

# CHAPTER 316

(Senate Bill 792)

AN ACT concerning

## **Property and Casualty Insurance – Portable Electronics Insurance – Regulation**

FOR the purpose of ~~prohibiting the issuance of portable electronics insurance unless~~ establishing a limited lines license to sell coverage under a policy of portable electronics insurance subject to the jurisdiction of the Maryland Insurance Commissioner; providing that the limited lines license authorizes certain employees and authorized representatives of a vendor of portable electronics to sell certain portable electronics insurance under certain circumstances; deeming the acts of certain employees and authorized representatives to be the acts of the vendor for certain purposes; providing for the billing, collection, and maintenance of certain premiums by certain persons; establishing certain limitations on the compensation of certain employees and authorized representatives who sell portable electronics insurance on behalf of a vendor; providing for the issuance and renewal of a limited lines license to sell coverage under a policy of portable electronics insurance subject to certain requirements and procedures; providing for the scope of authority of the limited lines license; requiring the prior filing and approval of certain portable electronics insurance policies; requiring a vendor to hold certain appointments from certain authorized insurers; requiring certain ~~materials are available~~ disclosures to be provided to prospective customers at a certain location and in a certain manner; providing for the ~~materials~~ disclosures to include a certain summary of coverage, a certain ~~disclosure~~ statement about other insurance coverage, a certain statement about required enrollment in purchase of coverage, a certain description of the process for filing a claim, ~~a certain disclosure about employees evaluating certain insurance coverage,~~ and a certain statement about cancelling the insurance; ~~authorizing the offering of portable electronics insurance on a periodic basis as a certain commercial inland marine policy; authorizing vendors of portable electronics and their employees and authorized representatives to offer enrollment in policies of portable electronics insurance without licensure as insurance producers under certain circumstances; requiring an insurer that offers portable electronics insurance to appoint a certain supervising agency for certain purposes;~~ providing that coverage under a policy of portable electronics insurance is primary to certain other coverage; authorizing the Commissioner to suspend, revoke, or refuse to renew a limited lines license under certain circumstances; prohibiting a vendor and the employees and authorized representatives of the vendor from advertising, representing, or otherwise holding themselves out as a certain insurer or insurance producer; authorizing the Commissioner to adopt certain regulations; requiring the development of a

certain training program for employees and authorized representatives; ~~authorizing vendors to bill and collect charges for portable electronics insurance in a certain manner~~; authorizing the ~~Maryland Insurance~~ Commissioner to impose certain fines in certain amounts and impose certain penalties for certain violations; authorizing the issuance of portable electronics insurance on a month-to-month or other periodic basis as a certain commercial inland marine policy; requiring the establishment of certain eligibility and underwriting standards; prohibiting an insurer from terminating or changing the terms and conditions of a policy of portable electronics insurance unless the insurer provides at least a certain number of days of notice, with certain exceptions; requiring an insurer that makes certain changes to a policy to provide certain revised policies or endorsements to certain persons; providing that coverage continues under the policy under certain circumstances if the insurer does not provide timely notice; providing that covered customers are eligible for reinstatement of coverage under certain circumstances; requiring a vendor that terminates a policy to give certain notice to covered customers in a certain manner; providing certain circumstances under which notice of termination to covered customers is not required; establishing that certain required notice is to be given in a certain manner; defining certain terms; providing for a delayed effective date; and generally relating to the regulation of portable electronics insurance.

BY adding to

Article – Insurance

Section 10-701 through 10-708 to be under the new subtitle “Subtitle 7. Portable Electronics Vendors”; and 19-901 through 19-904 ~~19-904~~ 19-903 to be under the new subtitle “Subtitle 9. Portable Electronics Insurance”

Annotated Code of Maryland

(2006 Replacement Volume and 2008 Supplement)

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

### **Article – Insurance**

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

#### **~~19-901.~~ 10-701.**

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

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

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

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

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

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

~~(H) **SERVICES RELATED TO THE USE OF THE ELECTRONIC DEVICES**~~

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

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

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

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

**(I) LOSS BY DISAPPEARANCE;**

**(II) THEFT;**

**(III) MECHANICAL FAILURE;**

**(IV) MALFUNCTION;**

**(V) DAMAGE; AND**

(VI) ANY OTHER APPLICABLE PERIL, AS APPROVED BY THE COMMISSIONER.

**(2) "PORTABLE ELECTRONICS INSURANCE" DOES NOT INCLUDE:**

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

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

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

~~(F) "SUPERVISING AGENCY" MEANS A BUSINESS ENTITY THAT IS A LICENSED INSURANCE PRODUCER.~~

(F) "PORTABLE ELECTRONICS TRANSACTION" MEANS:

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

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

(G) "VENDOR" MEANS A PERSON IN THE BUSINESS OF LEASING, SELLING, OR PROVIDING PORTABLE ELECTRONICS, OR SELLING OR PROVIDING SERVICE RELATED TO THE USE OF PORTABLE ELECTRONICS, TO CUSTOMERS IN THE STATE.

10-702.

THIS SUBTITLE DOES NOT APPLY TO:

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

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

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

~~19-902.~~

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

10-703.

