

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1483 Session of
2013

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

SENATOR CORMAN, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
AMENDED, SEPTEMBER 23, 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:

1 (1) The vendor obtains a limited lines license to
2 authorize its employees or authorized representatives to sell
3 or offer portable electronics insurance under this section.

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

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

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

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

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

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

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

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

20 Notwithstanding any other provision of law:

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

26 (1.1) AN INSURER MAY TERMINATE AN ENROLLED CUSTOMER'S <--
27 ENROLLMENT UNDER A PORTABLE ELECTRONICS INSURANCE POLICY UPON
28 30 DAYS' NOTICE FOR NONPAYMENT OF PREMIUM.

29 (2) ~~{An} Notwithstanding paragraph (2.1), an~~ insurer may <--
30 immediately terminate an enrolled customer's enrollment under

1 a portable electronics insurance policy:

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

4 (ii) if an enrolled customer exhausts the annual
5 aggregate limit of liability under the terms of the
6 portable electronics insurance policy and the insurer
7 sends notice of termination to the enrolled customer
8 within 30 calendar days after exhaustion of the limit. If
9 notice is not timely sent, however, enrollment shall
10 continue notwithstanding the annual aggregate limit of
11 liability until the insurer sends notice of termination
12 to the enrolled customer.

13 (2.1) Except as provided under paragraphs (1), (1.1) <--
14 and (2), an insurer shall provide the vendor policyholder and
15 each enrolled customer with at least 60 days' notice prior to
16 the termination or alteration of the terms and conditions of
17 a policy of portable electronics insurance. If the terms and
18 conditions of a portable electronics insurance policy are
19 altered, the insurer shall provide:

20 (i) the vendor policyholder with a revised policy or
21 endorsement; and

22 (ii) each enrolled customer with evidence indicating
23 that an alteration has occurred and a summary of the
24 material changes.

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

1 prior to the termination.

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

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

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