

HOUSE BILL 868

C4

(9lr2579)

ENROLLED BILL
—Economic Matters / Finance—

Introduced by **Delegates Love and Krysiak**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

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

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.

Italics indicate opposite chamber / conference committee amendments.



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

1 Article – Insurance
 2 Section 10–701 through 10–708 to be under the new subtitle “Subtitle 7.
 3 Portable Electronics Vendors”; and 19–901 through ~~19–904~~ 19–903 to be
 4 under the new subtitle “Subtitle 9. Portable Electronics Insurance”
 5 Annotated Code of Maryland
 6 (2006 Replacement Volume and 2008 Supplement)

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

9 **Article – Insurance**

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

11 **~~19–901.~~ 10–701.**

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

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

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

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

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

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

25 ~~(II) SERVICES RELATED TO THE USE OF THE ELECTRONIC~~
 26 ~~DEVICES~~

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

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

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

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

10 **(I) LOSS BY DISAPPEARANCE;**

11 **(II) THEFT;**

12 **(III) MECHANICAL FAILURE;**

13 **(IV) MALFUNCTION;**

14 **(V) DAMAGE; AND**

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

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

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

21 **(II) A POLICY OF INSURANCE COVERING A SELLER’S OR A**
 22 **MANUFACTURER’S OBLIGATIONS UNDER A WARRANTY; OR**

23 **(III) A HOMEOWNER’S, RENTER’S, PRIVATE PASSENGER**
 24 **AUTOMOBILE, OR SIMILAR POLICY THAT COVERS LOSS OR THEFT OF PORTABLE**
 25 **ELECTRONICS.**

26 ~~**(F) “SUPERVISING AGENCY” MEANS A BUSINESS ENTITY THAT IS A**~~
 27 ~~**LICENSED INSURANCE PRODUCER.**~~

28 **(F) “PORTABLE ELECTRONICS TRANSACTION” MEANS:**

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

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

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

9 **10-702.**

10 **THIS SUBTITLE DOES NOT APPLY TO:**

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

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

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

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

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

24 **10-703.**

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

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

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

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

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

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

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

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

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

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

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

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

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

9 **10-704.**

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

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

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

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

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

27 **10-705.**

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

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

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

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

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

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

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

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

16 ~~(iv)~~ **3. ANY APPLICABLE DEDUCTIBLE;**

17 ~~(v)~~ **4. THE MAJOR FEATURES OF THE BENEFITS OF THE**
 18 **COVERAGE; AND**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 ~~**19-903.**~~

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

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

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

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

9 ~~(H) DEVELOP A TRAINING PROGRAM FOR THE EMPLOYEES~~
10 ~~AND AUTHORIZED REPRESENTATIVES IN ACCORDANCE WITH SUBSECTION (C)~~
11 ~~OF THIS SECTION;~~

12 **10-706.**

13 COVERAGE UNDER A POLICY OF PORTABLE ELECTRONICS INSURANCE
14 SOLD IN CONNECTION WITH A PORTABLE ELECTRONICS TRANSACTION UNDER
15 THIS SUBTITLE IS PRIMARY TO ANY OTHER VALID AND COLLECTIBLE
16 COVERAGE.

17 **10-707.**

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

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

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

27 (3) FAILED TO PROVIDE THE DISCLOSURES REQUIRED UNDER §
28 10-705 OF THIS SUBTITLE;

29 (4) OFFERED OR SOLD UNAPPROVED INSURANCE PRODUCTS;

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

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

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

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

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

13 **(1) IMPOSE ON THE VENDOR A PENALTY OF NOT MORE THAN**
14 **\$2,500 FOR EACH VIOLATION OF THIS SUBTITLE; AND**

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

18 **10-708.**

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

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

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

25 **(3) THE QUALIFICATIONS OF THE INDIVIDUALS WHO PROVIDE**
26 **TRAINING.**

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

30 ~~**(C) (1) THE TRAINING REQUIRED BY SUBSECTION (B)(1)(II) OF THIS**~~
31 ~~**SECTION SHALL:**~~

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

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

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

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

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

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

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

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

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

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

25 ~~(1) IMPOSE FINES NOT EXCEEDING \$500 PER VIOLATION OR~~
26 ~~\$5,000 IN THE AGGREGATE FOR THE CONDUCT; AND~~

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

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

~~(H) 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.

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

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

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

11 (2) PROVIDE EACH COVERED CUSTOMER WITH:

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

15 (II) A SUMMARY OF MATERIAL CHANGES.

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

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

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

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

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

28 (II) IF:

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

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

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

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

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

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

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

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

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

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

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.