

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Eighty-Second Session
March 8, 2023**

The Committee on Commerce and Labor was called to order by Chair Elaine Marzola at 1:32 p.m. on Wednesday, March 8, 2023, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/82nd2023.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Elaine Marzola, Chair
Assemblywoman Sandra Jauregui, Vice Chair
Assemblywoman Shea Backus
Assemblyman Max Carter
Assemblywoman Bea Duran
Assemblywoman Melissa Hardy
Assemblywoman Heidi Kasama
Assemblywoman Daniele Monroe-Moreno
Assemblyman P.K. O'Neill
Assemblywoman Selena Torres
Assemblyman Steve Yeager
Assemblyman Toby Yurek

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblywoman Michelle Gorelow, Assembly District No. 35

STAFF MEMBERS PRESENT:

Marjorie Paslov-Thomas, Committee Policy Analyst
Cyndi Latour, Committee Manager
Julie Axelson, Committee Secretary
Garrett Kingen, Committee Assistant



OTHERS PRESENT:

Michael Byrne, Counsel, United States Travel Insurance Association
Samantha Sato, representing American International Group
Vanessa Dunn, representing American Property Casualty Insurance Association
Caren Alvarado, Vice President of Regulatory Affairs and Industry Relations,
Accident and Health, Crum and Forster; and representing United States Travel
Insurance Association
Duke de Haas, Deputy General Counsel, Allianz Global Assistance

Chair Marzola:

[Roll was called and Committee rules and protocols explained.] Welcome, everyone. I will now open the hearing on Assembly Bill 216. This measure revises provisions governing travel insurance. Assemblywoman Gorelow, you may start when you are ready.

Assembly Bill 216: Revises provisions governing travel insurance. (BDR 57-198)

Assemblywoman Michelle Gorelow, Assembly District No. 35:

[Submitted written testimony, Exhibit C.] I am here today with Michael Byrne to present Assembly Bill 216. As you mentioned, it revises provisions governing travel insurance. I will give you a little bit of background information, then Mr. Byrne will talk more about the bill and what it does.

The United States Travel Insurance Association (USTiA) reported that as of mid-January, over half of all Americans are planning to travel for leisure in the next six months. Domestic or foreign, adventurous or familiar, these trips create a number of travel risks: weather delays, mechanical delays, medical emergencies, just to name a few. Cue the need for travel insurance. Travel insurance is a type of insurance for risks associated with traveling, such as lost luggage, trip cancellation, and delays. Consumers who purchase travel insurance when booking a trip know they will be reimbursed for part of or all their expenses should an unfortunate event occur that prompts cancellation or interruption of the trip.

The National Association of Insurance Commissioners (NAIC) reports that policies are generally good for domestic and international travel and usually cost between 4 and 8 percent of the total trip price. The main types of travel insurance include: trip cancellation, interruption, delay; baggage loss, delay, or personal effects; travel medical, which is secondary health and accident insurance in case of illness or injury while traveling; medical evacuation; and cancel for any reason, which allows the insurer to cancel his or her trip and receive a partial refund for any reason not covered in the original trip cancellation policy. Travel insurance is distributed and underwritten differently than traditional personal insurance products like auto and homeowners.

In 2015, the USTiA and Tourism and Travel Industry Consumer Coalition raised concerns regarding lack of specificity and consistent application of regulation of the travel insurance industry. The NAIC appointed a working group to consider developing a model law to

establish appropriate regulatory standards for the travel and tourism insurance industry. The working group drafted the Travel Insurance Model Act, which provides protections to consumers. The Act defines the regulatory structure related to travel insurance and covers market regulation, rate regulation, and enforcement. The Model Act was adopted by the NAIC in 2018. According to Allianz Partners, 29 states have already adopted or enacted a version of this Model Act. At this time, I will turn the bill presentation over to Mr. Byrne.

Michael Byrne, Counsel, United States Travel Insurance Association:

[Submitted a letter in support, [Exhibit D](#).] The UStiA's members include insurance carriers, third party administrators, insurance agencies, and related businesses in the development, administration, and sale of travel insurance and travel assistance products. I believe two of the members of the UStiA are standing by and will also give some brief testimony in support of the legislation, including someone from Allianz. The company was mentioned earlier, which is a travel insurance underwriter.

Assembly Bill 216 is important for travel consumers, state insurance regulators, and the industry. It contains NAIC Model Act language. As you all know, the NAIC is all the chief insurance regulators throughout the United States, and the NAIC model is essentially identical to a model act authored by the National Council of Insurance Legislators (NCOIL). As mentioned by Assemblywoman Gorelow, 29 states have enacted the Model Act so far. Several other states are considering the Model Act this or next session.

