

THE INSURANCE CODE OF 1956 (EXCERPT)

Act 218 of 1956

CHAPTER 12B

TRAVEL INSURANCE

500.1281 Scope of chapter.

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

History: Add. 2020, Act 266, Imd. Eff. Dec. 29, 2020.

Popular name: Act 218

500.1283 Definitions.

Sec. 1283. As used in this chapter:

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

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

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

(d) "Eligible group" means 2 or more persons that are engaged in a common enterprise, or have an economic, educational, or social affinity or relationship, including, but not limited to, any of the following:

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

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

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

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

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

(vi) Financial institutions or financial institution vendors, or parent holding company, trustee, or agent of or designated by 1 or more financial institutions or financial institution vendors, including account holders, credit card holders, debtors, guarantors, or purchasers.

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

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

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

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

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

(xii) Automobile or truck rental or leasing companies covering a group of individuals who may become renters, lessees, or passengers defined by their travel status on the rented or leased vehicles. The common

carrier, the operator, owner, or lessor of a means of transportation, or the automobile or truck rental or leasing company is the policyholder under a policy to which this subparagraph applies.

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

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

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

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

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

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

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

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

(i) Travel insurance.

(ii) Travel assistance services.

(iii) Cancellation fee waivers.

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500.1285 Payment of premium tax on travel insurance premiums; travel insurer duties.

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

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

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

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

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

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

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

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500.1287 Travel protection plans; requirements.

Sec. 1287. Travel protection plans may be offered for 1 price for the combined features that the travel protection plan offers in this state if both of the following conditions are met:

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

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

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

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

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500.1289 Offering or selling travel insurance; subject to unfair and prohibited trade practices and frauds; fulfillment materials; cancellation policy.

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

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

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

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

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

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

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

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

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

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

(b) If the consumer has access to the full provisions of the policy through electronic means.

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

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

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

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

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

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500.1291 Classification of travel insurance; inland marine line of insurance; eligibility and underwriting standards.

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

under either an accident and health line of insurance or an inland marine line of insurance.

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

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

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