

Testimony of
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before the
Maryland Senate Finance Committee
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Good afternoon. Chairman Middleton, Vice Chairman Astle, and distinguished members of the committee, thank you for allowing me the opportunity to testify today.

As Eben mentioned, my name is Larry Swerdlin, and I am the owner and manager of Burton Travel, Ltd., located in Owings Mills, Maryland. Burton Travel, which was established in 1962, is a full-service travel agency specializing in leisure travel. I am a certified travel consultant and am also licensed to sell travel insurance in Maryland. I am also here to represent the American Society of Travel Agents (ASTA), which advocates for its member agents and the more than 1,300 people who work at travel agencies throughout the State of Maryland.

I am here to speak on behalf of all Maryland travel agencies in support of Senate Bill (SB) 79. The essence of the problem with the current travel insurance regulatory system is that travel agents are not insurance agents as we are treated today in Maryland and other states. We are travel agents – we sell travel. In my case, I only offer travel insurance as an added service for the benefit of my customers. My insurance related activities are limited to bringing to my clients' attention the availability of optional travel insurance products. Typically, I do this through a brochure or website that is distributed by a licensed travel insurance company. I do not hold myself out as insurance expert, risk assessor or anything similar.

Many of my customers value travel insurance as a means of protecting their trips, and accordingly, I feel it is important to make it available to them. The travel I sell often involves helping my customers plan that trip-of-a-lifetime, be it a honeymoon or cruise to celebrate a 50th wedding anniversary. It only makes sense that my customers are provided basic information about travel insurance when making travel plans.

The benefits of offering insurance to my customers are many. The travel consumer has a convenient source of basic information about travel insurance. The travel insurance industry has a national distribution system for its products. And the travel agency protects

itself from claims related to defeated travel plans by offering third-party protection to its customers.

These benefits are diminished, however, for everyone, including the consumer, when travel agents are deterred from offering travel insurance due to the heavy cost of regulation and licensing, especially when doing business in multiple states. Today, with the advent of the internet, e-ticketing and electronic cruise documents, travel agency customers are no longer limited to the local area. Travel agents can, and often do, have customers in many states.

Yet most states require out-of-state insurance licensing, which ASTA estimates costs over \$5,000 every two years for an average size travel agency with just eight employees. Further, ASTA research notes that travel insurance revenue represents less than 2 percent of an agency's total revenue. As you can see, the economics of the current system simply don't add up from a travel agent's perspective.

It is, therefore, important to all parties, including consumers, that the rules governing the distribution of travel insurance be clear and consistent across state lines. Having worked in this industry for many years, I can see 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.

For these reasons, I urge your support of SB79 and Maryland's adoption of the travel insurance standards passed by the National Association of Insurance Commissioner (NAIC) and the National Conference of Insurance Legislators (NCOIL). SB79 will better protect consumers; clearly define accountability of the insurance provider; and reduce an unnecessary economic burden on small businesses like mine.

I appreciate the opportunity to testify and the time you've taken to listen to my concerns. I would be happy to answer any questions you might have.

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