

SENATE BILL 792

C4

9lr2469
CF HB 868

By: **Senator Klausmeier**

Introduced and read first time: February 6, 2009

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 5, 2009

CHAPTER _____

1 AN ACT concerning

2 **Property and Casualty Insurance – Portable Electronics Insurance –**
3 **Regulation**

4 FOR the purpose of ~~prohibiting the issuance of portable electronics insurance unless~~
5 establishing a limited lines license to sell coverage under a policy of portable
6 electronics insurance subject to the jurisdiction of the Maryland Insurance
7 Commissioner; providing that the limited lines license authorizes certain
8 employees and authorized representatives of a vendor of portable electronics to
9 sell certain portable electronics insurance under certain circumstances; deeming
10 the acts of certain employees and authorized representatives to be the acts of
11 the vendor for certain purposes; providing for the billing, collection, and
12 maintenance of certain premiums by certain persons; establishing certain
13 limitations on the compensation of certain employees and authorized
14 representatives who sell portable electronics insurance on behalf of a vendor;
15 providing for the issuance and renewal of a limited lines license to sell coverage
16 under a policy of portable electronics insurance subject to certain requirements
17 and procedures; providing for the scope of authority of the limited lines license;
18 requiring the prior filing and approval of certain portable electronics insurance
19 policies; requiring a vendor to hold certain appointments from certain
20 authorized insurers; requiring certain ~~materials are available~~ disclosures to be
21 provided to prospective customers at a certain location and in a certain manner;
22 providing for the ~~materials~~ disclosures to include a certain summary of
23 coverage, a certain ~~disclosure~~ statement about other insurance coverage, a
24 certain statement about required ~~enrollment in~~ purchase of coverage, a certain
25 description of the process for filing a claim, ~~a certain disclosure about employees~~
26 ~~evaluating certain insurance coverage~~, and a certain statement about cancelling

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 the insurance; ~~authorizing the offering of portable electronics insurance on a~~
 2 ~~periodic basis as a certain commercial inland marine policy; authorizing vendors~~
 3 ~~of portable electronics and their employees and authorized representatives to~~
 4 ~~offer enrollment in policies of portable electronics insurance without licensure~~
 5 ~~as insurance producers under certain circumstances; requiring an insurer that~~
 6 ~~offers portable electronics insurance to appoint a certain supervising agency for~~
 7 ~~certain purposes; providing that coverage under a policy of portable electronics~~
 8 insurance is primary to certain other coverage; authorizing the Commissioner to
 9 suspend, revoke, or refuse to renew a limited lines license under certain
 10 circumstances; prohibiting a vendor and the employees and authorized
 11 representatives of the vendor from advertising, representing, or otherwise
 12 holding themselves out as a certain insurer or insurance producer; authorizing
 13 the Commissioner to adopt certain regulations; requiring the development of a
 14 certain training program for employees and authorized representatives;
 15 ~~authorizing vendors to bill and collect charges for portable electronics insurance~~
 16 ~~in a certain manner; authorizing the Maryland Insurance Commissioner to~~
 17 ~~impose certain fines in certain amounts and impose certain penalties for certain~~
 18 ~~violations; authorizing the issuance of portable electronics insurance on a~~
 19 month-to-month or other periodic basis as a certain commercial inland marine
 20 policy; requiring the establishment of certain eligibility and underwriting
 21 standards; prohibiting an insurer from terminating or changing the terms and
 22 conditions of a policy of portable electronics insurance unless the insurer
 23 provides at least a certain number of days of notice, with certain exceptions;
 24 requiring an insurer that makes certain changes to a policy to provide certain
 25 revised policies or endorsements to certain persons; providing that coverage
 26 continues under the policy under certain circumstances if the insurer does not
 27 provide timely notice; providing that covered customers are eligible for
 28 reinstatement of coverage under certain circumstances; requiring a vendor that
 29 terminates a policy to give certain notice to covered customers in a certain
 30 manner; providing certain circumstances under which notice of termination to
 31 covered customers is not required; establishing that certain required notice is to
 32 be given in a certain manner; defining certain terms; providing for a delayed
 33 effective date; and generally relating to the regulation of portable electronics
 34 insurance.

35 BY adding to

36 Article – Insurance

37 Section 10-701 through 10-708 to be under the new subtitle “Subtitle 7.
 38 Portable Electronics Vendors”; and 19-901 through 19-903 to be
 39 under the new subtitle “Subtitle 9. Portable Electronics Insurance”

40 Annotated Code of Maryland

41 (2006 Replacement Volume and 2008 Supplement)

42 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 43 MARYLAND, That the Laws of Maryland read as follows:

44 **Article – Insurance**

1 **SUBTITLE ~~9~~ 7. PORTABLE ELECTRONICS ~~INSURANCE~~ VENDORS.**

2 ~~19-901. 10-701.~~

3 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.

5 (B) “COVERED CUSTOMER” MEANS A CUSTOMER WHO ELECTS TO
6 ~~ENROLL IN~~ PURCHASE COVERAGE UNDER A POLICY OF PORTABLE
7 ELECTRONICS INSURANCE ISSUED TO A VENDOR.

8 (C) “CUSTOMER” MEANS A PERSON WHO PURCHASES OR LEASES
9 PORTABLE ELECTRONICS OR PURCHASES SERVICE RELATED TO THE USE OF
10 PORTABLE ELECTRONICS.

