AN ACT relating to the regulation of travel-related activities.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

SECTION 1. A NEW SECTION OF SUBTITLE 52 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

As used in this subtitle:

(1) "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;

(2) "Cancellation fee waiver" means a contractual agreement between a supplier of travel services and its customer to waive some or all of the non-refundable cancellation fee provisions of the supplier's underlying travel contract with or without regard to the reason for the cancellation or form of reimbursement;

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

(a) 1. Any entity 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

2. The operator, owner, or lessor of a means of transportation of passengers, including but not limited to airlines, cruise lines, railroads, steamship companies, and public bus carriers;

wherein, with regard to any particular travel or type of travel or travelers, all members or customers of the group have a common exposure to risk attendant to the travel;
(b) Any college, school, or other institution of learning covering students, teachers, employees, or volunteers;

(c) Any employer covering any group of employees, volunteers, contractors, board of directors, dependents, or guests;

(d) Any sports team, camp, or sponsor of a sports team or camp, covering participants, members, campers, employees, officials, supervisors, or volunteers;

(e) Any religious, charitable, recreational, educational, or civic organization, or branch thereof, covering any group of members, participants, or volunteers;

(f) Any financial institution, financial institution vendor, or parent holding company, trustee, or agent of, or designated by, one (1) or more financial institutions or financial institution vendors, including account holders, credit card holders, debtors, guarantors, or purchasers;

(g) Any incorporated or unincorporated association, including a labor union, that:

1. Has a common interest, constitution, and bylaws; and

2. Is organized and maintained in good faith for purposes other than obtaining insurance to cover members or participants of the association;

(h) Any trust, or the trustees of a fund established, created, or maintained for the benefit of and covering members, employees, or customers, of one (1) or more associations meeting the requirements of paragraph (g) of this subsection if the commissioner permits the use of a trust;

(i) Any entertainment production company covering any group of participants, volunteers, audience members, contestants, or workers;

(j) Any:
1. Volunteer fire department, ambulance, rescue, police, or court; or

2. First aid, civil defense, or other such volunteer group;

(k) Any preschool, daycare institution for children or adults, or senior citizen club;

(l) Any automobile, truck rental, or leasing company covering a group of individuals who may become renters, lessees, or passengers as defined by their travel status on the rented or leased vehicles, if the common carrier, operator, owner, or lessor of a means of transportation, or the automobile, truck rental, or leasing company, is the policy holder under a policy to which this subtitle applies; or

(m) Any other group for which the commissioner has determined that:

1. The members are engaged in a common enterprise, or have an economic, educational, or social affinity or relationship; and

2. Issuance of travel insurance to the group would not be contrary to the public interest;

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

(5) "Group travel insurance" means travel insurance issued to any eligible group;

(6) "Negotiate" or "negotiated" has the same meaning as "negotiate" in Section 9 of this Act;

(7) "Primary certificate holder" means an individual person who elects and purchases group travel insurance;

(8) "Primary policyholder" means an individual person who elects and purchases individual travel insurance;

(9) "Sold" or "selling" has the same meaning as "sell" in Section 9 of this Act;

(10) "Solicit" or "solicited" has the same meaning as "solicit" in Section 9 of this Act;
Act:

(11) "Travel assistance services":

(a) Means non-insurance services:

1. For which the consumer is not indemnified based on a fortuitous event; and

2. Where providing the service does not result in a transfer or shifting of risk that would constitute the business of insurance; and

(b) Includes but is 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 non-insurance service that is furnished in connection with planned travel;

(12) "Travel insurance":

(a) Means insurance coverage for personal risks incident to planned travel, including but not limited to:

1. Interruption or cancellation of a trip or event;

2. Loss of baggage or personal effects;

3. Damages to accommodations or rental vehicles;

4. Sickness, accident, disability, or death occurring during travel;

5. Emergency evacuation;

6. Repatriation of remains; or

7. Any other contractual obligations to indemnify or pay a specified amount to the traveler upon determinable contingencies related to
travel as approved by the commissioner; and

(b) Does not include insurance coverage that provides comprehensive medical protection for travelers with trips lasting longer than six (6) months, including but not limited to those working or residing overseas as an expatriate or any other product that requires a specific insurance producer license; and

(13) "Travel protection plan" means a plan that provides one (1) or more of the following:

(a) Travel insurance;

(b) Travel assistance services; or

(c) Cancellation fee waiver.

SECTION 2. SUBTITLE 52 OF KRS CHAPTER 304 IS ESTABLISHED, AND A NEW SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

(1) (a) The provisions of this subtitle shall apply to travel insurance that covers any resident of this state, and is sold, solicited, negotiated, or offered in this state, and policies and certificates that are delivered or issued for delivery in this state.

(b) The provisions of this subtitle shall not apply to cancellation fee waivers or travel assistance services, except as expressly provided.

(2) In addition to the provisions of this subtitle, all other provisions of this chapter shall apply to travel insurance, to the extent applicable and not in conflict with the express provisions of this subtitle.

(3) (a) A cancellation fee waiver shall not be considered a contract of, or for, insurance.

(b) Travel assistance services shall not be considered insurance, or related to insurance.

