

No. 2013-76

AN ACT

HB 1483

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

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

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

Section 5. Authority of vendors of portable electronics.

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

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

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

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

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

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

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

(b) Charges.—The charges for portable electronics insurance coverage may be billed and collected by the vendor of portable electronics. A charge to the enrolled customer for coverage that is not included in the cost associated with the purchase or lease of portable electronics or related services shall be separately itemized on the enrolled customer's bill. If the portable electronics insurance coverage is included with the purchase or

lease of portable electronics or related services, the vendor shall clearly and conspicuously disclose to the enrolled customer that the portable electronics insurance coverage is included with the portable electronics or related services. Vendors billing and collecting the charges shall not be required to maintain the funds in a segregated account provided that the vendor is authorized by the insurer to hold the funds in an alternative manner and remits the amounts to the supervising entity within 60 days of receipt. The funds received by a vendor from an enrolled customer for the sale of portable electronics insurance shall be considered funds held in trust by the vendor in a fiduciary capacity for the benefit of the insurer. Vendors may receive compensation from the insurer for billing and collection services.

Section 6. Termination *or alteration* of portable electronics insurance.

Notwithstanding any other provision of law:

(1) An insurer may terminate an enrolled customer's enrollment under a portable electronics insurance policy upon 15 days' notice for discovery of fraud or material misrepresentation in obtaining coverage or in the presentation of a fraudulent claim.

(1.1) An insurer may terminate an enrolled customer's enrollment under a portable electronics insurance policy upon 30 days' notice for nonpayment of premium.

(2) An insurer may immediately terminate an enrolled customer's enrollment under a portable electronics insurance policy:

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

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

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

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

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

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

(4) Whenever notice is required under this section, it shall be in writing and may be mailed or delivered to the vendor of portable

electronics at the vendor's mailing address and to its affected enrolled customers' last known mailing addresses on file with the insurer. If notice is mailed, the insurer or vendor of portable electronics shall maintain proof of mailing in a form authorized or accepted by the United States Postal Service or other commercial mail delivery service. Alternatively, an insurer or vendor policyholder may comply with a notice required by this section by providing electronic notice to a vendor or its affected enrolled customers by electronic means, *provided the vendor policyholder or affected enrolled customer agrees to receive such notice electronically. For purposes of this section, an enrolled customer's provision of an electronic mail address to the insurer or vendor policyholder shall be deemed an agreement to receive notice by electronic means if a disclosure is provided to the enrolled customer stating that an enrolled customer's provision of an electronic mail address shall be deemed an agreement to receive notices electronically.* If notice is accomplished through electronic means, the insurer or vendor of portable electronics, as the case may be, shall maintain proof that the notice was sent.

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

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

APPROVED—The 25th day of October, A.D. 2013

TOM CORBETT