11 (D) (1) “PORTABLE ELECTRONICS” MEANS: ~~ELECTRONIC DEVICES~~
12 ~~THAT ARE PORTABLE IN NATURE.~~

13 ~~(2) “PORTABLE ELECTRONICS” INCLUDES:~~

14 ~~(I) ACCESSORIES RELATED TO THE ELECTRONIC DEVICES;~~
15 ~~AND~~

16 ~~(II) SERVICES RELATED TO THE USE OF THE ELECTRONIC~~
17 ~~DEVICES~~

18 (I) HANDSETS, PAGERS, PERSONAL DIGITAL ASSISTANTS,
19 PORTABLE COMPUTERS, CELLULAR TELEPHONES, BATTERIES, AND OTHER
20 DEVICES OR ACCESSORIES USED TO ORIGINATE OR RECEIVE COMMUNICATIONS
21 SIGNALS OR SERVICES; AND

22 (II) ANY OTHER ELECTRONIC DEVICE THAT IS PORTABLE IN
23 NATURE THAT THE COMMISSIONER APPROVES.

24 (2) “PORTABLE ELECTRONICS” DOES NOT INCLUDE
25 TELECOMMUNICATIONS SWITCHING EQUIPMENT, TRANSMISSION WIRES, CELL
26 SITE TRANSCIVER EQUIPMENT, OR OTHER EQUIPMENT AND SYSTEMS USED BY
27 TELECOMMUNICATIONS COMPANIES TO PROVIDE TELECOMMUNICATIONS
28 SERVICE TO CONSUMERS.

29 (E) (1) “PORTABLE ELECTRONICS INSURANCE” MEANS INSURANCE
30 THAT PROVIDES COVERAGE FOR THE REPAIR OR REPLACEMENT OF PORTABLE
31 ELECTRONICS, INCLUDING COVERAGE AGAINST ONE OR MORE OF THE
32 FOLLOWING CAUSES OF LOSS:

- 1 (I) LOSS BY DISAPPEARANCE;
 2 (II) THEFT;
 3 (III) MECHANICAL FAILURE;
 4 (IV) MALFUNCTION;
 5 (V) DAMAGE; AND
 6 (VI) ANY OTHER APPLICABLE PERIL, AS APPROVED BY THE
 7 COMMISSIONER.

8 (2) “PORTABLE ELECTRONICS INSURANCE” DOES NOT INCLUDE:

9 (I) A SERVICE CONTRACT GOVERNED BY TITLE 14,
 10 SUBTITLE 4 OF THE COMMERCIAL LAW ARTICLE THAT DOES NOT INCLUDE
 11 COVERAGE FOR LOSS BY DISAPPEARANCE OR THEFT;

12 (II) A POLICY OF INSURANCE COVERING A SELLER’S OR A
 13 MANUFACTURER’S OBLIGATIONS UNDER A WARRANTY; OR

14 (III) A HOMEOWNER’S, RENTER’S, PRIVATE PASSENGER
 15 AUTOMOBILE, OR SIMILAR POLICY THAT COVERS LOSS OR THEFT OF PORTABLE
 16 ELECTRONICS.

17 ~~(F) “SUPERVISING AGENCY” MEANS A BUSINESS ENTITY THAT IS A~~
 18 ~~LICENSED INSURANCE PRODUCER.~~

19 (F) “PORTABLE ELECTRONICS TRANSACTION” MEANS:

20 (1) THE SALE OR LEASE OF PORTABLE ELECTRONICS BY A
 21 VENDOR TO A CUSTOMER; OR

22 (2) THE SALE OF SERVICE RELATED TO THE USE OF PORTABLE
 23 ELECTRONICS BY A VENDOR TO A CUSTOMER.

24 (G) “VENDOR” MEANS A PERSON IN THE BUSINESS OF LEASING,
 25 SELLING, OR PROVIDING PORTABLE ELECTRONICS, OR SELLING OR PROVIDING
 26 SERVICE RELATED TO THE USE OF PORTABLE ELECTRONICS, TO CUSTOMERS IN
 27 THE STATE.

28 10-702.

29 THIS SUBTITLE DOES NOT APPLY TO:

1 **(1) A SERVICE CONTRACT GOVERNED BY TITLE 14, SUBTITLE 4**
2 **OF THE COMMERCIAL LAW ARTICLE THAT DOES NOT INCLUDE COVERAGE FOR**
3 **LOSS BY DISAPPEARANCE OR THEFT;**

4 **(2) A POLICY OF INSURANCE COVERING A SELLER'S OR A**
5 **MANUFACTURER'S OBLIGATIONS UNDER A WARRANTY; OR**

6 **(3) A HOMEOWNER'S, RENTER'S, PRIVATE PASSENGER**
7 **AUTOMOBILE, OR SIMILAR POLICY THAT COVERS LOSS OR THEFT OF PORTABLE**
8 **ELECTRONICS.**

9 ~~**19-902.**~~

10 ~~**(A) PORTABLE ELECTRONICS INSURANCE MAY NOT BE ISSUED UNLESS,**~~
11 ~~**AT EACH LOCATION WHERE THE PORTABLE ELECTRONICS INSURANCE IS**~~
12 ~~**OFFERED TO PROSPECTIVE CUSTOMERS, BROCHURES OR OTHER WRITTEN**~~
13 ~~**MATERIALS ARE READILY AVAILABLE TO PROSPECTIVE CUSTOMERS THAT;**~~

