EXHIBIT 3
DATE 3/27/13
HB 614

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Dear Representative Berry:

On behalf of the American Society of Travel Agents (ASTA), thank you for your support of Travel Producer Licensing Reform (HB 614, LC 1558) in Montana that is consistent with new national standards adopted by the National Association of Insurance Commissioners (NAIC) and the National Conference of Insurance Legislators (NCOIL). These standards provide a workable solution to current licensing problems and inconsistencies our industry faces.

We have been urging our members to make travel insurance available to all of their clients for decades. Many of our members do so. Some do not offer it because of the complexity, cost and time burdens and regulatory hurdles that are often put in their path for what is, fundamentally, a referral service and conduit for tendering a brochure or linking to online information that is provided by the insurer.

As introduction, ASTA was established in 1931 and is today the leading retail professional travel trade organization in the world, with over 8,000 members serving the traveling public in 170 countries throughout the world. ASTA members include all segments of the travel industry with the core voting membership made up of retail travel agents. ASTA's members include the companies whose products they sell, such as tours, cruises, hotels and car rentals. One of ASTA's primary functions is to advocate for a level playing field and fair competition throughout the travel industry for the benefit of industry professionals as well as consumers. Travel agents, including traditional and online agents, are responsible for the sale of over 60% of all U.S. airline tickets and 64% of all cruises and tours. They are predominantly very small businesses, with over 98% meeting the Small Business Administration's small business size standard. In fact, in Montana, of the 53 travel agencies employing 328 full time workers, over 90 percent operate with less than 20 employees.

Returning to the issue of travel insurance, it is a misnomer to refer to the "sale" of travel insurance at the retail level. Travel agents do not "sell" travel insurance, nor do they hold themselves out as risk assessors with respect to travel and travel insurance.

The typical travel insurance transaction consists of the agent informing the client during the reservation and booking process that travel insurance is available for purchase to protect against the risks that everyone knows but may not be thinking about at the time. Thus, the agent calls attention to the possibility that the client may become ill or experience some other event after the booking and before or during travel that will interfere with completion of the travel experience for which the client is paying. The agent then typically tenders a brochure, or links to online information, that is provided by the actual insurer. The client then decides whether it wants to pay the fee for the insurance coverages offered and, if so, the client pays the money to the insurance vendor directly. In some cases the travel agency might accept the payment and forward it to the insurance company. In either case the insurance company is the provider of the insurance policy and is the source of any binding explanations of the coverages, amounts, etc.

Further, travel agents do not hold themselves out as insurance experts, risk assessors or anything similar. The travel agent does his or her part of the job by calling the availability of the insurance to the attention of the client and providing a means by which the client can get more information and acquire the service if desired.

The benefits are many. The travel consumer has a convenient source of basic information about the availability of travel insurance. The travel insurance industry has a national, ubiquitous distribution system for its products. And the travel agency protects itself from claims related to defeated travel plans by offering third-party protection against disruptions in travel plans.

These benefits are diminished, however, for all parties, including the consumer, when travel agents are deterred from offering the insurance opportunity due to the heavy cost of regulation, licensing, testing especially when doing business in multiple jurisdictions. Compared to the travel agency of just fifteen years ago that only distributed travel products to consumers within the agency's local area, today it is common for this same travel agency to have clients in multiple, if not most states. The imposition of state regulations for such purposes, that essentially treat travel agents as if they were insurance agents, is self-defeating because it deters travel agents from offering insurance to the traveling public. It does not take much to deter an agent from making this insurance available because the economics simply are not that great from the travel agent's perspective. According to an ASTA survey of its members, travel insurance amounts to, on average, only 1.9% of total revenue. In contrast, air travel represents 33.1% and cruise comprises 20.1%. Yet the economics of the current licensing scheme for a small travel agency with clients throughout the US is self-defeating because it deters travel agents from making insurance available to the traveling public.

It is, therefore, important to all parties to the travel transaction that the rules governing the distribution of travel insurance be uniform, simple and broad in scope. We can ascertain no meaningful benefit to the public or the insurance and travel industries for the current licensing regime with respect to this relatively simple, highly beneficial and low-cost activity.

We therefore appreciate your to support Travel Producer Licensing Reform in Montana.

ASTA is prepared to confer directly with you in any mutually feasible manner to assist in reaching this goal. Thank you for considering our views.

Respectfully submitted,

John B. Pittman
Vice President
Industry & Consumer Affairs, Research