If enacted, A.B. 216 would amend the insurance code to clarify the regulatory framework for the sale of travel insurance on a national uniform basis. The bill standardizes definitions and contains consumer protections including, with respect to sales practices, a free-look period for refunds and various consumer disclosures. It expands on the limited lines licensing of travel insurance producers that is already provided for in Nevada statutes. In late 2018, the Division of Insurance voted at the NAIC in favor of adopting the Model Act, along with nearly every other state. The UStiA and other industry participants support this legislation.

We are working on a few clarifying amendments [[Exhibit E](#)] with Assemblywoman Gorelow's office. Those amendments are simply to make the legislation more consistent and aligned with the Model Act. We hope to have those done soon and will be happy to share those. We are not aware of any opposition to the legislation. I am happy to answer any questions, and I am also happy to walk through the legislation section by section if that is helpful.

Chair Marzola:

Can you please walk us through the bill?

Michael Byrne:

Absolutely. The first two sections are our introductory sections of the legislation that introduce the succeeding sections of the bill. Sections 3 through 19 contain the operative terms that are used in the legislation—which are basically the definitions that are contained in the NAIC Model Act—including the definition of what is and is not travel insurance, and

what are travel protection plans. Section 20 sets forth the applicability of the bill, which policies and certificates that are issued to Nevada residents, and generally the scope of the law when it applies in Nevada.

Sections 21 through 29 concern licensing and registration. Those sections codify the NAIC's uniform licensing standard, which was adopted in 2010 by the NAIC and subsequently incorporated into the NCOIL limited lines Travel Insurance Model Act. The standard is now in place and has been in place in Nevada for a number of years. I think it is in place in all but two states. The Model Act makes some technical tweaks to this standard, including some minor clarifications that have been needed over time.

Section 30 of the bill concerns travel protection plans and provides that travel insurance can be sold as part of a travel protection plan, which may include: travel insurance; travel assistance services, which would not be insurance; and/or cancellation fee waivers, which are also not insurance. Basically, you can cancel for any reason. It does not have to be a reason covered by and underwritten as insurance.

Sections 31 through 33 and 44 concern sales practices. Those sections clarify the permissibility and prohibition of certain activities to remove uncertainty around travel insurance and how it may be sold. Those were some of the issues Assemblywoman Gorelow raised, in terms of concerns over how the industry was regulated and how there was uncertainty. This led to some inquiries from the NAIC, which then led them to pass their Model Act. For example, these sections expressly subject those offering travel insurance to the state's unfair trade practices laws, except as expressly provided otherwise in the bill. Those prohibited practices include: illusory travel insurance, which is insurance that in effect could never be called upon to pay a claim, and that is prohibited; and opt-out provisions are prohibited, which is found on a website. For example, if you make me check a box to say I do not want insurance rather than have me affirmatively opt in to insurance, that is prohibited as you cannot have a negative opt-out on a website. Also, marketing blanket travel insurance for free is prohibited. These sections also require certain consumer disclosures.

Sections 34 and 43 concern travel administrators and clarify the authority required to act in Nevada as a travel administrator, which is basically a managing general agent, third-party administrator, or other property and casualty insurance producer licensee. A travel administrator acts very similarly to these other entities in developing travel protection plans, collecting and processing charges for those plans, administering claims, or providing other related services related to the travel protection insurance.

Section 35 classifies travel insurance for purposes of rates and forms as inland marine insurance and provides that travel insurance can be sold and underwritten as an individual policy or as a group or blanket policy. Section 36 authorizes but does not require the commissioner to promulgate regulations to implement this legislation. Section 37 is intended to merely clarify the cross reference to your existing law, Nevada's existing approach to imposing a premium tax on travel insurance premiums. There is no intention to change how

travel insurance is subject to premium tax in Nevada or any other state. The remaining sections are miscellaneous sections that make conforming amendments, repeal existing law, and provide for an effective date of the legislation.

Thank you for allowing me to take you through the legislation and, obviously, I am happy to answer any questions about any of that.

Assemblywoman Gorelow:

This is not typically something that I delve into, so this is something new. I want to say inland marine—which was one of the things I had to look up—for those who might not be familiar with it, is insurance that covers goods that are being shipped by train or truck.

Assemblywoman Jauregui:

I have a couple of questions. I did read through the bill, but I did not read through the 14 sections of repealed *Nevada Revised Statutes* (NRS) that are listed on the back page. How different is this model language from what was repealed? I know this is a repeal and replace of the entire travel insurance language. How different is this new model language from what was repealed? How many states have adopted the model language?