14 ~~**10-703.**~~

15 **(A) A VENDOR SHALL HOLD A LIMITED LINES LICENSE TO SELL**
16 **COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE IN**
17 **CONNECTION WITH, AND INCIDENTAL TO, A PORTABLE ELECTRONICS**
18 **TRANSACTION WITH A CUSTOMER BEFORE THE VENDOR OR THE EMPLOYEES OF**
19 **OR AUTHORIZED REPRESENTATIVES OF THE VENDOR MAY SELL OR OFFER TO**
20 **SELL COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE TO**
21 **A CUSTOMER.**

22 **(B) A LIMITED LINES LICENSE ISSUED UNDER THIS SUBTITLE SHALL**
23 **ALSO AUTHORIZE ANY SALARIED OR HOURLY EMPLOYEE OR AUTHORIZED**
24 **REPRESENTATIVE OF THE VENDOR TO SELL COVERAGE UNDER A POLICY OF**
25 **PORTABLE ELECTRONICS INSURANCE TO A CUSTOMER IN CONNECTION WITH,**
26 **AND INCIDENTAL TO, A PORTABLE ELECTRONICS TRANSACTION ONLY IF THE**
27 **EMPLOYEE OR AUTHORIZED REPRESENTATIVE IS:**

28 **(1) TRAINED UNDER § 10-705 OF THIS SUBTITLE TO ACT ON**
29 **BEHALF OF THE VENDOR; AND**

30 **(2) ACTING UNDER THE SUPERVISION OF THE VENDOR.**

31 **(C) THE ACTS OF AN EMPLOYEE OR AUTHORIZED REPRESENTATIVE**
32 **OFFERING TO SELL OR SELLING COVERAGE UNDER A POLICY OF PORTABLE**
33 **ELECTRONICS INSURANCE SHALL BE DEEMED THE ACTS OF THE VENDOR FOR**
34 **THE PURPOSES OF THIS SUBTITLE.**

1 (D) (1) A VENDOR MAY BILL AND COLLECT PREMIUMS FROM
2 COVERED CUSTOMERS FOR COVERAGE UNDER A POLICY OF PORTABLE
3 ELECTRONICS INSURANCE.

4 (2) A VENDOR THAT BILLS AND COLLECTS PREMIUMS UNDER
5 THIS SECTION IS NOT REQUIRED TO MAINTAIN THE PREMIUMS COLLECTED IN A
6 SEGREGATED ACCOUNT IF:

7 (I) THE VENDOR'S APPOINTING INSURER AGREES IN
8 WRITING THAT SEGREGATION OF FUNDS IS NOT REQUIRED; AND

9 (II) THE VENDOR REMITS THE FUNDS COLLECTED TO THE
10 APPOINTING INSURER OR THAT INSURER'S APPOINTED INSURANCE PRODUCER
11 WITHIN 60 DAYS AFTER RECEIPT.

12 (3) THE PREMIUMS FOR COVERAGE UNDER A POLICY OF
13 PORTABLE ELECTRONICS INSURANCE SHALL BE SEPARATELY ITEMIZED FROM
14 THE CHARGES FOR THE PURCHASE OR LEASE OF THE PORTABLE ELECTRONICS.

15 (E) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
16 SUBSECTION, A VENDOR AND THE EMPLOYEES OR AUTHORIZED
17 REPRESENTATIVES OF THE VENDOR MAY NOT RECEIVE COMPENSATION FOR
18 THE SALE OF COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS
19 INSURANCE.

20 (2) A VENDOR MAY RECEIVE COMPENSATION FOR BILLING AND
21 COLLECTION SERVICES UNDER A POLICY OF PORTABLE ELECTRONICS
22 INSURANCE.

23 (3) NOTHING IN THIS SUBSECTION SHALL AFFECT THE ABILITY
24 OF A VENDOR OR AN AUTHORIZED REPRESENTATIVE OF THE VENDOR TO
25 COMPENSATE THE EMPLOYEES OF THE VENDOR OR OF THE AUTHORIZED
26 REPRESENTATIVE IN A MANNER THAT DOES NOT DEPEND ON THE SALE OF
27 PORTABLE ELECTRONICS INSURANCE.

28 **10-704.**

29 (A) THE COMMISSIONER SHALL ISSUE TO A VENDOR A LIMITED LINES
30 LICENSE AUTHORIZING THE VENDOR TO SELL OR OFFER TO SELL COVERAGE
31 UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE TO A CUSTOMER IN
32 CONNECTION WITH, AND INCIDENTAL TO, A PORTABLE ELECTRONICS
33 TRANSACTION IF THE VENDOR:

34 (1) MEETS THE REQUIREMENTS OF § 10-705 OF THIS SUBTITLE;

1 **(2) PAYS THE FEES FOR INSURANCE PRODUCERS REQUIRED**
 2 **UNDER § 2-112 OF THIS ARTICLE THAT ARE APPLICABLE TO AN INSURANCE**
 3 **PRODUCER LICENSE; AND**

4 **(3) SUBMITS TO THE COMMISSIONER ANY ADDITIONAL**
 5 **INFORMATION OR DOCUMENTATION THAT THE COMMISSIONER REQUIRES,**
 6 **INCLUDING ANY INFORMATION OR DOCUMENTATION NEEDED TO DETERMINE**
 7 **THE PROFESSIONAL COMPETENCE, GOOD CHARACTER, AND TRUSTWORTHINESS**
 8 **OF THE VENDOR.**

