
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1483 Session of
2013

INTRODUCED BY QUINN, BAKER, V. BROWN, COHEN, DeLUCA, GINGRICH
AND MILNE, JUNE 4, 2013

REFERRED TO COMMITTEE ON INSURANCE, JUNE 4, 2013

AN ACT

1 Amending the act of July 5, 2012 (P.L.995, No.112), entitled "An
2 act providing for licensure of vendors, for requirements for
3 sale of portable electronics insurance, for authority of
4 vendors of portable electronics, for termination of portable
5 electronics insurance, for licensing, for renewal of license,
6 for injunctions and for appeals," further providing for
7 authority of vendors of portable electronics and for
8 termination of portable electronics insurance.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Sections 5 and 6 of the act of July 5, 2012
12 (P.L.995, No.112), known as the Portable Electronics Insurance
13 Act, are amended to read:

14 Section 5. Authority of vendors of portable electronics.

15 (a) Authority and licensure.--The employees and authorized
16 representatives of vendors may sell or offer portable
17 electronics insurance to customers and shall not be subject to
18 licensure as an insurance producer under [this chapter, provided
19 that] Article VI-A of the act of May 17, 1921 (P.L.789, No.285),
20 known as The Insurance Department Act of 1921, if:

21 (1) The vendor obtains a limited lines license to

1 authorize its employees or authorized representatives to sell
2 or offer portable electronics insurance under this section.

3 (2) The insurer issuing the portable electronics
4 insurance either directly supervises or authorizes a
5 designated licensee to supervise the administration of the
6 program, including development of a training program for
7 employees and authorized representatives of the vendors. The
8 training required by this paragraph shall comply with the
9 following:

10 (i) The training shall be delivered to employees and
11 authorized representatives of a vendor who are directly
12 engaged in the activity of selling, soliciting or
13 negotiating portable electronics insurance.

14 (ii) The training may be provided in electronic
15 form. If conducted in an electronic form, the vendor
16 shall implement a supplemental education program
17 regarding portable electronics insurance that is
18 conducted and overseen by the designated licensee.

19 (iii) Each employee and authorized representative
20 shall receive basic instruction about the portable
21 electronics insurance offered to customers and the
22 disclosures required under section 4.

23 (3) No employee or authorized representative of a vendor
24 of portable electronics shall advertise, represent or
25 otherwise hold himself out as a licensed insurance producer.

26 (b) Charges.--The charges for portable electronics insurance
27 coverage may be billed and collected by the vendor of portable
28 electronics. A charge to the enrolled customer for coverage that
29 is not included in the cost associated with the purchase or
30 lease of portable electronics or related services shall be

1 separately itemized on the enrolled customer's bill. If the
2 portable electronics insurance coverage is included with the
3 purchase or lease of portable electronics or related services,
4 the vendor shall clearly and conspicuously disclose to the
5 enrolled customer that the portable electronics insurance
6 coverage is included with the portable electronics or related
7 services. Vendors billing and collecting the charges shall not
8 be required to maintain the funds in a segregated account
9 provided that the vendor is authorized by the insurer to hold
10 the funds in an alternative manner and remits the amounts to the
11 supervising entity within 60 days of receipt. The funds received
12 by a vendor from an enrolled customer for the sale of portable
13 electronics insurance shall be considered funds held in trust by
14 the vendor in a fiduciary capacity for the benefit of the
15 insurer. Vendors may receive compensation from the insurer for
16 billing and collection services.

17 Section 6. Termination or alteration of portable electronics
18 insurance.

19 Notwithstanding any other provision of law:

20 (1) [An] Notwithstanding paragraph (2.1), an insurer may
21 terminate an enrolled customer's enrollment under a portable
22 electronics insurance policy upon 15 days' notice for
23 discovery of fraud or material misrepresentation in obtaining
24 coverage or in the presentation of a fraudulent claim.

25 (2) [An] Notwithstanding paragraph (2.1), an insurer may
26 immediately terminate an enrolled customer's enrollment under
27 a portable electronics insurance policy:

28 (i) if the enrolled customer ceases to have active
29 service with the vendor of portable electronics; or

30 (ii) if an enrolled customer exhausts the annual

1 aggregate limit of liability under the terms of the
2 portable electronics insurance policy and the insurer
3 sends notice of termination to the enrolled customer
4 within 30 calendar days after exhaustion of the limit. If
5 notice is not timely sent, however, enrollment shall
6 continue notwithstanding the annual aggregate limit of
7 liability until the insurer sends notice of termination
8 to the enrolled customer.

9 (2.1) Except as provided under paragraphs (1) and (2),
10 an insurer shall provide the vendor policyholder and each
11 enrolled customer with at least 60 days' notice prior to the
12 termination or alteration of the terms and conditions of a
13 policy of portable electronics insurance. If the terms and
14 conditions of a portable electronics insurance policy are
15 altered, the insurer shall provide:

16 (i) the vendor policyholder with a revised policy or
17 endorsement; and

18 (ii) each enrolled customer with evidence indicating
19 that an alteration has occurred and a summary of the
20 material changes.

21 (3) Where a portable electronics insurance policy is
22 terminated by a policyholder, the policyholder shall mail or
23 deliver written notice to each enrolled customer advising the
24 enrolled customer of the termination of the policy and the
25 effective date of termination. The written notice shall be
26 mailed or delivered to the enrolled customer at least 30 days
27 prior to the termination.

28 (4) Whenever notice is required under this section, it
29 shall be in writing and may be mailed or delivered to the
30 vendor of portable electronics at the vendor's mailing

1 address and to its affected enrolled customers' last known
2 mailing addresses on file with the insurer. If notice is
3 mailed, the insurer or vendor of portable electronics shall
4 maintain proof of mailing in a form authorized or accepted by
5 the United States Postal Service or other commercial mail
6 delivery service. Alternatively, an insurer or vendor
7 policyholder may comply with a notice required by this
8 section by providing electronic notice to a vendor or its
9 affected enrolled customers by electronic means. If notice is
10 accomplished through electronic means, the insurer or vendor
11 of portable electronics, as the case may be, shall maintain
12 proof that the notice was sent.

13 Section 2. The amendment of section 6 of the act shall apply
14 to a portable electronics insurance policy offered, issued or
15 renewed on or after the effective date of this section.

16 Section 3. This act shall take effect in 60 days.