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

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

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

(2) ACTING UNDER THE SUPERVISION OF THE VENDOR.

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

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

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

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

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

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

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

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

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

**10-704.**

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

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

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

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

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

10-705.

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

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

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

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

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

~~(i)~~ 1. THE IDENTITY OF THE INSURER;

~~(ii)~~ THE IDENTITY OF THE SUPERVISING AGENCY;

~~(III)~~ **2. THE PREMIUM TO BE PAID;**

~~(IV)~~ **3. ANY APPLICABLE DEDUCTIBLE;**

~~(V)~~ **4. THE MAJOR FEATURES OF THE BENEFITS OF THE COVERAGE; AND**

~~(VI)~~ **5. THE MAJOR FEATURES OF ANY EXCLUSIONS, CONDITIONS, OR OTHER LIMITATIONS OF COVERAGE INCLUDING WHETHER THE PORTABLE ELECTRONICS MAY BE REPAIRED OR REPLACED WITH SIMILAR MAKE AND MODEL RECONDITIONED OR NONORIGINAL MANUFACTURER PARTS OR EQUIPMENT;**

~~(2)~~ **(II) 1. DISCLOSE STATE THAT PORTABLE ELECTRONICS INSURANCE MAY DUPLICATE INSURANCE COVERAGE ALREADY PROVIDED BY A CUSTOMER'S HOMEOWNER'S INSURANCE POLICY, RENTER'S INSURANCE POLICY, OR OTHER SOURCE OF INSURANCE COVERAGE; AND**

**2. STATE THAT THE PURCHASE OF COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE WOULD MAKE THIS COVERAGE PRIMARY TO ANY OTHER COVERAGE, INCLUDING DUPLICATE COVERAGE;**

~~(3)~~ **~~STATE THAT ENROLLMENT BY THE CUSTOMER IN COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE IS NOT REQUIRED IN ORDER TO PURCHASE OR LEASE THE PORTABLE ELECTRONICS;~~**

**(III) STATE THAT THE PURCHASE OF COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE IS NOT REQUIRED IN ORDER TO ENTER INTO THE PORTABLE ELECTRONICS TRANSACTION;**

~~(4)~~ **(IV) DESCRIBE THE PROCESS FOR FILING A CLAIM IF THE CUSTOMER ELECTS TO ~~ENROLL IN~~ PURCHASE COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE INCLUDING A DESCRIPTION OF:**

~~(I)~~ **1. ANY REQUIREMENT TO PAY A DEDUCTIBLE;**

~~(II)~~ **2. ANY REQUIREMENT TO RETURN PORTABLE ELECTRONICS;**

~~(III)~~ **3. THE MAXIMUM FEE APPLICABLE IF THE CUSTOMER FAILS TO COMPLY WITH A RETURN REQUIREMENT; AND**

~~(IV)~~ 4. ANY REQUIREMENT TO FILE A PROOF OF LOSS;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~**COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE SOLD IN CONNECTION WITH A PORTABLE ELECTRONICS TRANSACTION UNDER**~~

THIS SUBTITLE IS PRIMARY TO ANY OTHER VALID AND COLLECTIBLE COVERAGE.

10-707.

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

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

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

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

(4) OFFERED OR SOLD UNAPPROVED INSURANCE PRODUCTS;

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

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

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

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

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

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

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

10-708.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(II) SUSPENDING THE ABILITY OF INDIVIDUAL EMPLOYEES OR AUTHORIZED REPRESENTATIVES TO OFFER PORTABLE ELECTRONICS INSURANCE COVERAGE.~~

~~19-904.~~

SUBTITLE 9. PORTABLE ELECTRONICS INSURANCE.

19-901.

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

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

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

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

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

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

**19-902.**

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

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

**19-903.**

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

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

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

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

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

(II) A SUMMARY OF MATERIAL CHANGES.

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

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

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

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

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

(II) IF:

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

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

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

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

(E) NOTWITHSTANDING SUBSECTION (D)(1)(II) OF THIS SECTION, ON REQUEST OF A COVERED CUSTOMER, THE COVERED CUSTOMER SHALL BE ELIGIBLE FOR REINSTATEMENT OF COVERAGE NOT MORE THAN 12 MONTHS

**AFTER THE DATE OF EXHAUSTION OF THE COVERAGE LIMIT IN ACCORDANCE WITH THE TERMS OF THE POLICY AND SUBJECT TO THE ENROLLMENT CRITERIA THEN APPLICABLE TO PROSPECTIVE CUSTOMERS GENERALLY.**

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

**(G) (1) AN INSURER IS NOT REQUIRED TO GIVE NOTICE OF TERMINATION TO A COVERED CUSTOMER IF THE INSURER HAS BEEN ADVISED BY EITHER THE VENDOR OR ANOTHER INSURER THAT SUBSTANTIALLY SIMILAR COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE HAS BEEN OBTAINED FROM ANOTHER INSURER WITHOUT LAPSE OF COVERAGE.**

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

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

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

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

**Approved by the Governor, May 7, 2009.**