SECTION 3. A NEW SECTION OF SUBTITLE 52 OF KRS CHAPTER 304
IS CREATED TO READ AS FOLLOWS:

(1) For purposes of this section:

(a) "Health insurance":

1. Has the same meaning as in KRS 304.5-040; and

2. Shall include limited benefit expense policies providing benefits for losses incurred while traveling generally outside a one hundred (100) mile radius of the United States border that:

   a. May:

      i. Extend to domestic or foreign travel;

      ii. Include both sickness and injury benefits;

      iii. Include loss of baggage benefits; and

      iv. Include air transportation services for emergencies; and

   b. Shall not exceed a stated dollar amount per day, per month, or for the trip duration; and

(b) "Inland marine insurance" may include coverage for:

1. Property and personal effects in transit or held by a bailee, not owned, controlled, or operated by the bailor, including repatriation; and

2. Financial loss due to:

   a. Cancellation or postponement of a specific event due to weather or other unexpected causes beyond the control of the insured; and

   b. Trip cancellation or interruption, lost or damaged baggage, trip or baggage delays, missed connections, changes in itinerary, or casualty losses due to rental vehicle damage.

(2) Notwithstanding any other provision of this chapter:

(a) Except as provided in paragraph (b) of this subsection, travel insurance shall be classified and filed, for purposes of rates and forms, as inland
marine insurance; and

(b) 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, repatriation of remains, or incidental limited property and casualty benefits, including but not limited to baggage or trip cancellation, may be classified and filed by an authorized insurer as either health insurance or inland marine insurance.

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

(4) 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 the state's underwriting standards for inland marine insurance.

SECTION 4. A NEW SECTION OF SUBTITLE 52 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

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

(b) "Limited lines travel insurance producer" has the same meaning as in Section 7 of this Act; and

(c) "Travel retailer" has the same meaning as in Section 7 of this Act.

(2) The following shall constitute an unfair trade practice under Subtitle 12 of this chapter:

(a) Offering or selling travel insurance that could never result in payment of any claims for any insured under the policy; and

(b) Marketing blanket travel insurance as free.

(3) The following shall not be an unfair trade practice or other violation of law:
(a) Providing an accurate summary or short description of coverage on an insurer's Web site, or through an aggregator site, that markets travel insurance directly to the consumer, so long as the consumer has access to the full provisions of the travel insurance policy through electronic means; and

(b) When a consumer's destination jurisdiction requires insurance coverage, requiring the consumer to choose between the following options as a condition of purchasing a trip or travel package:

1. Purchasing the coverage required by the destination jurisdiction through the travel retailer, or limited lines travel insurance producer, supplying the trip or travel package; or

2. Agreeing to obtain and provide proof of coverage that meets the destination jurisdiction's requirements prior to departure.

SECTION 5. A NEW SECTION OF SUBTITLE 52 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Delivery" means:

1. Handing fulfillment materials to the policyholder or certificate holder;

or

2. Sending fulfillment materials, by postal mail or electronic means, to the policyholder or certificate holder;

(b) "Negative option" or "opt-out" means requiring a consumer to take an affirmative action to deselect the purchase of travel insurance, or a travel protection plan, such as unchecking a box on an electronic form, when the consumer purchases a trip; and

(c) "Travel administrator" has the same meaning as in Section 7 of this Act.

(2) An insurer shall be responsible for:
(a) The acts of a travel administrator administering travel insurance underwritten by the insurer; and

(b) Ensuring that the travel administrator maintains all books and records relevant to the insurer, which shall be made available by the travel administrator to the commissioner upon request.

(3) (a) Unless a policyholder or certificate holder has either started a covered trip or filed a claim under the travel insurance coverage, the policyholder or certificate holder shall be allowed to cancel a travel insurance 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:

1. Fifteen (15) days following the date of delivery of the travel protection plan’s fulfillment materials by postal mail; or

2. Ten (10) days following the date of delivery of the travel protection plan’s fulfillment materials by means other than postal mail.

(b) This subsection shall apply to travel insurance coverage issued or renewed on or after the effective date of this Act.

(4) An insurer shall disclose in the policy documentation and fulfillment materials whether the travel insurance is primary or secondary to other applicable coverage.

(5) Every insurer and person authorized under this chapter to offer, solicit, and negotiate travel insurance or travel protection plans shall:

(a) Ensure that all documents provided to consumers prior to the purchase of travel insurance, including but not limited to sales materials, advertising materials, and marketing materials, is consistent with the travel insurance policy itself, including but not limited to forms, endorsements, policies, rate filings, and certificates of insurance;

(b) For travel insurance containing pre-existing condition exclusions, ensure
that information, and an opportunity to learn more, about the pre-existing
condition exclusions is provided any time prior to the time of purchase and
in the fulfillment materials;

(c) Ensure that the fulfillment materials and the information described in
subsection (5)(a) of Section 7 of this Act are provided to a policyholder or
certificate holder as soon as practicable following the purchase of a travel
protection plan; and

(d) Not offer, solicit, or negotiate travel insurance, or a travel protection plan,
on an individual or group basis, through the use of a negative option or opt-
out.

SECTION 6. A NEW SECTION OF SUBTITLE 52 OF KRS CHAPTER 304
IS CREATED TO READ AS FOLLOWS:

Sections 1 to 6 of this Act may be cited as the Travel Insurance Act.