Michael Byrne:

Twenty-nine states have enacted this model so far. As I mentioned, nearly every state already has the limited lines Travel Insurance producer licensing Model Act, including Nevada. I am not sure which of the provisions are being repealed because most of these provisions from the Model Act, other than the limited lines licensing provisions, are just mere tweaks to bring them in line with the current NAIC model. I do not think any of the provisions being repealed address any of these issues. I think this is brand new in the Nevada insurance code. I would have to look at that, but we are not replacing an existing law that addresses the issues that I just went over in the overview.

Assemblywoman Jauregui:

I have a question under section 24 where it is applying to travel retailers. Again, this might be a replacement, so that is what I want to find out. It is now requiring the travel retailers to produce information regarding the insurance instead of the actual insurance producer. Are they allowed to get already printed information from the producer, or are they going to be required, as part of this new law, to print material that explains what this insurance is as a retailer?

Michael Byrne:

My understanding is that it is not any different than what happens currently, at least in practice. All the materials would be provided by the license producer. In fact, the retailer is not allowed to advise on what is covered and what is not covered. They are not allowed to give advice on insurance coverage. Only the limited lines insurance producer or a fully licensed property and casualty producer can do that. That is nothing new. The retailer is not going to be called upon to make up materials. Those materials would always be given by the limited lines producer and/or the insurance carrier that describes those products.

We are clarifying the limited lines producer licensing framework in a couple of ways, which Nevada already has. That is the purpose. It is to allow travel retailers who are not in the business of insurance but are in the business of selling travel products and travel packages to offer and disseminate information about insurance and then be compensated for that, which is in the legislation, and I think under current Nevada law as well. Because they are under the supervision of the limited lines licensee, that is all they do. They give information and any substantive questions about the coverages or advice that a traveler might want to know, such as what the insurance covers, they would then go to the licensee for those questions. I think that is consistent with what you have now.

Assemblywoman Jauregui:

That clarified it for me. As I read it back, it said it had to be material that had been approved by the insurer. They had to disperse from it. I guess that is material the insurer themselves created. If it is possible, would you be able to send us a list of those 39 states who have adopted the model law? It is 29 states.

Michael Byrne:

I wish it was 39 states, and hopefully it will be by the end of this year or early next year. We can send you a map of where it has been enacted.

Assemblyman Yurek:

This seems like good, commonsense legislation for consumer protection. My question is simple, and I am going to go to my ignorance of not knowing the travel insurance market in Nevada. How many small insurance carriers exist right now? What is the makeup like? I can only imagine that with these increased regulations it might wipe some people out of the market. Do you have an idea of what that breakup is and how many current carriers might be impacted if we are to enact this legislation?

Michael Byrne:

I know the market is competitive. Some of the names of the insurance carriers you would know, such as Allianz—who will testify—American International Group, United States Fire Insurance Company, Crum and Forster Insurance—which is part of the Fairfax Group—Chubb Insurance Company, Nationwide Insurance, and a number of others, are all members of our association. There are a number of travel administrators like Aon and Arthur J. Gallagher Insurance that put together these plans and may have other markets. I think most of those carrier markets would be members of our association. I do not know the number or the breakout of what you would consider to be a smaller or larger insurer.

I can say though that I think what you are getting at is it is commonsense regulation legislation. We are in the industry, so we do not think this is endangering anyone's business. This is not going to add burdensome regulation to small businesses or any other businesses. This is what this market really needs to operate under a certain regulatory framework.

As Assemblywoman Gorelow mentioned, this goes back several years to around 2015 to 2018, when there were some questions about how this market operated and how travel insurance was sold. We thought, as the industry was well established for many years, regulators never had an issue with it. Most states never had an issue. It was a couple of states that led some inquiries through the NAIC into the entire way the business was sold. This is to get some certainty around that and to allow all the businesses in the travel insurance industry a certain regulatory framework that imposes the limited lines framework and the regulation on the producer, which has the license to sell insurance. They are charged with knowing what the laws are, compliance, and supervising the retailers. It puts the compliance obligation and burden on the entity where it belongs, such as the limited lines producers and the carriers to make sure their products comply with whatever they filed in the state.

The industry and regulators have agreed in adopting the model, and everywhere we have gone around the country so far agrees that as you said, it is common sense. It is good and reasonable regulation that the industry wants, that we think consumers want and need, and that regulators need. Hopefully, that answers the question. This is designed to make the market work more efficiently and not impose unnecessary regulation on anyone.

Chair Marzola:

Are there any additional questions? [There were none.] I do not see any. Thank you, Assemblywoman Gorelow, for bringing this bill. I think it is creating a uniform for businesses and making it clearer, not only at the business end, but also for our travelers. We will now hear testimony in support of A.B. 216. Is there anyone wishing to testify in support?