9 **(B) A LIMITED LINES LICENSE UNDER THIS SUBTITLE IS SUBJECT TO**
 10 **THE SAME TERM AND RENEWAL CONDITIONS THAT ARE SPECIFIED FOR AN**
 11 **INSURANCE PRODUCER LICENSE UNDER § 10-115 OF THIS TITLE.**

12 **10-705.**

13 **(A) A LIMITED LINES LICENSE TO SELL COVERAGE UNDER A POLICY OF**
 14 **PORTABLE ELECTRONICS INSURANCE TO A CUSTOMER ISSUED UNDER THIS**
 15 **SUBTITLE AUTHORIZES A VENDOR OR AN AUTHORIZED REPRESENTATIVE OF**
 16 **THE VENDOR TO SELL COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS**
 17 **INSURANCE TO CUSTOMERS IN CONNECTION WITH, AND INCIDENTAL TO, A**
 18 **PORTABLE ELECTRONICS TRANSACTION AT EACH LOCATION AT WHICH THE**
 19 **VENDOR ENGAGES IN PORTABLE ELECTRONICS TRANSACTIONS IN THE STATE**
 20 **IF:**

21 **(1) THE PORTABLE ELECTRONICS INSURANCE POLICIES HAVE**
 22 **BEEN FILED WITH AND APPROVED BY THE COMMISSIONER;**

23 **(2) THE VENDOR HOLDS AN APPOINTMENT UNDER § 10-118 OF**
 24 **THIS TITLE WITH EACH AUTHORIZED INSURER THAT THE VENDOR INTENDS TO**
 25 **REPRESENT;**

26 **(3) AT EACH LOCATION WHERE COVERAGE UNDER A POLICY OF**
 27 **PORTABLE ELECTRONICS INSURANCE IS OFFERED OR SOLD TO CUSTOMERS,**
 28 **THE VENDOR PROVIDES TO THE CUSTOMERS DISCLOSURES APPROVED BY THE**
 29 **COMMISSIONER THAT:**

30 ~~**(1)**~~ **(I) SUMMARIZE, CLEARLY AND CORRECTLY, THE MATERIAL**
 31 **TERMS OF THE COVERAGE UNDER THE POLICY OF PORTABLE ELECTRONICS**
 32 **INSURANCE INCLUDING:**

33 ~~**(1)**~~ **1. THE IDENTITY OF THE INSURER;**

34 ~~**(1)**~~ ~~**THE IDENTITY OF THE SUPERVISING AGENCY;**~~

- 1 ~~(III)~~ 2. THE PREMIUM TO BE PAID;
- 2 ~~(IV)~~ 3. ANY APPLICABLE DEDUCTIBLE;
- 3 ~~(V)~~ 4. THE MAJOR FEATURES OF THE BENEFITS OF THE
4 COVERAGE; AND
- 5 ~~(VI)~~ 5. THE MAJOR FEATURES OF ANY EXCLUSIONS,
6 CONDITIONS, OR OTHER LIMITATIONS OF COVERAGE INCLUDING WHETHER THE
7 PORTABLE ELECTRONICS MAY BE REPAIRED OR REPLACED WITH SIMILAR MAKE
8 AND MODEL RECONDITIONED OR NONORIGINAL MANUFACTURER PARTS OR
9 EQUIPMENT;
- 10 ~~(2)~~ (II) 1. DISCLOSE STATE THAT PORTABLE ELECTRONICS
11 INSURANCE MAY DUPLICATE INSURANCE COVERAGE ALREADY PROVIDED BY A
12 CUSTOMER'S HOMEOWNER'S INSURANCE POLICY, RENTER'S INSURANCE
13 POLICY, OR OTHER SOURCE OF INSURANCE COVERAGE; AND
- 14 2. STATE THAT THE PURCHASE OF COVERAGE
15 UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE WOULD MAKE THIS
16 COVERAGE PRIMARY TO ANY OTHER COVERAGE, INCLUDING DUPLICATE
17 COVERAGE;
- 18 ~~(3)~~ STATE THAT ENROLLMENT BY THE CUSTOMER IN COVERAGE
19 UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE IS NOT REQUIRED IN
20 ORDER TO PURCHASE OR LEASE THE PORTABLE ELECTRONICS;
- 21 (III) STATE THAT THE PURCHASE OF COVERAGE UNDER A
22 POLICY OF PORTABLE ELECTRONICS INSURANCE IS NOT REQUIRED IN ORDER
23 TO ENTER INTO THE PORTABLE ELECTRONICS TRANSACTION;
- 24 ~~(4)~~ (IV) DESCRIBE THE PROCESS FOR FILING A CLAIM IF THE
25 CUSTOMER ELECTS TO ENROLL IN PURCHASE COVERAGE UNDER A POLICY OF
26 PORTABLE ELECTRONICS INSURANCE INCLUDING A DESCRIPTION OF:
- 27 ~~(I)~~ 1. ANY REQUIREMENT TO PAY A DEDUCTIBLE;
- 28 ~~(II)~~ 2. ANY REQUIREMENT TO RETURN PORTABLE
29 ELECTRONICS;
- 30 ~~(III)~~ 3. THE MAXIMUM FEE APPLICABLE IF THE
31 CUSTOMER FAILS TO COMPLY WITH A RETURN REQUIREMENT; AND
- 32 ~~(IV)~~ 4. ANY REQUIREMENT TO FILE A PROOF OF LOSS;