Section 7. KRS 304.9-475 is amended to read as follows:

(1) For the purposes of this section and KRS 304.9-080:

(a) "Limited lines travel insurance producer" means a:

1. Licensed managing general agent, as defined in KRS 304.9-
   085(1);

2. Licensed agent, as defined in KRS 304.9-020(1); or

3. Licensed administrator, as defined in KRS 304.9-051;

4. Limited lines travel insurance agent licensed pursuant to KRS 304.9-
   230(1); or

   designated by the insurer as the travel insurance supervising entity;

5. Person authorized to act as a travel administrator under subsection (2)
   of this section.

(b) "Offering and disseminating" means providing general information relating to
the travel insurance offered, including:
1. A description of the coverage and price;
2. Receiving applications and premiums; and
3. Performing other activities permitted by the department which do not
   require a license;

(c) "Travel administrator":

1. Means a person who directly or indirectly, in connection with travel
   insurance:
   a. Underwrites coverage in this state;
   b. Collects charges, collateral, or premiums from residents of this
      state; or
   c. Adjusts or settles claims on residents of this state; and

2. Shall not include any of the following persons if that person's only
   actions that would otherwise cause the person to be a travel
   administrator are:
   a. A person working for a travel administrator to the extent that the
      person's activities are subject to the supervision and control of
      the travel administrator;
   b. An insurance producer selling insurance or engaged in
      administrative and claims-related activities within the scope of
      the producer's license;
   c. A travel retailer offering and disseminating travel insurance and
      registered under the license of a limited lines travel insurance
      producer in accordance with this section;
   d. An individual adjusting or settling claims in the normal course
      of that individual's practice or employment as an attorney-at-law
      and who does not collect charges or premiums in connection
      with insurance coverage; or
e. A business entity that is affiliated with an authorized insurer while acting as a travel administrator for the direct and assumed insurance business of an affiliated insurer; and

(d) "Travel retailer" means an entity that makes, arranges, or offers travel services and may offer and disseminate travel insurance as a service to its customers on behalf of and under the direction of a limited lines travel insurance producer business entity.

(2) Notwithstanding any other provisions of this chapter, no person shall be, act as, or represent that the person is, a travel administrator in this state, unless that person is:

1. A licensed managing general agent, as defined in KRS 304.9-085;

2. A licensed administrator, as defined in KRS 304.9-051; or

3. Engaging in activities permitted under the person's insurance producer license, issued under this subtitle or Subtitle 10 of this chapter, with property and casualty lines of authority.

(b) A person acting as a travel administrator in accordance with this subsection, and that person's employees, shall be exempt from the licensing requirements of Section 11 of this Act.

(3) (a) The commissioner may issue a limited lines travel insurance producer license to an individual or business entity that has filed an application for a limited lines travel insurance producer license in a form and manner prescribed by the commissioner.

(b) A limited lines travel insurance producer licensed under this subsection may sell, solicit, or negotiate travel insurance through an authorized insurer.

(c) No person shall act as a limited lines travel insurance producer unless properly licensed.
(d) A limited lines travel insurance producer business entity licensee may be designated by an insurer as the travel insurance supervising entity responsible for the acts of a travel retailer.

(4) (a) Any person licensed as an insurance producer for a major line of authority under this subtitle or Subtitle 10 of this chapter may sell, solicit, or negotiate travel insurance.

(b) A person licensed under this subtitle or Subtitle 10 of this chapter as an insurance producer with property and casualty lines of authority is not required to hold an appointment with an insurer in order to sell, solicit, or negotiate travel insurance.

(5) A travel retailer may offer and disseminate travel insurance on behalf of and under the control of a limited lines travel insurance producer business entity licensee only if[ the limited lines travel insurance producer complies with] the following conditions are met:

(a) The limited lines travel insurance producer, or travel retailer, provides to purchasers of travel insurance:

1. A description of the material terms or the actual material terms of the insurance coverage;

2. A description of the process for filing a claim;

3. A description of the review or cancellation process for the travel insurance; and

4. The identity and contact information of the insurer and limited lines travel insurance producer;[The limited lines travel insurance producer is clearly identified, including the entity's name and contact information, on marketing materials and fulfillment packages distributed by travel retailers to customers;]}

(b) At the time of licensure, the limited lines travel insurance producer
establishes and maintains a register on a form prescribed by the commissioner of each travel retailer that offers travel insurance on the limited lines travel insurance producer's behalf.

2. The register shall be maintained and updated annually by the limited lines travel insurance producer and shall include the name, address, contact information, and Federal Employment Identification Number of the travel retailer and the name, address, and contact information of any officer or person employed by the travel retailer who directs or controls the travel retailer's operations. The limited lines travel insurance producer shall submit the register upon request from the commissioner;

(c) The limited lines travel insurance producer certifies that it complies with 18 U.S.C. sec. 1033;

(d) The limited lines travel insurance producer designates one (1) of its employees, who shall be a licensed individual producer, as the person responsible for the business entity's compliance with the travel insurance laws, rules, and regulations of the state that are applicable to the limited lines travel insurance producer and its registrants;

(e) The following persons comply with the fingerprinting requirements applicable to insurance producers in the resident state of the limited lines travel insurance producer:

1. The individual designated under paragraph (d) of this subsection; and

2. The president, secretary, treasurer, or any other officer or person who directs the limited lines travel insurance producer's insurance operations;

(f) The limited lines travel insurance producer has paid all applicable licensing
fees as set forth in state law; and

(g) The limited lines travel insurance producer requires each employee and authorized representative of the travel retailer, whose duties include offering and disseminating travel insurance, to receive a program of instruction or training, which may be subject to review and approval by the commissioner. The training material shall, at a minimum, contain instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers.

(6)(3) Notwithstanding KRS 304.9-421 and 304.9-425, a travel retailer, including its employees and authorized representatives, whose activities relating to insurance are limited to offering and disseminating travel insurance on behalf of and under the direction of a limited lines travel insurance producer business entity licensee, shall be authorized to receive related compensation, upon registration by the limited lines travel producer as described in subsection (5)(b) of this section if the limited lines travel insurance producer meets the conditions as set forth in this section and the applicable requirements of Sections 4 and 5 of this Act may offer and disseminate travel insurance.

