

**SUBSTITUTE FOR
HOUSE BILL NO. 4508**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 1202 (MCL 500.1202), as amended by 2016 PA 114,
and by adding chapter 12b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1202. (1) This chapter does not require an insurer to
2 obtain an insurance producer license. As used in this section, the
3 term "insurer" does not include an insurer's officers, directors,
4 employees, subsidiaries, or affiliates.

5 (2) A license as an insurance producer is not required of any
6 of the following:

7 (a) An officer, director, or employee of an insurer or of an
8 insurance producer, if the officer, director, or employee does not



1 receive any commission on policies written or sold to insure risks
2 residing, located, or to be performed in this state and meets 1 or
3 more of the following:

4 (i) The officer's, director's, or employee's activities are
5 executive, administrative, managerial, clerical, or a combination
6 of these, and are only indirectly related to the sale,
7 solicitation, or negotiation of insurance.

8 (ii) The officer's, director's, or employee's function relates
9 to underwriting, loss control, inspection, or the processing,
10 adjusting, investigating, or settling of a claim on a contract of
11 insurance.

12 (iii) The officer, director, or employee is acting in the
13 capacity of a special agent or agency supervisor assisting
14 insurance producers if the person's activities are limited to
15 providing technical advice and assistance to licensed insurance
16 producers and do not include the sale, solicitation, or negotiation
17 of insurance.

18 (b) A person who performs and receives no commission for any
19 of the following services:

20 (i) Securing and furnishing information for the purpose of
21 group life insurance, group property and casualty insurance, group
22 annuities, or group or blanket accident and health insurance.

23 (ii) Securing and furnishing information for the purpose of
24 enrolling individuals under plans, issuing certificates under
25 plans, or otherwise assisting in administering plans.

26 (iii) Performing administrative services related to mass
27 marketed property and casualty insurance.

28 (c) An employer or association or its officers, directors,
29 employees, or the trustees of an employee trust plan, to the extent



1 that the employers, officers, employees, directors, or trustees are
2 engaged in the administration or operation of a program of employee
3 benefits for the employer's or association's own employees or the
4 employees of its subsidiaries or affiliates, which program involves
5 the use of insurance issued by an insurer, if the employers,
6 associations, officers, directors, employees, or trustees are not
7 in any manner compensated, directly or indirectly, by the company
8 issuing the contracts.

9 (d) Employees of insurers or organizations employed by
10 insurers who are engaging in the inspection, rating, or
11 classification of risks, or in the supervision of the training of
12 insurance producers and who are not individually engaged in the
13 sale, solicitation, or negotiation of insurance.

14 (e) A person whose activities in this state are limited to
15 advertising without the intent to solicit insurance in this state
16 through communications in printed publications or other forms of
17 electronic mass media, the distribution of which is not limited to
18 residents of this state, if the person does not sell, solicit, or
19 negotiate insurance that would insure risks residing, located, or
20 to be performed in this state.

21 (f) A person who is not a resident of this state who sells,
22 solicits, or negotiates a contract of insurance for commercial
23 property and casualty risks to an insured with risks located in
24 more than 1 state insured under that contract, if the person is
25 otherwise licensed as an insurance producer to sell, solicit, or
26 negotiate that insurance in the state where the insured maintains
27 its principal place of business and the contract of insurance
28 insures risks located in that state.

29 (g) A salaried full-time employee who counsels or advises his



1 or her employer concerning the insurance interests of the employer
2 or of the subsidiaries or business affiliates of the employer, if
3 the employee does not sell or solicit insurance or receive a
4 commission.

5 (h) A person whose only sale of insurance is for travel or
6 auto-related insurance sold in connection with and incidental to
7 the rental of a motor vehicle under a rental agreement for a period
8 not to exceed 90 days.