1 ~~(5) STATE THE PRICE, DEDUCTIBLE, BENEFITS, EXCLUSIONS,~~
2 ~~CONDITIONS, OR OTHER LIMITATIONS OF POLICIES OF PORTABLE ELECTRONICS~~
3 ~~INSURANCE;~~

4 ~~(6) DISCLOSE THAT THE EMPLOYEE OF THE VENDOR IS NOT~~
5 ~~QUALIFIED OR AUTHORIZED TO EVALUATE THE ADEQUACY OF THE CUSTOMER'S~~
6 ~~EXISTING INSURANCE COVERAGE, UNLESS OTHERWISE LICENSED UNDER THIS~~
7 ~~ARTICLE; AND~~

8 ~~(7)~~ (V) STATE THAT:

9 ~~(I)~~ 1. THE CUSTOMER MAY CANCEL COVERAGE UNDER
10 THE PORTABLE ELECTRONICS INSURANCE AT ANY TIME; AND

11 ~~(II)~~ 2. IF THE CUSTOMER CANCELS COVERAGE UNDER
12 THE PORTABLE ELECTRONICS INSURANCE, ANY UNEARNED PREMIUM WILL BE
13 REFUNDED IN ACCORDANCE WITH APPLICABLE LAW; AND

14 (VI) PROVIDE THE TOLL-FREE CONSUMER HOTLINE
15 TELEPHONE NUMBER OF THE ADMINISTRATION; AND

16 (4) (I) THE VENDOR PROVIDES A TRAINING PROGRAM,
17 APPROVED BY THE COMMISSIONER, FOR ANY EMPLOYEE OR AUTHORIZED
18 REPRESENTATIVE WHO SELLS COVERAGE UNDER A POLICY OF PORTABLE
19 ELECTRONICS INSURANCE TO CUSTOMERS UNDER THIS SUBTITLE THAT
20 INCLUDES INSTRUCTION:

21 1. ABOUT THE PORTABLE ELECTRONICS INSURANCE
22 OFFERED TO CUSTOMERS OF THE VENDOR;

23 2. THAT THE EMPLOYEE OR AUTHORIZED
24 REPRESENTATIVE MAY NOT REPRESENT OR IMPLY TO A CUSTOMER THAT
25 PURCHASE OF COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS
26 INSURANCE IS REQUIRED IN ORDER TO PURCHASE PORTABLE ELECTRONICS;

27 3. THAT PORTABLE ELECTRONICS INSURANCE MAY
28 DUPLICATE INSURANCE COVERAGE ALREADY PROVIDED BY A CUSTOMER'S
29 HOMEOWNER'S INSURANCE POLICY, RENTER'S INSURANCE POLICY, OR OTHER
30 SOURCE OF INSURANCE COVERAGE; AND

31 4. ABOUT THE OTHER DISCLOSURES REQUIRED BY
32 ITEM (3) OF THIS SUBSECTION.

1 **(B) THE TRAINING REQUIRED UNDER SUBSECTION (A)(4) OF THIS**
2 **SECTION MAY BE PROVIDED IN ELECTRONIC FORM.**

3 ~~**(B) PORTABLE ELECTRONICS INSURANCE MAY BE OFFERED ON A**~~
4 ~~**MONTH TO MONTH OR OTHER PERIODIC BASIS AS A GROUP OR MASTER**~~
5 ~~**COMMERCIAL INLAND MARINE POLICY ISSUED TO A VENDOR UNDER WHICH**~~
6 ~~**INDIVIDUAL CUSTOMERS MAY ELECT TO ENROLL IN COVERAGE UNDER THE**~~
7 ~~**POLICY.**~~

8 ~~**(C) ELIGIBILITY AND UNDERWRITING STANDARDS FOR CUSTOMERS**~~
9 ~~**ENROLLING IN COVERAGE SHALL BE ESTABLISHED FOR EACH PORTABLE**~~
10 ~~**ELECTRONICS INSURANCE POLICY.**~~

11 ~~**19-903.**~~

12 ~~**(A) VENDORS OF PORTABLE ELECTRONICS AND THEIR EMPLOYEES AND**~~
13 ~~**AUTHORIZED REPRESENTATIVES MAY PROVIDE INFORMATION TO AND COLLECT**~~
14 ~~**INFORMATION FROM CUSTOMERS FOR THE PURPOSE OF OFFERING**~~
15 ~~**ENROLLMENT IN COVERAGE UNDER POLICIES OF PORTABLE ELECTRONICS**~~
16 ~~**INSURANCE.**~~

17 ~~**(B) VENDORS AND THEIR EMPLOYEES AND AUTHORIZED**~~
18 ~~**REPRESENTATIVES ACTING IN ACCORDANCE WITH SUBSECTION (A) OF THIS**~~
19 ~~**SECTION ARE NOT SUBJECT TO LICENSURE AS INSURANCE PRODUCERS UNDER**~~
20 ~~**THIS ARTICLE IF:**~~

21 ~~**(1) EACH INSURER THAT OFFERS PORTABLE ELECTRONICS**~~
22 ~~**INSURANCE APPOINTS A SUPERVISING AGENCY TO:**~~

23 ~~**(I) SUPERVISE THE OFFERING OF COVERAGE BY THE**~~
24 ~~**EMPLOYEES AND AUTHORIZED REPRESENTATIVES; AND**~~

25 ~~**(II) DEVELOP A TRAINING PROGRAM FOR THE EMPLOYEES**~~
26 ~~**AND AUTHORIZED REPRESENTATIVES IN ACCORDANCE WITH SUBSECTION (C)**~~
27 ~~**OF THIS SECTION;**~~