(7)(4) As the insurer’s designee, the limited lines travel insurance producer business entity licensee is responsible for the acts of the travel retailer and shall use reasonable means to ensure compliance by the travel retailer with this section and Sections 4 and 5 of this Act.

(8) Any travel retailer offering or disseminating travel insurance shall make available to prospective purchasers, brochures or other written materials, that have been approved by the insurer providing the travel insurance, and which shall:

(a) Provide the identity and contact information of the insurer and the limited lines travel insurance producer:
(b) Explain that the purchase of travel insurance is not required in order to purchase any other product or service from the travel retailer; and

(c) Explain that an unlicensed travel retailer is permitted to provide only general information about the travel insurance offered by the travel retailer, including a description of the coverage and price, but is not qualified or authorized to answer technical questions about the terms and conditions of the travel insurance or to evaluate the adequacy of the customer's existing insurance coverage.

(9) An employee or authorized representative of a travel retailer, who is not licensed as an insurance producer, shall not:

(a) Evaluate or interpret the technical terms, benefits, and conditions of the travel insurance coverage;

(b) Evaluate or provide advice concerning a prospective purchaser's existing insurance coverage; or

(c) Hold himself or herself out as a licensed insurer, licensed insurance producer, or insurance expert.

SECTION 8. A NEW SECTION OF KRS CHAPTER 365 IS CREATED TO READ AS FOLLOWS:

(1) A travel protection plan, as defined in Section 1 of this Act, may be offered for one (1) price if:

(a) The travel protection plan clearly discloses to the consumer, at or prior to the time of purchase that:

1. It includes travel insurance, travel assistance services, and cancellation fee waivers, as applicable; and

2. The consumer has the opportunity to obtain additional information regarding the features and pricing of the travel insurance, travel assistance services, and cancellation fee waivers, as applicable; and
(b) The fulfillment materials:

1. Describe any travel insurance, travel assistance services, and
cancellation fee waivers in the travel protection plan; and

2. Include:

a. Travel insurance disclosures required by this section and

Sections 5 and 7 of this Act; and

b. Contact information for persons providing any travel assistance

services or cancellation fee waivers.

Section 9. KRS 304.9-020 is amended to read as follows:

As used in this subtitle:

(1) "Agent" means a person who sells, solicits, or negotiates insurance or annuity
contracts;

(2) "Appointment" means a notification filed with the insurance department that an
insurer has established an agency relationship with a producer;

(3) "Appointment renewal" means continuation of an insurer's existing appointment
based on payment of the required fee without submission of an appointment form;

(4) "Apprentice adjuster" means an individual who meets the qualification requirements
to hold a license as an independent, staff, or public adjuster, except for the
experience, education, and training requirements;

(5) "Business entity" means a corporation, association, partnership, limited liability
company, limited liability partnership, employer group, professional employer
organization, or other legal entity;

(6) "Catastrophe" means an event that results in a declaration of emergency by the
Governor pursuant to KRS 39A.100 and:

(a) A large number of deaths or injuries;

(b) Extensive damage or destruction of facilities that provide and sustain human
needs;
(c) An overwhelming demand on state and local response resources and mechanisms;

(d) A severe long-term effect on general economic activity; or

(e) A severe effect on state, local, and private sector capabilities to begin and sustain response activities;

(7) "Crop insurance" means insurance providing protection against damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease, or other yield-reducing conditions or perils provided by the private insurance market or that is subsidized by the Federal Crop Insurance Corporation, including multi-peril crop insurance;

(8) "Home state" means the District of Columbia and any state or territory of the United States in which a licensee maintains his or her principal place of residence or principal place of business and is licensed by that state;

(9) "Independent adjuster" means a person who:

(a) Is an independent contractor, an employee of an independent contractor, or for tax purposes is treated as an independent contractor under Subtitle C of the Internal Revenue Code, 26 U.S.C. secs. 3101 et seq.;

(b) Is compensated by an insurer or self-insurer; and

(c) Investigates, negotiates, or settles property, casualty, or workers' compensation claims for insurers or self-insurers;

(10) "Insurance producer" means an individual or business entity required to be licensed under the laws of Kentucky to sell, solicit, or negotiate insurance or annuity contracts. "Insurance producer" includes agent, managing general agent, surplus lines broker, reinsurance intermediary broker and manager, rental vehicle agent and rental vehicle agent managing employee, and consultant;

(11) "Limited line credit insurance" includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage
guaranty, mortgage disability, guaranteed automobile protection insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation that the commissioner determines should be designated a form of limited line credit insurance;

(12) "Limited line credit insurance agent" means an individual or business entity who sells, solicits, or negotiates one (1) or more forms of limited line credit insurance coverage to individuals through a master, corporate, group, or individual policy;

(13) "Limited lines insurance" means the lines of insurance defined in subsections (7), (11), (22), (27), and (29) of this section and any other line of insurance that the commissioner identifies in accordance with KRS 304.9-230(1)(g) or recognizes for the purpose of complying with KRS 304.9-140(5);

(14) "Negotiate" means the act of conferring directly with, or offering advice directly to, a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers. "Negotiate" does not include negotiating a claims settlement;

(15) "Pharmacy benefit manager" means an entity that, on behalf of a health benefit plan, state agency, insurer, managed care organization providing services under KRS Chapter 205, or other third-party payor:
   (a) Contracts directly or indirectly with pharmacies to provide prescription drugs to individuals;
   (b) Administers a prescription drug benefit;
   (c) Processes or pays pharmacy claims;
   (d) Creates or updates prescription drug formularies;
   (e) Makes or assists in making prior authorization determinations on prescription
drugs;

(f) Administers rebates on prescription drugs; or

(g) Establishes a pharmacy network;

(16) "Portable electronics" means electronic devices that are portable and the accessories and services related to the use of the device;

(17) (a) "Portable electronics insurance" means insurance providing coverage for the repair or replacement of portable electronics for any one (1) or more of the following:

1. Loss;
2. Theft;
3. Inoperability due to mechanical failure;
4. Malfunction;
5. Damage; or
6. Other similar causes of loss.

