

SB0571/777774/1

BY: Finance Committee

AMENDMENTS TO SENATE BILL 571

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, after “an” insert “applicant.”; in the same line, after “insured” insert a comma; in the same line, after “required” insert “to be given by an insurer”; strike beginning with “requiring” in line 8 down through “law;” in line 9 and substitute “establishing certain requirements, procedures, and conditions for the delivery of a notice by electronic means; requiring an insurer to give certain notices to a party under certain circumstances; providing that an oral communication or a recording of an oral communication may qualify as a notice delivered by electronic means under certain circumstances; specifying the manner in which certain requirements relating to a signature or record may be satisfied; providing for the effect, construction, and application of this Act;”; in lines 9 and 10, strike “a certain term” and substitute “certain terms”; in line 10, after the second “to” insert “applicants.”; and in the same line, after “insureds” insert a comma.

AMENDMENT NO. 2

On page 1, in line 20, after “(A)” insert “(1)”; in the same line, strike the comma and substitute “THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2)”;

in the same line, strike “**DELIVERED**” and substitute “**DELIVERED**”; in line 21, strike “(1)” and substitute “(I)”; and in lines 21 and 22, strike “**AN INSURED OR A POLICYHOLDER**” and substitute “**A PARTY**”.

On page 2, in line 1, strike “(2)” and substitute “(II)”; in line 2, strike “**AN INSURED OR A POLICYHOLDER**” and substitute “**A PARTY**”; in lines 3 and 8, in each

(Over)

instance, strike “INSURED OR POLICYHOLDER” and substitute “PARTY”; after line 4, insert:

“(3) “PARTY” MEANS AN APPLICANT, AN INSURED, OR A POLICYHOLDER.”;

in lines 5 and 6, strike “AN INSURED OR POLICYHOLDER” and substitute “A PARTY”; strike beginning with “THIS” in line 15 down through “ACT” in line 17 and substitute “A NOTICE MAY BE DELIVERED BY ELECTRONIC MEANS BY AN INSURER TO A PARTY UNDER THIS SECTION IF:

(1) THE PARTY HAS AFFIRMATIVELY CONSENTED TO THAT METHOD OF DELIVERY AND HAS NOT WITHDRAWN THE CONSENT;

(2) THE PARTY, BEFORE GIVING CONSENT, IS PROVIDED WITH A CLEAR AND CONSPICUOUS STATEMENT:

(1) INFORMING THE PARTY OF:

1. ANY RIGHT OR OPTION OF THE PARTY TO HAVE THE NOTICE PROVIDED OR MADE AVAILABLE IN PAPER OR ANOTHER NONELECTRONIC FORM;

2. THE RIGHT OF THE PARTY TO WITHDRAW CONSENT TO HAVE NOTICE DELIVERED BY ELECTRONIC MEANS AND ANY FEES, CONDITIONS, OR CONSEQUENCES IMPOSED IN THE EVENT CONSENT IS WITHDRAWN;

3. WHETHER THE PARTY’S CONSENT APPLIES:

A. ONLY TO THE PARTICULAR TRANSACTION AS TO WHICH THE NOTICE MUST BE GIVEN; OR

B. TO IDENTIFIED CATEGORIES OF NOTICES THAT MAY BE DELIVERED BY ELECTRONIC MEANS DURING THE COURSE OF THE PARTIES' RELATIONSHIP;

4. A. HOW, AFTER CONSENT IS GIVEN, THE PARTY MAY OBTAIN A PAPER COPY OF A NOTICE DELIVERED BY ELECTRONIC MEANS; AND

B. THE FEE, IF ANY, FOR THE PAPER COPY; AND

5. THE PROCEDURES THE PARTY MUST USE TO WITHDRAW CONSENT TO HAVE NOTICE DELIVERED BY ELECTRONIC MEANS AND TO UPDATE INFORMATION NEEDED TO CONTACT THE PARTY ELECTRONICALLY;

(3) THE PARTY:

(I) BEFORE GIVING CONSENT, IS PROVIDED WITH A STATEMENT OF THE HARDWARE AND SOFTWARE REQUIREMENTS FOR ACCESS TO AND RETENTION OF A NOTICE DELIVERED BY ELECTRONIC MEANS; AND

(II) CONSENTS ELECTRONICALLY, OR CONFIRMS CONSENT ELECTRONICALLY, IN A MANNER THAT REASONABLY DEMONSTRATES THAT THE PARTY CAN ACCESS INFORMATION IN THE ELECTRONIC FORM THAT WILL BE USED FOR NOTICES DELIVERED BY ELECTRONIC MEANS AS TO WHICH THE PARTY HAS GIVEN CONSENT; AND

(Over)

(4) AFTER CONSENT OF THE PARTY IS GIVEN, THE INSURER, IN THE EVENT A CHANGE IN THE HARDWARE OR SOFTWARE REQUIREMENTS NEEDED TO ACCESS OR RETAIN A NOTICE DELIVERED BY ELECTRONIC MEANS CREATES A MATERIAL RISK THAT THE PARTY WILL NOT BE ABLE TO ACCESS OR RETAIN A SUBSEQUENT NOTICE TO WHICH THE CONSENT APPLIES:

(I) PROVIDES THE PARTY WITH A STATEMENT OF:

1. THE REVISED HARDWARE AND SOFTWARE REQUIREMENTS FOR ACCESS TO AND RETENTION OF A NOTICE DELIVERED BY ELECTRONIC MEANS; AND

2. THE RIGHT OF THE PARTY TO WITHDRAW CONSENT WITHOUT THE IMPOSITION OF ANY FEE, CONDITION, OR CONSEQUENCE THAT WAS NOT DISCLOSED UNDER ITEM (2)(I)2 OF THIS SUBSECTION; AND

(II) COMPLIES WITH ITEM (2) OF THIS SUBSECTION.