28 ~~**10-706.**~~

29 **COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE**
30 **SOLD IN CONNECTION WITH A PORTABLE ELECTRONICS TRANSACTION UNDER**
31 **THIS SUBTITLE IS PRIMARY TO ANY OTHER VALID AND COLLECTIBLE**
32 **COVERAGE.**

33 ~~**10-707.**~~

1 (A) THE COMMISSIONER MAY SUSPEND, REVOKE, OR REFUSE TO
2 RENEW A LIMITED LINES LICENSE ISSUED UNDER THIS SUBTITLE AFTER NOTICE
3 AND OPPORTUNITY FOR A HEARING UNDER TITLE 2, SUBTITLE 2 OF THIS
4 ARTICLE IF THE VENDOR OR AN EMPLOYEE OR AUTHORIZED REPRESENTATIVE
5 OF THE VENDOR HAS:

6 (1) WILLFULLY VIOLATED THIS ARTICLE OR ANOTHER LAW OF
7 THE STATE THAT RELATES TO INSURANCE;

8 (2) OPERATED WITHOUT A LIMITED LINES LICENSE AS REQUIRED
9 UNDER THIS SUBTITLE;

10 (3) FAILED TO PROVIDE THE DISCLOSURES REQUIRED UNDER §
11 10-705 OF THIS SUBTITLE;

12 (4) OFFERED OR SOLD UNAPPROVED INSURANCE PRODUCTS;

13 (5) FAILED TO HOLD AN APPOINTMENT WITH AN INSURER;

14 (6) FAILED TO TRAIN EMPLOYEES OR AUTHORIZED
15 REPRESENTATIVES AS REQUIRED UNDER § 10-705 OF THIS SUBTITLE; OR

16 (7) MISREPRESENTED PERTINENT FACTS OR POLICY PROVISIONS
17 CONCERNING A POLICY OF PORTABLE ELECTRONICS INSURANCE.

18 ~~(2)~~ (B) THE A VENDOR AND THE EMPLOYEES AND AUTHORIZED
19 REPRESENTATIVES DO OF THE VENDOR MAY NOT ADVERTISE, REPRESENT, OR
20 OTHERWISE HOLD THEMSELVES OUT AS LICENSED INSURANCE PRODUCERS;
21 AND AN AUTHORIZED INSURER OR AS AN INSURANCE PRODUCER FOR ANY KIND
22 OR SUBDIVISION OF INSURANCE, EXCEPT AS PROVIDED IN THIS SUBTITLE.

23 (C) INSTEAD OF, OR IN ADDITION TO, SUSPENDING OR REVOKING A
24 LIMITED LINES LICENSE ISSUED UNDER THIS SUBTITLE, THE COMMISSIONER
25 MAY:

26 (1) IMPOSE ON THE VENDOR A PENALTY OF NOT MORE THAN
27 \$2,500 FOR EACH VIOLATION OF THIS SUBTITLE; AND

28 (2) REQUIRE THAT RESTITUTION BE MADE TO ANY PERSON WHO
29 HAS SUFFERED FINANCIAL INJURY BECAUSE OF A VIOLATION OF THIS
30 SUBTITLE.

31 10-708.

1 THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS
2 SUBTITLE, INCLUDING REGULATIONS:

3 (1) CONCERNING THE FORM AND CONTENT OF REQUIRED
4 DISCLOSURES TO CUSTOMERS;

5 (2) THE TRAINING REQUIREMENTS FOR EMPLOYEES AND
6 AUTHORIZED REPRESENTATIVES OF VENDORS; AND

7 (3) THE QUALIFICATIONS OF THE INDIVIDUALS WHO PROVIDE
8 TRAINING.

9 ~~(3) THE EMPLOYEES AND AUTHORIZED REPRESENTATIVES ARE~~
10 ~~NOT COMPENSATED BASED PRIMARILY ON THE NUMBER OF CUSTOMERS~~
11 ~~ENROLLED IN PORTABLE ELECTRONICS INSURANCE COVERAGE.~~

12 ~~(C) (1) THE TRAINING REQUIRED BY SUBSECTION (B)(1)(H) OF THIS~~
13 ~~SECTION SHALL:~~

14 ~~(I) BE DELIVERED TO ALL EMPLOYEES AND AUTHORIZED~~
15 ~~REPRESENTATIVES OF VENDORS THAT OFFER PORTABLE ELECTRONICS~~
16 ~~INSURANCE TO THEIR CUSTOMERS; AND~~

17 ~~(H) INCLUDE BASIC INSTRUCTION ABOUT:~~

18 ~~1. THE PORTABLE ELECTRONICS INSURANCE~~
19 ~~OFFERED TO CUSTOMERS OF THE VENDOR; AND~~

20 ~~2. THE DISCLOSURES REQUIRED BY § 19-902 OF~~
21 ~~THIS SUBTITLE.~~

22 ~~(2) THE TRAINING MAY BE PROVIDED IN ELECTRONIC FORM.~~

23 ~~(D) (1) VENDORS MAY BILL AND COLLECT THE CHARGES FOR~~
24 ~~PORTABLE ELECTRONICS INSURANCE COVERAGE.~~

25 ~~(2) IF BILLED AND COLLECTED BY VENDORS, THE CHARGES~~
26 ~~SHALL BE SEPARATELY ITEMIZED FROM THE CHARGES FOR THE PURCHASE OR~~
27 ~~LEASE OF THE PORTABLE ELECTRONICS.~~