(b) "Portable electronics insurance" does not mean:

1. A service contract governed by KRS 304.5-070;
2. A policy of insurance covering a seller's or manufacturer's obligations under a warranty; or
3. A homeowner's, renter's, private passenger automobile, commercial multi-peril, or similar policy;

(18) "Portable electronics insurance supervising entity" means a business entity that is a licensed insurer or insurance agent that is appointed by an insurer to supervise the administration of a portable electronics insurance program;

(19) "Portable electronics retailer" means a licensed business entity that offers and sells portable electronic devices and offers and disseminates portable electronics insurance on behalf and under the direction of a portable electronics insurance supervising entity;
(20) "Public adjuster" means any person who, for compensation or anything of value:

(a) Acts on behalf of an insured or aids an insured, solely in relation to first-party claims arising under insurance contracts that insure the real or personal property of the insured, in negotiating for, or effecting the settlement of, a claim for loss or damage covered by an insurance contract;

(b) Advertises for employment as a public adjuster of insurance claims, solicits business or represents himself, herself, or itself to the public as a public adjuster of first-party insurance claims for losses or damages arising out of policies of insurance that insure real or personal property; or

(c) Directly or indirectly solicits business, investigates or adjusts losses, advises an insured about first-party claims for losses or damages arising out of policies of insurance that insure real or personal property for another person, or engages in the business of adjusting losses or damages covered by an insurance policy for the insured;

(21) "Rental vehicle agent" means a business entity with a rental vehicle agent managing employee that is licensed to sell, solicit, or negotiate insurance offered, sold, or solicited in connection with, and incidental to, the rental of rental vehicles, whether at the rental office or by preselection of coverage in master, corporate, or group agreements that:

(a) Are nontransferable;

(b) Apply only to the rental vehicle that is the subject of the rental agreement; and

(c) Are limited to the following kinds of insurance:

1. Personal accident insurance for renters and other rental vehicle occupants for accidental death or dismemberment and for medical expenses resulting from an accident that occurs with the rental vehicle during the rental period;

2. Liability insurance that provides protection to the renters and other
authorized drivers of a rental vehicle for liability arising from the operation or use of the rental vehicle during the rental period;

3. Personal effects insurance that provides coverage to renters and other vehicle occupants for loss of or damage to personal effects in the rental vehicle during the rental period;

4. Roadside assistance insurance;

5. Emergency sickness protection insurance; or

6. Any other coverage designated by the commissioner;

(22) "Rental vehicle insurance" means insurance underwritten by an insurer authorized to transact business in Kentucky that is sold in connection with, and incidental to, a rental vehicle agreement;

(23) "Rental vehicle agent managing employee" means an individual who:

(a) Is a salaried full-time employee of a licensed rental vehicle agent business entity that holds a license under KRS 304.9-505; and

(b) Is responsible for the supervision of the other employees engaged in the placement of insurance;

(24) "Sell" means to exchange a contract of insurance by any means, for money or other valuable consideration, on behalf of an insurer;

(25) "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular insurer;

(26) "Staff adjuster" means an individual who is an employee of an insurer who investigates, negotiates, or settles property, casualty, or workers' compensation claims on behalf of his or her employer;

(27) "Surety" means insurance or bond that covers obligation to pay the debts of, or answer for the default of another, including faithlessness in a position of public or private trust. Surety also includes surety insurance as defined in KRS 304.5-060;

(28) "Terminate" means the cancellation of the relationship between an insurance
producer and the insurer or the termination of an insurance producer's authority to
transact insurance;

(29) (a) "Travel insurance" has the same meaning as in Section 1 of this Act
means insurance coverage for personal risks incident to planned travel, including but not
limited to:

1. Interruption or cancellation of a trip or event;
2. Loss of baggage or personal effects;
3. Damages to accommodations or rental vehicles; and
4. Sickness, accident, disability, or death occurring during travel.

(b) "Travel insurance" does not include insurance coverage that provides
comprehensive medical protection for travelers with trips lasting six (6)
months or longer, including those working overseas as an expatriate or
military personnel being deployed;

(30) "Uniform business entity application" means the current version of the uniform
business entity application for resident and nonresident business entities; and

(31) "Uniform individual application" means the current version of the uniform
individual application for resident and nonresident individuals.

Section 10. KRS 304.9-080 is amended to read as follows:

(1) Except as provided in subsection (4) of Section 7 of this Act, an individual or
business entity shall not sell, solicit, or negotiate insurance in this state unless duly
licensed as the appropriate insurance producer for that line of authority in
accordance with this subtitle or Subtitle 10 of this chapter.

(2) Except as provided in KRS 304.9-430, no individual or business entity shall in this
state be, act as, or hold himself, herself, or itself out as an adjuster unless then
licensed as an adjuster.

