing a licensing structure tailored to the unique distribution channels used for travel insurance products while protecting Connecticut consumers and allowing them access to these valuable products.

The TTICC is a non-profit consumer group organized to represent the interests of parties actively engaged in the tourism and travel industry. The tourism industry is a major economic driver in the United States. According to the U.S. Travel Association, in 2015 the industry generated \$2.1 trillion in economic output and \$147.9 billion in tax revenue. Travel insurance products play a valuable role in this industry.

Tourism and travel insurance products began as simple trip or baggage protection, subject to "inland marine" regulatory requirements covering losses associated with property and materials in transit. However, in response to consumer demand, travel insurance products have evolved to meet consumer needs, such that these products do not fit neatly into existing regulatory structures.

A distinguishing feature of travel insurance products is the fact that they are not distributed through traditional insurance distribution channels. The distribution chain for travel insurance products involves insurers, insurance producers, and non-insurance retailers and wholesalers such as tour operators, travel agents, credit card companies, cruise lines, and online travel aggregators, who are not primarily in the business of insurance. Instead, these companies are primarily involved in travel or other non-insurance businesses, and wish to offer travel insurance as an ancillary benefit to the other products and services that they offer. This non-traditional distribution structure is not compatible with traditional insurance licensing requirements, which are designed for more traditional distribution channels, where products are distributed by those who are primarily in the business of insurance.



## Tourism & Travel Industry Consumer Coalition

Traditional insurance licensing requirements typically provide that a person must be licensed to sell, solicit, or negotiate insurance. This would require that every travel agent or tour operator who offers consumers the option to protect their travel plans become a licensed insurance producer. Requiring licensure of all individuals in non-insurance distribution channels for travel insurance would be unduly burdensome for industry participants, which would impede economic growth, without adding to consumer protection. Further, such a requirement would place additional burden on the Connecticut Insurance Department, which would bear the burden and expense of reviewing and processing license applications for every travel agent or tour operator in Connecticut.

H.B. 7024 responds to the issue of non-insurance distribution channels, while providing protection for the Connecticut consumers who purchase travel insurance products through them. By allowing travel retailers, such as travel agents or tour operators, to “offer and disseminate” travel insurance under the supervision of a licensed producer, rather than requiring individual licensure, the Bill eases the burden on industry participants who are not primarily in the insurance business, but who simply wish to provide the option to consumers to protect their purchased trips, a benefit which consumers are increasingly demanding. Having ready access to these types of products through their travel agents enhances the consumer’s purchasing experience and provides peace of mind after purchasing a trip. This includes both Connecticut residents who wish to take a vacation, as well as those who wish to travel to Connecticut for a trip to the New England Air Museum or the Mystic Seaport.

The Bill would also protect Connecticut consumers. The licensing structure permits designated travel retailers to “offer and disseminate” travel insurance, but only when the travel retailer complies with the Bill’s consumer protections and guidelines, such as dissemination of certain disclosures to consumers. The Bill also requires designated travel retailers to undergo training. Further, the Bill prohibits them from answering detailed questions about coverage or advising the consumer regarding the adequacy of their existing coverage. Rather, if a consumer has questions regarding the coverage, or the sufficiency of their own coverage, those answers would still be provided by a licensed insurance producer. H.B. 7024 further protects consumers by providing that the licensed producer under which the travel retailer operates is responsible for the acts of its designated travel retailers. This encourages licensed producers to monitor the retailers acting on their behalf for compliance. Finally, because the Bill requires that the limited lines travel insurance producer maintain a registry of retailers operating on its behalf, the Insurance Department still has the ability to monitor which entities or individuals are offering and disseminating travel insurance.

H.B. 7024 responds to the evolving nature of travel insurance products and their unique distribution chain, and provides a consistent structure that will allow economic growth in the travel and tourism industry, reduce burdens on businesses and the Connecticut Insurance



Department, and provide consumer protection that is appropriately tailored to the travel insurance industry. As such, we urge the Connecticut General Assembly to pass H.B. 7024.

If you have any questions or would like any further information about the travel insurance industry, please do not hesitate to let us know.

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