



Comments of the Center for Economic Justice
To the NAIC Travel Insurance Working Group
July 17, 2017

CEJ writes to express our concern about the deliberations of the Travel Insurance Working Group. We have noted in earlier comments that NCOIL adopted its travel insurance model law after a brief fact-free discussion in which numerous dubious travel industry assertions went unchallenged. While the NAIC Travel Insurance Working Group is taking more time to discuss a variety of issues, the discussion continues to reflect dubious industry assertions about consumer benefit, consumer understanding and competition in travel insurance markets. Despite nearly two years of discussion at the NAIC, regulators have still not collected any objective information about consumer outcomes and sales practices in travel insurance markets with the result that the NAIC deliberations also remain fact-free. The absence of empirical data on travel insurance markets and consumer outcomes is made worse by the tsunami of industry lobbying directly with regulators resulting in deliberations outside of the public meetings of the working group.

Since industry has engaged in a bait-and-switch – at first promising data on consumer market outcomes and then refusing to provide such data – it is essential for regulators to collect data on travel insurance markets and consumer outcomes to inform your deliberations. Examples of the need for actual empirical data abound.

- Industry claims consumers are satisfied and point to consumer complaints in NAIC-published data. But, it is likely that most consumer complaints never reach the insurance regulator because the complaints are directed to a travel retailer or the travel insurer, because the consumer is not aware of the option of filing a complaint with the Department of Insurance and/or because the travel insurer has determined the complaint is about a non-insurance part of the travel
- Industry claims that existing disclosures are adequate, yet there is no information on the number of claims denied because consumers misunderstood coverage or cancellations by consumers because they were sold a product they did not want.

- In yet another example, industry seeks inland marine as the line of business applicable to travel insurance/travel protection. Yet, form and rate filing procedures for inland marine vary significantly among the states and generally involve less review than other products sold in similar reverse-competitive markets, like credit insurance, and less review than other products for which arguments can be made of greater competition, like auto or homeowners insurance. The absence of data on the number of market participants, commissions and profit-sharing paid to producer/distributors and benefits received by consumers in relation to benefits means that no meaningful evaluation of the degree of competition or the need for particular types of regulatory oversight in travel insurance markets can occur.

Based on the above, we urge the working group, as one of its first next steps, to issue a data call to all travel insurers for the following information for experience years 2014, 2015, 2016 and first half 2017: The following data elements should be reported and broken out by:

- Experience Period
- Distribution Channel (airline, cruise line, travel agent, direct internet, affinity group, other)
- Domestic vs. International Travel
- Group vs. Individual Policy

Note: travel assistance product means the package of travel insurance and non-travel insurance services.

Sales

1. Master policies written during period
2. Master policies cancelled during the period
3. Certificates/individual coverage under master policies issued during period
4. Certificates/individual coverage under master policies canceled by the consumer during period.
5. Certificates/individual coverage under master policies canceled by the insurer during period.
6. Individual policies issued during period
7. Individual policies issued canceled by the consumer during period.
8. Individual policies issued canceled by the insurer during period.
9. Total charges for travel assistance products during period before refunds
10. Refunds for travel assistance product charges during period
11. Net charges for travel assistance products during period
12. Direct gross written premium for travel insurance during period before refunds

13. Refunds for travel insurance during period
14. Direct net written premium for travel insurance during period
15. Direct earned premium for travel insurance during period
16. Net commissions paid to producer/distributor during period
17. Net profit-sharing paid to producer/distributor during period

Claims

18. Total number of claims presented for travel assistance products during period
19. Total number of claims denied for travel assistance products during period
20. Total number of claims presented for travel insurance during period
21. Total number of claims denied for travel insurance during period
22. Total number of claims paid for travel insurance during period
23. Total number of claims presented for non-insurance travel assistance during period
24. Total number of claims denied for non-insurance travel assistance during period
25. Total number of claims paid for non-insurance travel assistance during period
26. Total number of claims presented for non-insurance medical benefits during period
27. Total number of claims denied for non-insurance medical benefits during period
28. Total number of claims presented for insurance medical benefits during period
29. Total number of claims denied for insurance medical benefits during period
30. Total dollars of claims paid for travel insurance during period
31. Total dollars of claims incurred for travel insurance during period
32. Total dollars of claims paid for non-insurance travel assistance during period

Complaints

33. Total number of complaints presented to producer/distributor during period
34. Total number of complaints presented to insurance company during period
35. Total number of complaints presented to travel administrator during period
36. Total number of complaints presented to producer/distributor during period related to travel insurance
37. Total number of complaints presented to insurance company during period related to travel insurance
38. Total number of complaints presented to travel administrator during period related to travel insurance
39. Total number of complaints presented to producer/distributor during period related to non-insurance travel assistance
40. Total number of complaints presented to insurance company during period related to non-insurance travel assistance
41. Total number of complaints presented to travel administrator during period related to non-insurance travel assistance

We note that this information is available for the majority of personal lines insurance products between reporting of premium and claims experience in the state page and credit insurance experience exhibit of the statutory annual statement and the market conduct annual statement for many lines of insurance. The collection and publication of these data are essential for both an informed deliberation by the NAIC and a transparent process for all stakeholders.