28 ~~(3) VENDORS THAT BILL AND COLLECT CHARGES FOR PORTABLE~~
29 ~~ELECTRONICS INSURANCE COVERAGE ARE NOT REQUIRED TO MAINTAIN THE~~
30 ~~FUNDS COLLECTED IN A SEGREGATED ACCOUNT IF THE VENDORS REMIT THE~~
31 ~~FUNDS COLLECTED TO THE SUPERVISING AGENCY WITHIN 60 DAYS AFTER~~
32 ~~RECEIPT.~~

1 ~~(4) VENDORS MAY RECEIVE COMPENSATION FOR BILLING AND~~
2 ~~COLLECTION SERVICES.~~

3 ~~(E) IF A VENDOR OR ITS EMPLOYEE OR AUTHORIZED REPRESENTATIVE~~
4 ~~VIOLATES ANY PROVISION OF THIS SECTION, THE COMMISSIONER MAY, AFTER~~
5 ~~NOTICE AND HEARING:~~

6 ~~(1) IMPOSE FINES NOT EXCEEDING \$500 PER VIOLATION OR~~
7 ~~\$5,000 IN THE AGGREGATE FOR THE CONDUCT; AND~~

8 ~~(2) IMPOSE OTHER PENALTIES THAT THE COMMISSIONER~~
9 ~~CONSIDERS NECESSARY AND REASONABLE TO CARRY OUT THE PURPOSE OF~~
10 ~~THIS ARTICLE, INCLUDING:~~

11 ~~(I) SUSPENDING THE PRIVILEGE OF OFFERING PORTABLE~~
12 ~~ELECTRONICS INSURANCE COVERAGE IN ACCORDANCE WITH THIS SECTION AT~~
13 ~~SPECIFIC BUSINESS LOCATIONS WHERE VIOLATIONS HAVE OCCURRED; AND~~

14 ~~(H) SUSPENDING THE ABILITY OF INDIVIDUAL EMPLOYEES~~
15 ~~OR AUTHORIZED REPRESENTATIVES TO OFFER PORTABLE ELECTRONICS~~
16 ~~INSURANCE COVERAGE.~~

17 ~~19-904.~~

18 SUBTITLE 9. PORTABLE ELECTRONICS INSURANCE.

19 19-901.

20 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
21 INDICATED.

22 (B) "COVERED CUSTOMER" HAS THE MEANING STATED IN § 10-701 OF
23 THIS ARTICLE.

24 (C) "CUSTOMER" HAS THE MEANING STATED IN § 10-701 OF THIS
25 ARTICLE.

26 (D) "PORTABLE ELECTRONICS" HAS THE MEANING STATED IN § 10-701
27 OF THIS ARTICLE.

28 (E) "PORTABLE ELECTRONICS INSURANCE" HAS THE MEANING STATED
29 IN § 10-701 OF THIS ARTICLE.

1 **(F) "VENDOR" HAS THE MEANING STATED IN § 10-701 OF THIS**
2 **ARTICLE.**

3 **19-902.**

4 **(A) PORTABLE ELECTRONICS INSURANCE MAY BE OFFERED ON A**
5 **MONTH-TO-MONTH OR OTHER PERIODIC BASIS AS A GROUP OR MASTER**
6 **COMMERCIAL INLAND MARINE POLICY ISSUED TO A VENDOR UNDER WHICH**
7 **INDIVIDUAL CUSTOMERS MAY ELECT TO PURCHASE COVERAGE UNDER THE**
8 **POLICY.**

9 **(B) ELIGIBILITY AND UNDERWRITING STANDARDS FOR CUSTOMERS**
10 **PURCHASING COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS**
11 **INSURANCE SHALL BE ESTABLISHED FOR EACH PORTABLE ELECTRONICS**
12 **INSURANCE POLICY.**

13 **19-903.**

14 **(A) ~~EXCEPT~~ NOTWITHSTANDING ANY OTHER PROVISION OF LAW AND**
15 **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN INSURER MAY NOT**
16 **TERMINATE OR OTHERWISE CHANGE THE TERMS AND CONDITIONS OF A POLICY**
17 **OF PORTABLE ELECTRONICS INSURANCE UNLESS THE INSURER PROVIDES THE**
18 **POLICYHOLDER AND COVERED CUSTOMERS WITH AT LEAST 60 DAYS' NOTICE.**

19 **(B) IF THE INSURER CHANGES THE TERMS AND CONDITIONS OF A**
20 **POLICY OF PORTABLE ELECTRONICS INSURANCE ~~POLICY~~ IN ACCORDANCE WITH**
21 **SUBSECTION (A) OF THIS SECTION, ~~THEN~~ THE INSURER SHALL:**

22 **(1) PROVIDE THE POLICYHOLDER WITH A REVISED POLICY OR**
23 **ENDORSEMENT; AND**

24 **(2) PROVIDE EACH COVERED CUSTOMER WITH:**

25 **(I) A REVISED CERTIFICATE, ENDORSEMENT, UPDATED**
26 **BROCHURE, OR OTHER EVIDENCE THAT INDICATES THAT A CHANGE IN THE**
27 **TERMS AND CONDITIONS OF THE POLICY HAS OCCURRED; AND**

28 **(II) A SUMMARY OF MATERIAL CHANGES.**

29 **(C) AN INSURER MAY TERMINATE COVERAGE OF A COVERED CUSTOMER**
30 **UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE:**

