



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

**April 3, 2017**

At its March 2017 national meeting, NCOIL adopted massive changes to its limited lines travel insurance producer licensing model law to add an entire regulatory structure for travel insurance. These wholesale changes were drafted and supported by the travel insurance industry. The adopted model law is a set of anti-consumer provisions coupled with an inefficient and cumbersome regulatory framework.

NCOIL adopted the industry-drafted travel insurance model law despite:

1. A fact-free discussion in which industry claims and anecdotes were elevated to universal truths;
2. A determination that travel insurance markets are competitive despite no information on market shares or profitability and despite the fact that some forms of travel insurance sales are in markets that state legislators and regulators have long determined to be non-competitive;
3. Opposition to the proposed model by consumers and producers;
4. A presentation only four days earlier by the NCOIL CEO to the NAIC Travel Insurance working group despite ongoing demands by NCOIL for regulators and legislators to work together;
5. Concerns raised about the model by regulators during the Travel Insurance WG call and by Commissioner Donelon at the NCOIL meeting;
6. A Rube Goldberg regulatory structure that will make oversight of travel insurer practices difficult to accomplish, including the critical distinction between insurance and non-insurance activities; and
7. A regulatory structure adding more responsibilities for market conduct examinations at the same time industry and legislators complain about market conduct examinations

Even more troubling were the comments by industry in support of the anti-consumer model – that the model was needed because of some regulators’ interpretation of their states’ laws. Industry was candid that the purpose of the model was to enlist state legislators to push back against the current market conduct investigation of travel insurance.

As background for the Travel Insurance working Group, we attach the following:

1. Comments of CEJ, the Consumer Federation of America and U.S. PIRG on the NCOIL model;
2. Three attachments to those consumer groups; comments including, history of industry’s refusal to provide data on travel insurance experience and two examples of travel protection product documents showing the complexity and blurring of insurance and non-insurance products and services.
3. A third travel insurance product document – a second product from TripMate – which clearly identifies and separates the description of non-insurance services from the insurance policy. This document demonstrates that travel protection providers can separate the presentation to consumers of insurance and non-insurance products and services.

While NCOIL takes a number of actions for which no response from the NAIC is needed, we urge the NAIC to move quickly on the travel insurance issue to

- Indicate to NCOIL that the NAIC does not support and will oppose states’ adoption of the NCOIL travel insurance model as adopted; and
- Adopt a balanced and workable NAIC travel insurance model law as soon as possible and no later than the 2017 Fall National Meeting.

Thank you for your consideration.