9 (i) A person whose only sale of insurance is for portable
10 electronics insurance sold in connection with and incidental to the
11 sale of a portable electronic device if written disclosure material
12 is provided to the customer at the time of solicitation and the
13 written material includes all of the following:

14 (i) A disclosure that portable electronics insurance may
15 duplicate coverage already provided by the customer's homeowners,
16 renters, or other insurance policies.

17 (ii) A statement that the enrollment by the customer in a
18 portable electronics insurance program is not required to purchase
19 or lease a portable electronic device or services for the device.

20 (iii) A summary of the material terms of the portable
21 electronics insurance coverage, including all of the following:

22 (A) The identity of the insurer.

23 (B) The amount of any applicable deductible and how it is to
24 be paid.

25 (C) The benefits of the coverage.

26 (D) Key terms and conditions of the coverage, such as whether
27 the portable electronics may be repaired or replaced with a similar
28 make and model or reconditioned or nonoriginal manufacturer parts
29 or equipment.



1 (iv) A summary of the process for filing a claim, including a
2 description of how to return a portable electronic device and the
3 maximum fee applicable if the customer fails to comply with
4 equipment return requirements.

5 (v) A statement that the customer may cancel enrollment for
6 coverage under a portable electronics insurance policy at any time
7 and that the person paying the premium will receive a refund of or
8 credit for any unearned premium.

9 (j) A person whose only sale of insurance is for travel
10 insurance sold in conjunction with and incidental to planned
11 travel.

12 (k) A person whose only sale of insurance is stored property
13 insurance sold in connection with and incidental to the rental of
14 storage space in a self-service storage facility under a rental
15 agreement for a period not to exceed 1 year if written disclosure
16 material is provided to the customer at the time of solicitation
17 and the written material includes all of the following:

18 (i) A disclosure that the stored property insurance may
19 duplicate coverage already provided by the customer's homeowners,
20 renters, or other insurance policies.

21 (ii) A summary of the material terms of the stored property
22 insurance coverage, including all of the following:

23 (A) The identity of the insurer.

24 (B) The benefits of the coverage.

25 (C) The key terms and conditions of the coverage.

26 (iii) A summary of the process for filing a claim.

27 (3) As used in this section:

28 (a) "Motor vehicle" means a motorized vehicle designed for
29 transporting passengers or goods.



1 (b) "Self-service storage facility" means that term as defined
 2 in section 2 of the self-service storage facility act, 1985 PA 148,
 3 MCL 570.522.

4 (c) "Stored property insurance" means insurance that provides
 5 coverage for the loss of, or damage to, tangible personal property
 6 with an insured value not exceeding \$10,000.00 contained in a
 7 storage space located on a self-service storage facility or in
 8 transit during the term of a self-service storage facility rental
 9 agreement and that is provided under a group or master policy
 10 issued to a self-service storage facility for the provision of
 11 insurance to its customers.

12 (d) "Travel insurance" means, **subject to subdivision (e)**, a
 13 limited lines insurance coverage under section 1201(i) for personal
 14 risk incident to planned travel, including 1 or more of the
 15 following:

16 (i) Interruption or cancellation of a trip or event.

17 (ii) Loss of baggage or personal effects.

18 (iii) Damages to accommodations or rental vehicles.

19 (iv) Sickness, accident, disability, or death occurring during
 20 travel.

21 (v) **Emergency evacuation.**

22 (vi) **Repatriation of remains.**

23 (vii) **Any other contractual obligations to indemnify or pay a**
 24 **specified amount to the traveler on determinable contingencies**
 25 **related to travel as approved by the director.**

26 (e) ~~Travel insurance~~ "**Travel insurance**" does not include ~~major~~
 27 **either of the following:**

28 (i) **Major** medical plans, which provide comprehensive medical
 29 protection for travelers with trips lasting **longer than** 6 months,



1 ~~or longer~~, including, for example, those working **or residing**
2 overseas as an expatriate, or military personnel being deployed.

3 (ii) A product that requires a specific insurance producer's
4 license.

