

FISCAL NOTE

May 15, 2017

Bill No:	SB 630	Printer's No:	PN 0704	Sponsor:	Reschenthaler
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COST / (SAVINGS)

Fund (s)	2016-17	2017-18
General Fund	"See Fiscal Impact"	Approximately \$150,000 annually

SUMMARY: SB 630 is a freestanding act known as the Travel Insurance Modernization Act.

ANALYSIS: This legislation would establish procedures for a limited lines travel insurance producer license. A limited lines license issued under this act shall authorize a travel retailer registered under the license of the limited lines insurance producer, and each employee or authorized representative of the travel retailer to offer and disseminate coverage under a policy of travel insurance to a customer at each location where the travel retailer or authorized representative engages in travel insurance transactions.

A travel retailer and each employee and authorized representative of the travel retailer may offer and disseminate travel insurance to customers and shall not be subject to licensure as an insurance producer under the Producer Law (Article VI-A of the Department Act of 1921) if:

- (1) The limited lines travel insurance producer obtains a limited lines license.
- (2) The limited lines travel insurance producer or travel retailer provides to each purchaser of travel insurance:
 - (i) A description of the material terms or actual material terms of the insurance coverage.
 - (ii) A description of the process for filing a claim.
 - (iii) A description of the review or cancellation process for the travel insurance policy.
 - (iv) The identity and contact information of the travel retailer, insurer and limited lines travel insurance producer.

At the time of licensure, the limited lines travel insurance producer shall establish and maintain a register of each travel retailer in this Commonwealth where travel insurance is offered on the limited lines travel insurance producer's half.

The insurer issuing the travel insurance is responsible for overseeing a training program for employees and authorized representatives of the travel retailer.

This act shall take effect in 120 days.

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FISCAL IMPACT: The Insurance Department anticipates a loss of revenue due to the reduction in the number of travel licenses being issued. Under current law, the department receives approximately \$162,460 annually in license and appointment fees. The department anticipates this legislation will result in a loss in excess of \$150,000 annually.

2016 Licensing Revenue	
Total current annual revenue = \$162,460	
Agencies (466 total):	
234 renewals each year	Total revenue: \$16,280
<u>Breakdown:</u>	62 non-resident x \$110 = \$6,820
	172 resident x \$55 = \$9,460
Producers:	
815 renewals each year	Total revenue: \$66,600
<u>Breakdown:</u>	397 non-resident x \$110 = \$43,670
	418 resident x \$55 = \$22,990
New applicants	
Total revenue: \$19,580	
<u>Breakdown:</u>	35 resident x \$55 = \$1,980
	160 non-resident x \$110 = \$17,600
Appointments	
Total revenue: \$60,000	
<u>Breakdown:</u>	4,000 appointments x \$15 = \$60,000

Projected Licensing Revenue Under New Bill	
Total estimated annual revenue = \$10,900	
Agencies:	
20 renewals each year	Total estimated revenue: \$8,000
<u>Breakdown:</u>	20 licenses x \$400 = \$8,000
New applicants	
Total estimated revenue: \$2,000	
<u>Breakdown:</u>	5 new applicants x \$400 = \$2,000
Appointments	
Total estimated revenue: \$900	
<u>Breakdown:</u>	60 appointments x \$15 = \$900