(E) THIS SECTION DOES NOT AFFECT THE CONTENT OR TIMING OF ANY NOTICE REQUIRED UNDER THIS SUBTITLE.

(F) IF A PROVISION OF THIS SUBTITLE REQUIRING NOTICE TO BE PROVIDED TO A PARTY EXPRESSLY REQUIRES VERIFICATION OR ACKNOWLEDGMENT OF RECEIPT OF THE NOTICE, THE NOTICE MAY BE DELIVERED BY ELECTRONIC MEANS ONLY IF THE METHOD USED PROVIDES FOR VERIFICATION OR ACKNOWLEDGEMENT OF RECEIPT.

(G) THE LEGAL EFFECTIVENESS, VALIDITY, OR ENFORCEABILITY OF ANY CONTRACT OR POLICY OF INSURANCE EXECUTED BY A PARTY MAY NOT BE DENIED SOLELY BECAUSE OF THE FAILURE TO OBTAIN ELECTRONIC CONSENT OR CONFIRMATION OF CONSENT OF THE PARTY IN ACCORDANCE WITH SUBSECTION (D)(3)(II) OF THIS SECTION.

(H) (1) A WITHDRAWAL OF CONSENT BY A PARTY DOES NOT AFFECT THE LEGAL EFFECTIVENESS, VALIDITY, OR ENFORCEABILITY OF A NOTICE DELIVERED BY ELECTRONIC MEANS TO THE PARTY BEFORE THE WITHDRAWAL OF CONSENT IS EFFECTIVE.

(2) A WITHDRAWAL OF CONSENT BY A PARTY IS EFFECTIVE WITHIN A REASONABLE PERIOD OF TIME AFTER RECEIPT OF THE WITHDRAWAL BY THE INSURER.

(3) FAILURE TO COMPLY WITH SUBSECTION (D)(4) OF THIS SECTION MAY BE TREATED, AT THE ELECTION OF THE PARTY, AS A WITHDRAWAL OF CONSENT FOR PURPOSES OF THIS SECTION.

(I) THIS SECTION DOES NOT APPLY TO A NOTICE DELIVERED BY AN INSURER IN AN ELECTRONIC FORM BEFORE OCTOBER 1, 2011, TO A PARTY WHO, BEFORE OCTOBER 1, 2011, HAS CONSENTED TO RECEIVE NOTICE IN AN ELECTRONIC FORM OTHERWISE ALLOWED BY LAW.

(J) IF THE CONSENT OF A PARTY TO RECEIVE NOTICE IN AN ELECTRONIC FORM IS ON FILE WITH AN INSURER BEFORE OCTOBER 1, 2011, THE INSURER SHALL NOTIFY THE PARTY OF:

(1) THE NOTICES THAT MAY BE DELIVERED BY ELECTRONIC MEANS UNDER THIS SECTION; AND

(2) THE PARTY'S RIGHT TO WITHDRAW CONSENT TO HAVE NOTICES DELIVERED BY ELECTRONIC MEANS.

(K) (1) EXCEPT AS OTHERWISE PROVIDED BY LAW, IF AN ORAL COMMUNICATION OR A RECORDING OF AN ORAL COMMUNICATION CAN BE RELIABLY STORED AND REPRODUCED BY AN INSURER, THE ORAL COMMUNICATION OR RECORDING MAY QUALIFY AS A NOTICE DELIVERED BY ELECTRONIC MEANS FOR PURPOSES OF THIS SECTION.

(2) IF A PROVISION OF THIS SUBTITLE REQUIRES A SIGNATURE OR RECORD TO BE NOTARIZED, ACKNOWLEDGED, VERIFIED, OR MADE UNDER OATH, THE REQUIREMENT IS SATISFIED IF THE ELECTRONIC SIGNATURE OF THE PERSON AUTHORIZED TO PERFORM THOSE ACTS, TOGETHER WITH ALL OTHER INFORMATION REQUIRED TO BE INCLUDED BY THE PROVISION, IS ATTACHED TO OR LOGICALLY ASSOCIATED WITH THE SIGNATURE OR RECORD.

(L) THIS SECTION MAY NOT BE CONSTRUED TO MODIFY, LIMIT, OR SUPERSEDE THE PROVISIONS OF THE FEDERAL ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT RELATING TO THE USE OF AN ELECTRONIC RECORD TO PROVIDE OR MAKE AVAILABLE INFORMATION THAT IS REQUIRED TO BE PROVIDED OR MADE AVAILABLE IN WRITING TO A PARTY”.