To: NAIC Travel Insurance (C) Working Group  
From: Greg Mitchell  
Date: December 5, 2016  
Re: Preliminary Comments for December 10 Meeting

Dear Commissioner Dowling and Members of the Working Group:

We write today to thank the Working Group for its announced plans to take up discussion of the recent proposed amendments to the National Conference of Insurance Legislators (NCOIL) Limited Lines Travel Insurance Model Law put forth at the NCOIL Annual Meeting last month in Las Vegas. We appreciate the Working Group’s prompt attention to these fast-moving developments in the travel protection space.

The Tourism and Travel Industry Consumer Coalition (“Coalition”) is an industry non-profit organization representing interests of the tourism and travel industry. The Coalition believes the current challenges facing industry participants, consumers, regulators, and legislators are all predicated on the unique nature of travel protection products, their non-traditional distribution method, and the lack of clear guidance to date. For historical perspective, travel protection coverage has “grown up” as, and is still largely filed and approved as inland marine insurance¹, but the reality is that modern risks consumers face and coverages they seek do not neatly fit the definition of inland marine.² The varied nature of the risks, the consumer driven evolution of the products offered, and the lack of regulatory clarity has given rise to divergent and contradictory treatment of products³, sometimes even within individual insurance departments. While piecemeal efforts have been made over the past two decades to address some of the regulatory confusion through NAIC licensing guidelines (ULS #34) and the NCOIL Limited Lines Model Law (11/2012), we believe the time is right for the NAIC, NCOIL, our Coalition, and other interested

¹ SERFF Uniform Property & Casualty Product Code 9.0009. “Covers financial loss due to trip cancellation/interruption; lost or damaged baggage; trip or baggage delays; missed connections and/or changes in itinerary; and casualty losses due to rental vehicle damage.”.  
² The NAIC’s Model Nationwide Inland Marine Definition (MDL-701) was last amended in 1977. See Attachment A: Inland Marine Definition  
³ In recent years, some states are reviewing travel insurance products as both property and casualty and accident and health. See Attachment B: Uniform Property & Casualty Coding Matrix, see also Attachment C: Uniform Life, Accident & Health, Annuity and Credit Product Coding Matrix.
parties to come together and develop a more comprehensive, long-term solution to such an important element of our economy and non-insurance related industries.

The good news is that we believe the aforementioned challenges can all be overcome by developing fair, workable, flexible, industry-wide laws and regulations that address current confusion and eliminate it moving forward. These laws must provide regulators the necessary authority for consumer protection while also promoting a healthy and competitive marketplace for the travel protection products consumers demand, which are essential to the continued growth of the broader tourism industry. Such laws and regulations should also strive for uniform treatment and clear compliance standards not only in filings, but in licensing, claims adjudication, and how jurisdictional issues are addressed. Also important is the reliable application of these laws – the current lack of consistent treatment creates immense regulatory risk, which hurts consumers by making travel protection products less available and less affordable.

We have attached a brief summary of the Amendments that have been offered to the NCOIL Model. While they are an outstanding step in the right direction, we wish to be clear that enacting them would not immediately solve all the challenges in the travel insurance regulatory sphere. Additional amendments may be necessary over time as carriers continue to innovate in their efforts to keep up with evolving consumer demands. We look forward to providing more specific comments regarding the Amendments to the NCOIL model during our presentation at the Working Group meeting in Miami, and we will be happy to follow up with additional written comments or presentations to address any questions raised during the session.

We thank the Working Group for a productive dialogue since its formation, and we hope to sustain that as we work with you and your legislative colleagues form NCOIL in the interest of developing a final product that provides genuinely workable clarity for the industry, for regulators, and most importantly for consumers who like and benefit from the peace of mind travel protection products and services provide.

FIRM Insurance Service Team 4816-0857-7341v5

4 The U.S. Travel Association reports that 2.7% of the Nation’s GDP and 1 of every 9 jobs depend on tourism and travel.
5 See Attachment D: Summary of Proposed Amendment to Travel Insurance Model Act.