



**Comments of the Center for Economic Justice  
to the NAIC Travel Insurance Working Group**

**August 19, 2016**

The Center for Economic Justice offers the following comments to the Travel Insurance Working Group regarding issues to be addressed by the Working Group.

Earlier this year, the working group exposed a page with “Proposed Issues to be Addressed by the Working Group.” The list includes:

- Mandatory Refunds to Consumers Under Free Look Periods;
- Review Limited Lines Producer Licensing for Travel Insurance and Work Towards Greater Uniformity Across States; and
- Review Travel Insurance Package Benefits and Work Towards Greater Clarity and Uniformity for Identifying Which Benefits are Insurance and Which are Not.

To date, no information has been provided by the working group to interested parties to identify the origin of, or basis for, these concerns or for the “regulatory concerns” described the travel insurance industry in its presentations to the working. The USTIA asks for development of a model law to “address regulators’ broad concerns” and to “address regulatory concerns raised by regulations,” including

- Clear and targeted enforcement provisions for state insurance commissioners
- Specific provisions governing the sale and marketing of travel insurance
  - Restrictions on opt-out sales
  - Enhanced disclosures for pre-existing condition exclusions
  - Minimum 10-day “free look” for purchasers to review policies
  - Restrictions on marketing “free” insurance.
- Addressing travel administrator licensing and audit requirements for states [sic] don’t currently address the issues
- Clear definitions for travel insurance and industry related terms that are consistent with recently adopted state laws
- Clear rules governing the proper determination and payment of premium taxes
- Specific requirements governing when and how travel insurance, travel assistance services, and cancellation fee waiver or refund programs may be provided together; and
- Travel insurance rates and forms review provisions, which are consistent with existing NAIC competitive market standards and guide proper payment of premium taxes.

CEJ requests that the working group provide the relevant information that prompted the various proposals for regulatory action. In addition, we ask the working group to collect and make public basic information about the travel insurance market, to enable consumer stakeholders to put the various proposals into some context. This basic information includes premium and claim experience, broken out by calendar/accident year, by domestic vs. international products and by methods of distribution (online aggregator, insurer website, airlines, cruise lines, travel agencies, etc.):

- Number of individual policies sold, number canceled for full refund, number canceled for partial refund;
- Dollars of Gross direct written premium, refunds from cancellations, direct net written premium, direct earned premium;
- Number of claims presented, claims denied, claims paid, claims incurred broken out by major category – trip interruption; medical, other;
- Dollars of claims presented, claims denied, claims paid, claims incurred broken out by major category – trip interruption, medical, other; and
- Dollars of producer compensation, other third-party compensation, other sales expense

In addition to providing basic metrics for the travel insurance industry, this information will inform the discussion of the appropriate rate and form filing and approval regime.

In addition, the working group should either gather or receive a presentation on:

- The range of opt-in to opt-out procedures employed. For example, some airline sites do not permit purchase of an airline ticket on the airline's web site without affirmatively accepting or rejecting travel insurance. Are there examples of bundled purchases with opt-in as the default?
- The type of and extent of insurance versus non-insurance benefits in travel package across insurers. It would be very useful to see both how the travel protection vendors categorize the benefits and whether there is consistency across the vendors. We found the USTIA itemization of insurance versus non-insurance benefits to be arbitrary and troubling.
- The degree of coordination of benefits between the health insurance portions of travel insurance and a traveler's health insurance policy.
- The existence and impact of coverage exclusions for terrorist attacks. This seems precisely like the type of event a travel insurance policy should provide coverage for.

Thank you for your consideration.