5 CHAPTER 12B

6 TRAVEL INSURANCE

7 Sec. 1281. This chapter applies to travel insurance that
8 covers a resident of this state and is sold, solicited, negotiated,
9 or offered in this state and for which policies and certificates
10 are delivered or issued for delivery in this state. Except as
11 otherwise provided in this chapter, this chapter does not apply to
12 cancellation fee waivers and travel assistance services.

13 Sec. 1283. As used in this chapter:

14 (a) "Aggregator site" means a website that provides access to
15 information regarding insurance products from more than 1 insurer,
16 including product and insurer information, for use in comparison
17 shopping.

18 (b) "Blanket travel insurance" means a policy of travel
19 insurance issued to any eligible group providing coverage for
20 specific classes of persons defined in the policy with coverage
21 provided to all members of the eligible group without a separate
22 charge to individual members of the eligible group.

23 (c) "Cancellation fee waiver" means a contractual agreement
24 between a supplier of travel services and its customer to waive
25 some or all of the nonrefundable cancellation fee provisions of the
26 supplier's underlying travel contract with or without regard to the
27 reason for the cancellation or form of reimbursement. A
28 cancellation fee waiver is not insurance.

29 (d) "Eligible group" means 2 or more persons that are engaged



1 in a common enterprise, or have an economic, educational, or social
2 affinity or relationship, including, but not limited to, any of the
3 following:

4 (i) Persons engaged in the business of providing travel or
5 travel services, including, but not limited to, tour operators,
6 lodging providers, vacation property owners, hotels and resorts,
7 travel clubs, travel agencies, property managers, cultural exchange
8 programs, and common carriers or the operators, owners, or lessors
9 of a means of transportation of passengers, including, but not
10 limited to, airlines, cruise lines, railroads, steamship companies,
11 and public bus carriers, in which, with regard to any particular
12 travel or type of travel or travelers, all members or customers of
13 the group must have a common exposure to risk attendant to the
14 travel.

15 (ii) Colleges, schools, or other institutions of learning
16 covering students, teachers or employees, or volunteers.

17 (iii) Employers covering a group of employees, volunteers,
18 contractors, board of directors, dependents, or guests.

19 (iv) Sports teams, camps, or sponsors of sports teams or camps
20 covering participants, members, campers, employees, officials,
21 supervisors, or volunteers.

22 (v) Religious, charitable, recreational, educational, or civic
23 organizations or branches of religious, charitable, recreational,
24 educational, or civic organizations covering any group of members,
25 participants, or volunteers.

26 (vi) Financial institutions or financial institution vendors,
27 or parent holding company, trustee, or agent of or designated by 1
28 or more financial institutions or financial institution vendors,
29 including account holders, credit card holders, debtors,



1 guarantors, or purchasers.

2 (vii) Incorporated or unincorporated associations, including
3 labor unions, having a common interest, constitution, and bylaws,
4 and organized and maintained in good faith for purposes other than
5 obtaining insurance for members or participants of the association
6 covering its members.

7 (viii) A trust or the trustees of a fund established, created,
8 or maintained for the benefit of and covering members, employees,
9 or customers, subject to the director's permitting the use of a
10 trust and the premium tax under section 1285, of 1 or more
11 associations described in subparagraph (vii).

12 (ix) Entertainment production companies covering a group of
13 participants, volunteers, audience members, contestants, or
14 workers.

15 (x) Volunteer fire departments, ambulance, rescue, police, or
16 court, or any first aid, civil defense, or other volunteer groups.

17 (xi) Preschools, daycare institutions for children or adults,
18 and senior citizen clubs.

19 (xii) Automobile or truck rental or leasing companies covering
20 a group of individuals who may become renters, lessees, or
21 passengers defined by their travel status on the rented or leased
22 vehicles. The common carrier, the operator, owner, or lessor of a
23 means of transportation, or the automobile or truck rental or
24 leasing company is the policyholder under a policy to which this
25 subparagraph applies.