Samantha Sato, representing American International Group:

We are here in support of A.B. 216 on behalf of our client, American International Group.

Vanessa Dunn, representing American Property Casualty Insurance Association:

The American Property Casualty Insurance Association is pleased to support A.B. 216. A letter has been submitted to the Nevada Electronic Legislative Information System by Mark Sektan [[Exhibit F](#)].

Caren Alvarado, Vice President of Regulatory Affairs and Industry Relations, Accident and Health, Crum and Forster; and representing United States Travel Insurance Association:

My organization has been writing travel insurance for many years, and we are very familiar with the unique intricacies of these products in the marketplace. I am also cochair of the Law and Regulations Committee for the USStA that Michael Byrne represents, which is composed of a variety of organizations involved in the travel insurance industry.

I would first like to thank the Committee on Commerce and Labor for allowing interested parties the opportunity to provide testimony and support of travel bill A.B. 216. As Assemblywoman Gorelow and Michael Byrne said, by enacting this legislation, Nevada would join a growing number of states—29 in total and hopefully growing—which will incorporate a uniform and workable regulatory regime for travel insurance products.

My organization, as a carrier, welcomes this crucial legislation because it builds upon existing regulatory frameworks and further promotes the structure that works for everyone. We believe this works for regulators, consumers, and industry players alike by promoting a clear and level playing field with minimal negative disruption. Nevada would join the 29 states that have already incorporated this regulatory framework into their statutes and would ensure clarity and consistency is provided to the way travel protection products are regulated.

On behalf of Crum and Forster and the UStiA, I would like to thank you for your consideration of this bill that would ensure industry and consumers would benefit from this framework for travel protection plans that include insurance as well as noninsurance components. We support A.B. 216 and would like to urge the Nevada Assembly to pass the bill.

Duke de Haas, Deputy General Counsel, Allianz Global Assistance:

I am testifying in support of A.B. 216. Our company, which is based in Richmond, Virginia, is heavily involved in the travel insurance business across the country. We really appreciate Assemblywoman Gorelow for bringing this legislation before you, which we believe provides a good regulatory structure that is understandable by consumers, regulators, the industry, and yourselves.

I will be very brief. To address a couple of points that were raised by questions by Assemblywoman Jauregui, we can certainly get you a map of the 29 states, and we are actively working in 11 more, including Nevada. Secondly, to Assemblyman Yurek, this is essentially codifying the market as it exists now and putting that into the code. Nevada already has limited lines legislation in place. This will not shut anyone out of the market. The travel insurance market is growing, and more players are entering the market because of that growth. This regulatory structure will help provide consistency and uniformity for a product that travels with the consumer around the world. We believe it will help put the same rules in place everywhere, which will be excellent for small businesses as well as large.

Finally, I want to thank you again for bringing this legislation before you, and Allianz supports A.B. 216. I am sorry I cannot be there in person. I will note that the UStiA will be having its annual conference in Las Vegas next month, so I look forward to being out there.

Chair Marzola:

Is there anyone else wishing to testify in support? [There was no one.] We will move to testimony in opposition to A.B. 216. Is there anyone wishing to testify in opposition?

[There was no one.] I will move to testimony in neutral. Is there anyone wishing to testify in the neutral position? [There was no one.] Assemblywoman Gorelow, would you like to give any final remarks?

Assemblywoman Gorelow:

I would like to thank you for the opportunity to present A.B. 216.

Chair Marzola:

Thank you. I will close the hearing on A.B. 216.

I will now open up public comment. Is there anyone wishing to give public comment? [There was no one.] Committee members, are there any final questions or comments before we adjourn? [There were none.] This concludes our meeting today. We are adjourned [at 2:05 p.m.].

RESPECTFULLY SUBMITTED:

Julie Axelson
Committee Secretary

APPROVED BY:

Assemblywoman Elaine Marzola, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is written testimony dated March 8, 2023, presented by Assemblywoman Michelle Gorelow, Assembly District No. 35, regarding [Assembly Bill 216](#).

[Exhibit D](#) is a letter dated March 3, 2023, signed by Michael Byrne, Counsel, United States Travel Insurance Association, in support of [Assembly Bill 216](#).

[Exhibit E](#) is a proposed amendment to [Assembly Bill 216](#), presented by Michael Byrne, Counsel, United States Travel Insurance Association.

[Exhibit F](#) is a letter dated March 8, 2023, signed by Mark Sektan, Vice President, American Property Casualty Insurance Association, in support of [Assembly Bill 216](#).