



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

LEGISLATION AND REGULATION

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Acting Commissioner

BULLETIN NO. 16-02

TO: ALL INSURERS AUTHORIZED OR ADMITTED TO TRANSACT BUSINESS
IN NEW JERSEY AND ALL LICENSED INSURANCE PRODUCERS

FROM: RICHARD J. BADOLATO, ACTING COMMISSIONER

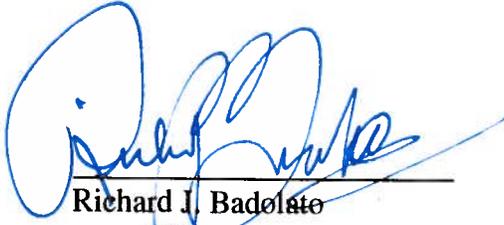
SUBJECT: IMPERMISSIBILITY OF OPTING OUT OF PURCHASE OF OR AUTOMATIC
ENROLLMENT IN TRAVEL INSURANCE

The Department has reviewed the actions that several states have taken against certain companies offering web based travel services requiring consumers to opt-out of the purchase of travel insurance when booking flights. Specifically, upon accessing certain of these web based travel services, consumers could search flights by selecting a destination and dates of travel. After selecting "Search Now," consumers were asked to choose a departing and return flight. Consumers next had the option of adding a hotel to the flight or continuing with the flight only. After making the flight selection, consumers were to review the selections made, which included the purchase of travel insurance and were required to affirmatively opt out of the purchase of travel insurance in order to book the flight without purchasing travel insurance. Consumers who did not opt out, i.e. who did not de-select the travel insurance, were automatically enrolled and the cost of the travel insurance was included in the total purchase price.

States that have taken regulatory action and/or issued formal guidance to licensees have concluded that the opt-out sale process is an unfair method of competition and a deceptive trade practice and required that the practice be halted and that restitution be paid to consumers.

The purpose of this bulletin is to advise that the Department of Banking and Insurance similarly considers such opt-out or automatic enrollment practices to be unfair methods of competition and unfair or deceptive acts or practices in violation of N.J.S.A. 17:29B-4.

2/16/16
Date


Richard J. Badolato
Acting Commissioner

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