

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 919
Economic Matters

(Delegate Jameson)

Finance

Portable Electronics Insurance - Compensation of Vendor Employees - Repeal of Sunset and Reporting Requirement

This bill makes permanent (by repealing a termination date) the provision of Chapter 525 of 2013 that temporarily allows a portable electronics vendor, or an authorized representative of the vendor, to compensate an employee in a manner based, in part, on the sale of portable electronics insurance. However, compensation may not depend *solely* on the sale of such insurance. The bill also repeals corresponding complaint tracking and reporting requirements. Thus, the Insurance Commissioner no longer has to submit findings and recommendations by January 1, 2017, on whether and how vendor employees should be compensated for selling a portable electronics limited lines insurance policy.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Except as otherwise specified, an insurance producer may not sell, solicit, or negotiate any insurance unless licensed to produce insurance of that type. The Maryland Insurance Administration (MIA) issues eight limited lines licenses for the sale of (1) title insurance; (2) travel insurance; (3) motor vehicle insurance; (4) health maintenance

organization employees; (5) rental vehicle insurance; (6) credit insurance; (7) portable electronics insurance; and (8) viatical settlement brokers insurance.

Prior to enactment of Chapter 525 of 2013, a portable electronics vendor could not compensate its employees based on the sale of portable electronics insurance. Among other things, Chapter 525 changed this prohibition to allow the sale of portable electronics insurance to be considered in employee compensation, but it specified that insurance sales must not be the *sole factor* used to determine compensation. This authorization abrogates on September 30, 2017, after which time vendors will no longer be allowed to consider insurance sales in employee compensation.

Additionally, Chapter 525 requires the Insurance Commissioner to keep track of complaints from consumers regarding the sales practices of vendor employees. Based on this complaint data and any other information the Commissioner determines necessary, the Commissioner has to determine whether and how vendor employees should be compensated for selling a portable electronics limited lines insurance policy. Findings and recommendations must be submitted to the Senate Finance Committee and House Economic Matters Committee by January 1, 2017.

Background: MIA advises that, under the tracking requirement of Chapter 525, it has received only five complaints about portable electronics insurance and none of the complaints was about the person selling the coverage.

Additional Information

Prior Introductions: None.

Cross File: SB 750 (Senator Klausmeier) - Finance.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2016
md/ljm

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