31 **(1) AFTER ~~15~~ 45 DAYS' NOTICE FOR DISCOVERY OF FRAUD OR**
32 **MATERIAL MISREPRESENTATION IN OBTAINING COVERAGE OR IN THE**
33 **PRESENTATION OF A CLAIM UNDER THE POLICY; OR**

1 **(2) AFTER 10 DAYS' NOTICE FOR NONPAYMENT OF PREMIUM.**

2 **(D) (1) AN INSURER MAY AUTOMATICALLY TERMINATE COVERAGE OF**
 3 **A COVERED CUSTOMER UNDER A POLICY OF PORTABLE ELECTRONICS**
 4 **INSURANCE:**

5 **(I) IF THE COVERED CUSTOMER CEASES TO HAVE ACTIVE**
 6 **~~TELECOMMUNICATIONS SERVICE WITH THE VENDOR;~~ SERVICE RELATED TO THE**
 7 **USE OF PORTABLE ELECTRONICS WITH THE VENDOR; OR**

8 **(II) IF:**

9 **1. THE COVERED CUSTOMER EXHAUSTS THE**
 10 **AGGREGATE LIMIT OF LIABILITY, IF ANY, UNDER THE TERMS OF THE POLICY OF**
 11 **PORTABLE ELECTRONICS INSURANCE ~~AND;~~ AND**

12 **2. THE INSURER SENDS NOTICE OF TERMINATION TO**
 13 **THE COVERED CUSTOMER WITHIN 15 BUSINESS DAYS AFTER EXHAUSTION OF**
 14 **THE LIMIT, SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION; ~~OR~~**

15 **~~(III) FOR NONPAYMENT OF PREMIUM.~~**

16 **(2) IF THE INSURER DOES NOT SEND TIMELY NOTICE IN**
 17 **ACCORDANCE WITH PARAGRAPH (1)(II) OF THIS SUBSECTION, COVERAGE SHALL**
 18 **CONTINUE UNDER THE POLICY OF PORTABLE ELECTRONICS INSURANCE**
 19 **NOTWITHSTANDING THE AGGREGATE LIMIT OF LIABILITY UNTIL THE INSURER**
 20 **SENDS NOTICE OF TERMINATION TO THE COVERED CUSTOMER.**

21 **(E) NOTWITHSTANDING SUBSECTION (D)(1)(II) OF THIS SECTION, ON**
 22 **REQUEST OF A COVERED CUSTOMER, THE COVERED CUSTOMER SHALL BE**
 23 **ELIGIBLE FOR REINSTATEMENT OF COVERAGE NOT MORE THAN 12 MONTHS**
 24 **AFTER THE DATE OF EXHAUSTION OF THE COVERAGE LIMIT IN ACCORDANCE**
 25 **WITH THE TERMS OF THE POLICY AND SUBJECT TO THE ENROLLMENT CRITERIA**
 26 **THEN APPLICABLE TO PROSPECTIVE CUSTOMERS GENERALLY.**

27 **(F) IF A VENDOR TERMINATES A POLICY OF PORTABLE ELECTRONICS**
 28 **INSURANCE, THE VENDOR SHALL MAIL OR DELIVER, AT LEAST ~~30~~ 45 DAYS**
 29 **BEFORE TERMINATION, WRITTEN NOTICE TO EACH COVERED CUSTOMER THAT**
 30 **ADVISES THE COVERED CUSTOMER OF THE TERMINATION OF THE POLICY AND**
 31 **THE EFFECTIVE DATE OF TERMINATION.**

32 **(G) (1) AN INSURER IS NOT REQUIRED TO GIVE NOTICE OF**
 33 **TERMINATION TO A COVERED CUSTOMER IF THE INSURER HAS BEEN ADVISED**
 34 **BY EITHER THE VENDOR OR ANOTHER INSURER THAT SUBSTANTIALLY SIMILAR**

1 **COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE HAS**
 2 **BEEN OBTAINED FROM ANOTHER INSURER WITHOUT LAPSE OF COVERAGE.**

3 (2) **A VENDOR IS NOT REQUIRED TO GIVE NOTICE OF**
 4 **TERMINATION TO A COVERED CUSTOMER IF SUBSTANTIALLY SIMILAR**
 5 **COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE HAS**
 6 **BEEN OBTAINED FROM ANOTHER INSURER WITHOUT LAPSE OF COVERAGE.**

7 (H) (1) **WHENEVER NOTICE IS REQUIRED IN ACCORDANCE WITH THIS**
 8 **SECTION, THE NOTICE SHALL BE IN WRITING AND ~~MAILED OR DELIVERED~~ SENT**
 9 **BY CERTIFICATE OF MAIL TO THE VENDOR AT THE VENDOR'S MAILING ADDRESS**
 10 **AND ITS AFFECTED CUSTOMERS' LAST KNOWN MAILING ADDRESSES ON FILE**
 11 **WITH THE INSURER.**

12 (2) **THE INSURER OR VENDOR, AS THE CASE MAY BE, SHALL**
 13 **MAINTAIN PROOF OF MAILING IN A FORM AUTHORIZED OR ACCEPTED BY THE**
 14 **UNITED STATES POSTAL SERVICE ~~OR OTHER COMMERCIAL MAIL DELIVERY~~**
 15 **SERVICE.**

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 17 ~~July 1, 2009~~ January 1, 2010.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.