26 (xiii) Any other group as to which the director has determined
27 that the members are engaged in a common enterprise, or have an
28 economic, educational, or social affinity or relationship, and that
29 issuance of the policy would not be contrary to the public



1 interest.

2 (e) "Fulfillment materials" means documentation sent to the
3 purchaser of a travel protection plan confirming the purchase and
4 providing the travel protection plan's coverage and assistance
5 details.

6 (f) "Group travel insurance" means travel insurance issued to
7 any eligible group.

8 (g) "Primary certificate holder" means an individual who
9 elects and purchases travel insurance under a group policy.

10 (h) "Primary policyholder" means an individual who elects and
11 purchases individual travel insurance.

12 (i) "Travel assistance services" means noninsurance services
13 for which the consumer is not indemnified based on a fortuitous
14 event, and as to which providing the service does not result in the
15 transfer or shifting of risk that would constitute the business of
16 insurance. Travel assistance services include, but are not limited
17 to, security advisories, destination information, vaccination and
18 immunization information services, travel reservation services,
19 entertainment, activity and event planning, translation assistance,
20 emergency messaging, international legal and medical referrals,
21 medical case monitoring, coordination of transportation
22 arrangements, emergency cash transfer assistance, medical
23 prescription replacement assistance, passport and travel document
24 replacement assistance, lost luggage assistance, concierge
25 services, and any other service that is furnished in connection
26 with planned travel. Travel assistance services are not insurance
27 and not related to insurance.

28 (j) "Travel insurance" means that term as defined in section
29 1202.



1 (k) "Travel protection plans" means plans that provide 1 or
2 more of the following:

- 3 (i) Travel insurance.
4 (ii) Travel assistance services.
5 (iii) Cancellation fee waivers.

6 Sec. 1285. (1) A travel insurer shall pay a premium tax, as
7 provided in section 635 of the income tax act of 1967, 1967 PA 281,
8 MCL 206.635, on travel insurance premiums paid by any of the
9 following:

10 (a) An individual primary policyholder who is a resident of
11 this state.

12 (b) A primary certificate holder who is a resident of this
13 state who elects coverage under a group travel insurance policy.

14 (c) A blanket travel insurance policyholder that is a resident
15 in, or has its principal place of business or the principal place
16 of business of an affiliate or subsidiary that has purchased
17 blanket travel insurance in, this state for eligible blanket group
18 members, subject to any apportionment rules that apply to the
19 insurer across multiple taxing jurisdictions or that permits the
20 insurer to allocate premium on an apportioned basis in a reasonable
21 and equitable manner in those jurisdictions.

22 (2) A travel insurer shall do both of the following:

23 (a) Document the state of residence or principal place of
24 business of the policyholder or certificate holder, as required in
25 subsection (1).

26 (b) Report as premium only the amount allocable to travel
27 insurance and not any amounts received for travel assistance
28 services or cancellation fee waivers.

29 Sec. 1287. Travel protection plans may be offered for 1 price



1 for the combined features that the travel protection plan offers in
2 this state if both of the following conditions are met:

3 (a) The travel protection plan clearly discloses to the
4 consumer at or before the time of purchase that it includes travel
5 insurance, travel assistance services, and cancellation fee
6 waivers, as applicable, and provides information and an opportunity
7 at or before the time of purchase for the consumer to obtain
8 additional information regarding the features and pricing of each.

9 (b) The fulfillment materials do both of the following:

10 (i) Describe and delineate the travel insurance, travel
11 assistance services, and cancellation fee waivers in the travel
12 protection plan.

13 (ii) Include the travel insurance disclosures and the contact
14 information for persons providing travel assistance services and
15 cancellation fee waivers, as applicable.