(3) No individual or business entity shall in this state be, act as, or hold himself, herself,
or itself out as a consultant unless then licensed as a consultant. No consultant shall
act as a consultant with respect to any kind of insurance unless duly licensed as a consultant for that line of authority.

(4) Except as provided in KRS 304.9-410, 304.9-270(4), or subsection (4) of Section 7 of this Act, no agent shall place, and no insurer shall accept, any insurance with any insurer as to which the agent does not then hold a license and appointment as agent under this subtitle.

(5) A rental vehicle agent or rental vehicle managing employee shall not place, and an insurer shall not accept, any insurance with any insurer as to which the licensee does not then hold a license and appointment under this subtitle.

(6) A travel retailer, its employee, or its representative shall not offer and disseminate travel insurance, and an insurer shall not accept any travel insurance, for which:

(a) The limited lines travel insurance producer does not then hold a license and appointment pursuant to KRS 304.9-475; and

(b) The travel retailer is not registered in accordance with subsection (5)(b) of Section 7 of this Act.

(7) The commissioner shall prescribe and furnish all forms required under this subtitle as to licenses and appointments.

Section 11. KRS 304.9-430 is amended to read as follows:

(1) Except as provided in this section and in subsection (2) of Section 7 of this Act, no person shall in this state act as or hold himself, herself, or itself out to be an independent, staff, or public adjuster unless then licensed by the department as an independent, staff, or public adjuster.

(2) An individual applying for a resident independent, staff, or public adjuster license shall make application to the commissioner on the appropriate uniform individual application and in a format prescribed by the commissioner. The applicant shall declare under penalty of suspension, revocation, or refusal of the license that the statements made in the application are true, correct, and complete to the best of the
individual's knowledge and belief. Before approving the application, the
commissioner shall find that the individual to be licensed:

(a) Is at least eighteen (18) years of age;

(b) Is eligible to designate Kentucky as his or her home state;

(c) Is trustworthy, reliable, and of good reputation, evidence of which shall be
determined through an investigation by the commissioner;

(d) Has not committed any act that is a ground for probation or suspension,
revocation, or refusal of a license as set forth in KRS 304.9-440;

(e) Has successfully passed the examination for the adjuster license and the
applicable line of authority for which the individual has applied;

(f) Has paid the fees established by the commissioner pursuant to KRS 304.4-
010; and

(g) Is financially responsible to exercise the license.

(3) (a) To demonstrate financial responsibility, a person applying for a public
adjuster license shall obtain a bond or irrevocable letter of credit prior to
issuance of a license and shall maintain the bond or letter of credit for the
duration of the license with the following limits:

1. A surety bond executed and issued by an insurer authorized to issue
surety bonds in Kentucky, which bond shall:

   a. Be in the minimum amount of twenty thousand dollars ($20,000);

   b. Be in favor of the state of Kentucky and shall specifically
authorize recovery of any person in Kentucky who sustained
damages as the result of erroneous acts, failure to act, conviction
of fraud, or conviction for unfair trade practices in his or her
capacity as a public adjuster; and

   c. Not be terminated unless written notice is given to the licensee at
least thirty (30) days prior to the termination; or
2. An irrevocable letter of credit issued by a qualified financial institution, which letter of credit shall:
   a. Be in the minimum amount of twenty thousand dollars ($20,000);
   b. Be subject to lawful levy of execution on behalf of any person to whom the public adjuster has been found to be legally liable as the result of erroneous acts, failure to act, conviction of fraud, or conviction for unfair practices in his or her capacity as a public adjuster; and
   c. Not be terminated unless written notice is given to the licensee at least thirty (30) days prior to the termination.

(b) The commissioner may ask for evidence of financial responsibility at any time he or she deems relevant.

(c) The public adjuster license shall automatically terminate if the evidence of financial responsibility terminates or becomes impaired and shall be promptly surrendered to the commissioner without demand.

(4) A business entity applying for a resident independent or public adjuster license shall make application to the commissioner on the appropriate uniform business entity application and in a format prescribed by the commissioner. The applicant shall declare under penalty of suspension, revocation, or refusal of the license that the statements made in the application are true, correct, and complete to the best of the business entity's knowledge and belief. Before approving the application, the commissioner shall find that the business entity:

(a) Is eligible to designate Kentucky as its home state;
(b) Has designated a licensed independent or public adjuster responsible for the business entity's compliance with the insurance laws and regulations of Kentucky;
(c) Has not committed an act that is a ground for probation or suspension,
revocation, or refusal of an independent or public adjuster’s license as set forth
in KRS 304.9-440; and
(d) Has paid the fees established by the commissioner pursuant to KRS 304.4-010.
(5) The commissioner may require additional information or submissions from
applicants and may obtain any documents or information reasonably necessary to
verify the information contained in an application.
(6) Unless denied licensure pursuant to KRS 304.9-440, a person or business entity
who has met the requirements of subsections (2) to (5) of this section shall be issued
an independent, staff, or public adjuster license.
(7) An independent or staff adjuster may qualify for a license in one (1) or more of the
following lines of authority:
(a) Property and casualty;
(b) Workers' compensation; or
(c) Crop.
(8) Notwithstanding any other provision of this subtitle, an individual who is employed
by an insurer to investigate suspected fraudulent insurance claims, but who does not
adjust losses or determine claims payments, shall not be required to be licensed as a
staff adjuster.
(9) A public adjuster may qualify for a license in one (1) or more of the following lines
of authority:
(a) Property and casualty; or
(b) Crop.
(10) Notwithstanding any other provision of this subtitle, a license as an independent
adjuster shall not be required of the following:
(a) An individual who is sent into Kentucky on behalf of an insurer for the sole
purpose of investigating or making adjustment of a particular loss resulting
from a catastrophe, or for the adjustment of a series of losses resulting from a
catastrophe common to all losses;

