

STAFF MEASURE SUMMARY

House Committee On Business and Labor

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 06/01/15

Action: Do Pass As Amended And Be Printed Engrossed.

Meeting Dates: 04/27, 06/01

Vote:

Yeas: 11 - Barreto, Barton, Doherty, Esquivel, Evans, Fagan, Heard, Holvey, Kennemer, Nosse, Weidner

Prepared By: Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Permits licensed insurance producers to be the licensees for products distributed through non-licensed travel retailers if specific conditions protecting consumers are met, including registration of the agents, training, and consumer disclosures. Becomes operative July 1, 2016. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Reason Insurance Division did not bring forth legislation implementing standards adopted by National Association of Insurance Commissioners
- Whether there have been enforcement actions against travel retailers

EFFECT OF COMMITTEE AMENDMENT:

Changes operative date to July 1, 2016.

BACKGROUND:

Senate Bill 715-A updates Oregon's producer licensing requirements for travel insurance to bring conformity with over 30 states. The measure uses language based on model legislation adopted by the National Conference of Insurance Legislators in November 2012, as well as uniform licensing standards adopted by the National Association of Insurance Commissioners in late 2010. Washington, Idaho and California have all adopted the model legislation, and similar legislation is being pursued in Nevada.

Travel agents and insurance companies writing travel insurance have, in recent years, faced different licensing requirements in each state. Before states started adopting the model legislation a couple years ago, there were 41 different licensing qualification codes for travel insurance across the states; each state had different licensing processes and procedures, and some did not accept electronic applications. As a result, it could take as much as six months to obtain a license to sell travel insurance across the United States, making full compliance nearly impossible in an industry that can be challenged by high turnover. This is a regulatory risk to the 155 travel agencies in Oregon, which provide more than 800 full-time jobs. These travel agencies are predominantly small businesses, with 90 percent employing fewer than 10.