16 Sec. 1289. (1) Except as otherwise provided in this section, a
17 person that offers travel insurance to residents of this state is
18 subject to chapter 20. If there is a conflict between this chapter
19 and other provisions of this act regarding the sale and marketing
20 of travel insurance and travel protection plans, this chapter
21 controls.

22 (2) Offering or selling a travel insurance policy that could
23 never result in payment of any claims for an insured under the
24 policy is an unfair trade practice under chapter 20.

25 (3) All documents provided to consumers before the purchase of
26 travel insurance, including, but not limited to, sales materials,
27 advertising materials, and marketing materials, must be consistent
28 with the travel insurance policy, including, but not limited to,
29 forms, endorsements, policies, rate filings, and certificates of



1 insurance.

2 (4) For travel insurance policies or certificates that contain
3 preexisting condition exclusions, information and an opportunity to
4 learn more about the preexisting condition exclusions must be
5 provided any time before the time of purchase, and in the
6 coverage's fulfillment materials.

7 (5) The fulfillment materials must be provided to a
8 policyholder or certificate holder as soon as practicable following
9 the purchase of a travel protection plan. Unless the insured has
10 either started a covered trip or filed a claim under the travel
11 insurance coverage, a policyholder or certificate holder may cancel
12 a policy or certificate for a full refund of the travel protection
13 plan price from the date of purchase of the travel protection plan
14 until at least either of the following:

15 (a) Fifteen days following the date of delivery of the travel
16 protection plan's fulfillment materials by postal mail.

17 (b) Ten days following the date of delivery of the travel
18 protection plan's fulfillment materials by means other than postal
19 mail.

20 (6) A company shall disclose in the policy documentation and
21 fulfillment materials whether the travel insurance is primary or
22 secondary to other applicable coverage.

23 (7) If travel insurance is marketed directly to a consumer
24 through an insurer's website or by others through an aggregator
25 site, it is not an unfair trade practice or other violation of law
26 if both of the following apply:

27 (a) An accurate summary or short description of coverage is
28 provided on the webpage.

29 (b) If the consumer has access to the full provisions of the



1 policy through electronic means.

2 (8) A person that offers, solicits, or negotiates travel
3 insurance or travel protection plans on an individual or group
4 basis shall not use a negative option or opt-out, that would
5 require a consumer to take an affirmative action to deselect
6 coverage, such as unchecking a box on an electronic form when the
7 consumer purchases a trip.

8 (9) If a consumer's destination jurisdiction requires
9 insurance coverage, it is not an unfair trade practice to require
10 that a consumer choose between any of the following options as a
11 condition of purchasing a trip or travel package:

12 (a) Purchasing the coverage required by the destination
13 jurisdiction through the travel insurance producer supplying the
14 trip or travel package.

15 (b) Agreeing to obtain and provide proof of coverage that
16 meets the destination jurisdiction's requirements before departure.

17 (10) As used in this section, "delivery" means handing
18 fulfillment materials to the policyholder or certificate holder or
19 sending fulfillment materials by postal mail or electronic means to
20 the policyholder or certificate holder.

21 Sec. 1291. (1) Notwithstanding any other provision of this
22 act, travel insurance is classified and must be filed for purposes
23 of rates and forms under an inland marine line of insurance.
24 However, travel insurance that provides coverage for sickness,
25 accident, disability, or death occurring during travel, either
26 exclusively or in conjunction with related coverages of emergency
27 evacuation or repatriation of remains, or incidental limited
28 property and casualty benefits such as baggage or trip
29 cancellation, may be filed by an authorized insurer under either an



1 accident and health line of insurance or an inland marine line of
2 insurance.

3 (2) Travel insurance may be in the form of an individual,
4 group, or blanket policy.

5 (3) Eligibility and underwriting standards for travel
6 insurance may be developed and provided based on travel protection
7 plans designed for individual or identified marketing or
8 distribution channels, if those standards also meet this state's
9 underwriting standards for inland marine.