(b) An attorney licensed to practice law in Kentucky, when acting in his or her
professional capacity as an attorney;

(c) A person employed solely to obtain facts surrounding a claim or to furnish
technical assistance to a licensed independent adjuster;

(d) An individual who is employed to investigate suspected fraudulent insurance
claims, but who does not adjust losses or determine claims payments;

(e) A person who solely performs executive, administrative, managerial, or
clerical duties, or any combination thereof, and who does not investigate,
negotiate, or settle claims with policyholders, claimants, or their legal
representatives;

(f) A licensed health care provider or its employee who provides managed care
services as long as the services do not include the determination of
compensability;

(g) A health maintenance organization or any of its employees or an employee of
any organization providing managed care services as long as the services do
not include the determination of compensability;

(h) A person who settles only reinsurance or subrogation claims;

(i) An officer, director, manager, or employee of an authorized insurer, surplus
lines insurer, or risk retention group, or an attorney-in-fact of a reciprocal
insurer;

(j) A United States manager of the United States branch of an alien insurer;

(k) A person who investigates, negotiates, or settles claims arising under a life,
accident and health, or disability insurance policy or annuity contract;

(l) An individual employee, under a self-insured arrangement, who adjusts claims
on behalf of his or her employer;
(m) A licensed agent, attorney-in-fact of a reciprocal insurer, or managing general
agent of the insurer, to whom claim authority has been granted by the insurer;
or

(n) A person who:

1. Is an employee of a licensed independent adjuster or an employee of an
affiliate that is a licensed independent adjuster or is supervised by a
licensed independent adjuster, if there are no more than twenty-five (25)
persons under the supervision of one (1) licensed individual independent
adjuster or licensed agent who is exempt from licensure pursuant to
paragraph (m) of this subsection;

2. Collects claim information from insureds or claimants;

3. Enters data into an automated claims adjudication system; and

4. Furnishes claim information to insureds or claimants from the results of
the automated claims adjudication system.

For purposes of this paragraph, "automated claims adjudication system"
means a preprogrammed computer system designed for the collection, data
entry, calculation, and system-generated final resolution of consumer
electronic products insurance claims that complies with claim settlement
practices pursuant to Subtitle 12 of KRS Chapter 304.

(11) Notwithstanding any other provision of this subtitle, a license as a public adjuster
shall not be required of the following:

(a) An attorney licensed to practice law in Kentucky, when acting in his or her
professional capacity as an attorney;

(b) A person who negotiates or settles claims arising under a life or health
insurance policy or an annuity contract;

(c) A person employed only for the purpose of obtaining facts surrounding a loss
or furnishing technical assistance to a licensed public adjuster, including
photographers, estimators, private investigators, engineers, and handwriting experts;

(d) A licensed health care provider or its employee who prepares or files a health claim form on behalf of a patient; or

(e) An employee or agent of an insurer adjusting claims relating to food spoilage with respect to residential property insurance in which the amount of coverage for the applicable type of loss is contractually limited to one thousand dollars ($1,000) or less.

(12) Notwithstanding any other provision of this subtitle, a license as a staff adjuster shall not be required of an employee or agent of an insurer adjusting claims relating to food spoilage with respect to residential property insurance in which the amount of coverage for the applicable type of loss is contractually limited to one thousand dollars ($1,000) or less.

(13) For purposes of this section, "home state" means any state or territory of the United States or the District of Columbia in which an independent, staff, or public adjuster maintains his, her, or its principal place of residence or business and is licensed to act as a resident independent, staff, or public adjuster. If the state of the principal place of residence does not license an independent, staff, or public adjuster for the line of authority sought, the independent, staff, or public adjuster shall designate as his, her, or its home state, any state in which the independent or public adjuster is licensed and in good standing.

(14) Temporary registration for emergency independent or staff adjusters shall be issued by the commissioner in the event of a catastrophe declared in Kentucky in the following manner:

(a) An insurer shall notify the commissioner by submitting an application for temporary emergency registration of each individual not already licensed in the state where the catastrophe has been declared, who will act as an
emergency independent adjuster on behalf of the insurer;

(b) A person who is otherwise qualified to adjust claims, but who is not already licensed in the state, may act as an emergency independent or staff adjuster and adjust claims if, within five (5) days of deployment to adjust claims arising from the catastrophe, the insurer notifies the commissioner by providing the following information, in a format prescribed by the commissioner:

1. The name of the individual;
2. The Social Security number of the individual;
3. The name of the insurer that the independent or staff adjuster will represent;
4. The catastrophe or loss control number;
5. The catastrophe event name and date; and
6. Any other information the commissioner deems necessary; and

(c) An emergency independent or staff adjuster's registration shall remain in force for a period not to exceed ninety (90) days, unless extended by the commissioner.

(15) (a) Unless refused licensure in accordance with KRS 304.9-440, a nonresident person shall receive a nonresident independent, staff, or public adjuster license if:

1. The person is currently licensed in good standing as an independent, staff, or public adjuster in his, her, or its home state;
2. The person has submitted the proper request for licensure, and has paid the fees required by KRS 304.4-010;
3. The person has submitted, in a form or format prescribed by the commissioner, the uniform individual application; and
4. The person's designated home state issues nonresident independent,
staff, or public adjuster licenses to persons of Kentucky on the same basis.

