

SENATE BILL 682

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3lr1842
CF HB 1011

By: **Senators Klausmeier and Middleton**
Introduced and read first time: February 1, 2013
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 20, 2013

CHAPTER _____

1 AN ACT concerning

2 **Portable Electronics Insurance – Compensation of Employees of ~~Vendor~~**
3 **Vendor, Disclosures to Customers Customers, and Study**

4 FOR the purpose of providing that a vendor of portable electronics insurance or an
5 authorized representative of the vendor may compensate employees of the
6 vendor or an authorized representative in a certain manner; altering the
7 content of certain disclosures that a vendor of portable electronics insurance
8 must provide to customers under certain circumstances; requiring the Maryland
9 Insurance Commissioner to make certain determinations and review certain
10 laws, practices, guidelines, and standards relating to limited lines insurance;
11 requiring the Commissioner to keep track of certain complaints regarding the
12 sales practices of vendor employees at point of sale; requiring the Commissioner
13 to report certain findings and recommendations to certain committees of the
14 General Assembly on or before a certain date; providing for the termination of
15 certain provisions of this Act; and generally relating to portable electronics
16 insurance.

17 BY repealing and reenacting, with amendments,
18 Article – Insurance
19 Section 10–703(e) and 10–705(a)
20 Annotated Code of Maryland
21 (2011 Replacement Volume and 2012 Supplement)

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

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 **Article – Insurance**

2 10–703.

3 (e) (1) A vendor may receive compensation for billing and collection
4 services under a policy of portable electronics insurance.

5 (2) A vendor or an authorized representative of the vendor may
6 compensate the employees of the vendor or of the authorized representative in a
7 manner that does not depend SOLELY on the sale of portable electronics insurance.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
9 read as follows:

10 **Article – Insurance**

11 10–705.

12 (a) A limited lines license to offer or sell coverage under a policy of portable
13 electronics insurance to a customer issued under this subtitle authorizes a vendor or
14 an authorized representative of the vendor to sell coverage under a policy of portable
15 electronics insurance to customers at each location at which the vendor engages in
16 portable electronics transactions in the State if:

17 (1) the portable electronics insurance policies have been filed with and
18 approved by the Commissioner;

19 (2) the vendor holds an appointment under § 10–118 of this title with
20 each authorized insurer that the vendor intends to represent;

21 (3) at each location where coverage under a policy of portable
22 electronics insurance is offered or sold to customers, the vendor provides to the
23 customers disclosures approved by the Commissioner that:

24 (i) summarize the material terms of the coverage under the
25 policy of portable electronics insurance including:

26 1. the identity of the insurer;

27 2. the premium to be paid;

28 3. any applicable deductible;

29 4. the major features of the benefits of the coverage; and

1 5. the [major features of any exclusions, conditions, or
2 other limitations] **KEY TERMS AND CONDITIONS** of coverage including whether the
3 portable electronics may be repaired or replaced with similar make and model
4 reconditioned or nonoriginal manufacturer parts or equipment;

5 (ii) 1. state that portable electronics insurance may
6 duplicate insurance coverage already provided by a customer's homeowner's insurance
7 policy, renter's insurance policy, or other source of insurance coverage; and

8 2. state that the purchase of coverage under a policy of
9 portable electronics insurance would make this coverage primary to any other
10 coverage, including duplicate coverage;

11 (iii) state that the purchase of coverage under a policy of
12 portable electronics insurance is not required in order to enter into the portable
13 electronics transaction;

14 (iv) describe the process for filing a claim if the customer elects
15 to purchase coverage under a policy of portable electronics insurance including a
16 description of:

17 1. any requirement to pay a deductible;

18 2. any requirement to return portable electronics;

19 3. the maximum fee applicable if the customer fails to
20 comply with a return requirement; and

21 4. any requirement to file a proof of loss;

22 (v) state that:

23 1. the customer may cancel coverage under the portable
24 electronics insurance at any time; and

25 2. if the customer cancels coverage under the portable
26 electronics insurance, any unearned premium will be refunded to the person paying
27 the premium in accordance with applicable law; and

28 (vi) provide the toll-free consumer hotline telephone number of
29 the Administration; and

30 (4) the vendor provides a training program, approved by the
31 Commissioner, for any employee or authorized representative who sells coverage
32 under a policy of portable electronics insurance to customers under this subtitle that
33 includes instruction:

1 (i) about the portable electronics insurance offered to customers
2 of the vendor;

3 (ii) that the employee or authorized representative may not
4 represent or imply to a customer that purchase of coverage under a policy of portable
5 electronics insurance is required in order to purchase portable electronics;

6 (iii) that portable electronics insurance may duplicate insurance
7 coverage already provided by a customer's homeowner's insurance policy, renter's
8 insurance policy, or other source of insurance coverage; and

9 (iv) about the other disclosures required by item (3) of this
10 subsection.

11 SECTION 3. AND BE IT FURTHER ENACTED, That the Maryland Insurance
12 Commissioner shall:

13 (1) determine the types of limited lines insurance that are authorized
14 to be offered in other states;

15 (2) review the laws and practices of other states relating to the
16 offering of limited lines insurance, including whether a license to sell a limited lines
17 insurance policy is required, and whether and how employees of a licensee are
18 compensated for selling a limited lines insurance policy;

19 (3) review the National Association of Insurance Commissioners'
20 guidelines and standards relating to the authorization of limited lines insurance;

21 (4) determine the appropriate regulatory structure, including
22 consumer protections, for the sale of a limited lines insurance policy; and

23 (5) on or before December 1, 2013, report the Commissioner's findings
24 and recommendations, in accordance with § 2-1246 of the State Government Article,
25 to the Senate Finance Committee and the House Economic Matters Committee.

26 SECTION 4. AND BE IT FURTHER ENACTED, That the Maryland Insurance
27 Commissioner shall:

28 (1) keep track of complaints from consumers regarding the sales
29 practices of vendor employees at point of sale, including:

30 (i) the number of complaints;

31 (ii) a summary of the allegations contained in the complaints;

32 and

33 (iii) the disposition of the complaints;

1 (2) based on the complaints under paragraph (1) of this section and
2 any other information the Commissioner determines necessary, determine whether
3 and how vendor employees should be compensated for selling a portable electronics
4 limited lines insurance policy; and

5 (3) on or before January 1, 2017, report the Commissioner’s findings
6 and recommendations, in accordance with § 2-1246 of the State Government Article,
7 to the Senate Finance Committee and the House Economic Matters Committee.

8 SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take
9 effect October 1, 2013. Section 1 of this Act shall remain effective for a period of 4
10 years and, at the end of September 30, 2017, with no further action required by the
11 General Assembly, Section 1 of this Act shall be abrogated and of no further force and
12 effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.