

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 1483 Session of  
2013INTRODUCED BY QUINN, BAKER, V. BROWN, COHEN, DeLUCA, GINGRICH,  
MILNE AND CALTAGIRONE, JUNE 4, 2013

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, OCTOBER 1, 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, PROVIDED THE <--  
14 VENDOR POLICYHOLDER OR AFFECTED ENROLLED CUSTOMER AGREES TO  
15 RECEIVE SUCH NOTICE ELECTRONICALLY. FOR PURPOSES OF THIS  
16 SECTION, AN ENROLLED CUSTOMER'S PROVISION OF AN ELECTRONIC  
17 MAIL ADDRESS TO THE INSURER OR VENDOR POLICYHOLDER SHALL BE  
18 DEEMED AN AGREEMENT TO RECEIVE NOTICE BY ELECTRONIC MEANS IF  
19 A DISCLOSURE IS PROVIDED TO THE ENROLLED CUSTOMER STATING  
20 THAT AN ENROLLED CUSTOMER'S PROVISION OF AN ELECTRONIC MAIL  
21 ADDRESS SHALL BE DEEMED AN AGREEMENT TO RECEIVE NOTICES  
22 ELECTRONICALLY. If notice is accomplished through electronic  
23 means, the insurer or vendor of portable electronics, as the  
24 case may be, shall maintain proof that the notice was sent.  
25 Section 2. The amendment of section 6 of the act shall apply  
26 to a portable electronics insurance policy offered, issued or  
27 renewed on or after the effective date of this section.  
28 Section 3. This act shall take effect in 60 days.