(b) The commissioner may verify the independent, staff, or public adjuster's licensing status through any appropriate database or may request certification of good standing.

(c) As a condition to the continuation of a nonresident adjuster license, the licensee shall maintain a resident adjuster license in his, her, or its home state.

(d) The nonresident adjuster license issued under this section shall terminate and be surrendered immediately to the commissioner if the resident adjuster license terminates for any reason, unless the termination is due to the adjuster being issued a new resident independent or public adjuster license in his, her, or its new home state. If the new resident state does not have reciprocity with Kentucky, the nonresident adjuster license shall terminate.

Section 12. KRS 304.9-440 is amended to read as follows:

(1) The commissioner may place on probation, suspend, or may impose conditions upon the continuance of a license for not more than twenty-four (24) months, revoke, or refuse to issue or renew, any license issued under this subtitle or any surplus lines broker, life settlement broker, or life settlement provider license, or may levy a civil penalty in accordance with KRS 304.99-020, or any combination of actions for any one (1) or more of the following causes:

(a) Providing incorrect, misleading, incomplete, or materially untrue information in the license application;

(b) Violating any insurance laws, or violating any administrative regulations, subpoena, or order of the commissioner or of another state's insurance commissioner;

(c) Obtaining or attempting to obtain a license through misrepresentation or fraud;
(d) Improperly withholding, misappropriating, or converting any moneys or
properties received in the course of doing insurance or the business of life
settlements;
(e) Intentionally misrepresenting the terms of an actual or proposed insurance
contract, life settlement contract, or application for insurance;
(f) Having been convicted of or having pled guilty or nolo contendere to any
felony;
(g) Having admitted or been found to have committed any unfair insurance trade
practice, insurance fraud, or fraudulent life settlement act;
(h) Using fraudulent, coercive, or dishonest practices; or demonstrating
incompetence, untrustworthiness, or financial irresponsibility; or being a
source of injury or loss to the public in the conduct of business in this state or
elsewhere;
(i) Having an insurance license, life settlement license, or its equivalent, denied,
suspended, or revoked in any other state, province, district, or territory;
(j) Surrendering or otherwise terminating any license issued by this state or by
any other jurisdiction, under threat of disciplinary action, denial, or refusal of
the issuance of or renewal of any other license issued by this state or by any
other jurisdiction; or revocation or suspension of any other license held by the
licensee issued by this state or by any other jurisdiction;
(k) Forging another's name to an application for insurance, to any other document
related to an insurance transaction, or to any document related to the business
of life settlements;
(l) Cheating, including improperly using notes or any other reference material to
complete an examination for license;
(m) Knowingly accepting insurance or life settlement business from an individual
or business entity who is not licensed, but who is required to be licensed under
(n) Failing to comply with an administrative or court order imposing a child support obligation;
(o) Failing to pay state income tax or to comply with any administrative or court order directing payment of state income tax;
(p) Having been convicted of a misdemeanor for which restitution is ordered in excess of three hundred dollars ($300), or of any misdemeanor involving dishonesty, breach of trust, or moral turpitude;
(q) Failing to no longer meet the requirements for initial licensure;
(r) If a life settlement provider, demonstrating a pattern of unreasonable payments to owners or failing to honor contractual obligations set out in a life settlement contract;
(s) Entering into any life settlement contract or using any form that has not been approved pursuant to Subtitle 15 of this chapter;
(t) If a licensee, having assigned, transferred, or pledged a policy subject to a life settlement contract to a person other than a life settlement provider licensed in this state, an accredited investor or qualified institutional buyer as defined, respectively, in Regulation D, Rule 501 or Rule 144a of the Federal Securities Act of 1933, as amended, a financing entity, a special purpose entity, or a related provider trust; or
(u) Any other cause for which issuance of the license could have been refused, had it then existed and been known to the commissioner.

(2) The license of a business entity may be suspended, revoked, or refused for any cause relating to an individual designated in or registered under the license if the commissioner finds that an individual licensee's violation was known or should have been known by one (1) or more of the partners, officers, or managers acting on behalf of the business entity and the violation was not reported to the Department of
Insurance nor corrective action taken.

(3) The license of a pharmacy benefit manager may, in the discretion of the commissioner, be suspended, revoked, or refused for any cause enumerated in subsection (1) of this section, and for violations of KRS 205.647, 304.9-053, 304.9-054, 304.9-055, and 304.17A-162. The pharmacy benefit manager shall also be subject to the same civil penalties under KRS 304.99-020 as an insurer.

(4) The applicant or licensee may make written request for a hearing in accordance with KRS 304.2-310.

(5) The commissioner shall retain the authority to enforce the provisions and penalties of this chapter against any individual or business entity who is under investigation for or charged with a violation of this chapter, even if the individual’s or business entity’s license has been surrendered or has lapsed by operation of law.

(6) The commissioner may suspend, revoke, or refuse to renew the license of a licensed insurance agent operating as a life settlement broker, pursuant to KRS 304.15-700, if the commissioner finds that such insurance agent has violated the provisions of KRS 304.15-700 to 304.15-725.

(7) If the commissioner denies a license application or suspends, revokes, or refuses to renew the license of a life settlement provider or life settlement broker, or suspends, revokes, or refuses to renew the license of a licensed life insurance agent operating as a life settlement broker pursuant to KRS 304.15-700, the commissioner shall comply with the provisions of this section and KRS Chapter 13B.

(8) The sanctions and penalties applicable to licensees and applicants under subsection (1) of this section shall apply to travel retailers that are registered as provided in subsection (5)(b) of Section 7 of this Act.