

# HOUSE BILL 1011

C4

3lr2097  
CF SB 682

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By: **Delegates Jameson and Love**

Introduced and read first time: February 8, 2013

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: April 3, 2013

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Portable Electronics Insurance – Compensation of Employees of ~~Vendor~~**  
3 **Vendor, Disclosures to Customers Customers, and Study**

4 FOR the purpose of providing that a vendor of portable electronics insurance or an  
5 authorized representative of the vendor may compensate employees of the  
6 vendor or an authorized representative in a certain manner; altering the  
7 content of certain disclosures that a vendor of portable electronics insurance  
8 must provide to customers under certain circumstances; requiring the Maryland  
9 Insurance Commissioner to make certain determinations and review certain  
10 laws, practices, guidelines, and standards relating to limited lines insurance;  
11 requiring the Commissioner to keep track of certain complaints regarding the  
12 sales practices of vendor employees at point of sale; requiring the Commissioner  
13 to report certain findings and recommendations to certain committees of the  
14 General Assembly on or before a certain date; providing for the termination of  
15 certain provisions of this Act; and generally relating to portable electronics  
16 insurance.

17 BY repealing and reenacting, with amendments,  
18 Article – Insurance  
19 Section 10–703(e) and 10–705(a)  
20 Annotated Code of Maryland  
21 (2011 Replacement Volume and 2012 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
23 MARYLAND, That the Laws of Maryland read as follows:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 **Article – Insurance**

2 10–703.

3 (e) (1) A vendor may receive compensation for billing and collection  
4 services under a policy of portable electronics insurance.

5 (2) A vendor or an authorized representative of the vendor may  
6 compensate the employees of the vendor or of the authorized representative in a  
7 manner that does not depend SOLELY on the sale of portable electronics insurance.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
9 read as follows:

10 **Article – Insurance**

11 10–705.

12 (a) A limited lines license to offer or sell coverage under a policy of portable  
13 electronics insurance to a customer issued under this subtitle authorizes a vendor or  
14 an authorized representative of the vendor to sell coverage under a policy of portable  
15 electronics insurance to customers at each location at which the vendor engages in  
16 portable electronics transactions in the State if:

17 (1) the portable electronics insurance policies have been filed with and  
18 approved by the Commissioner;

19 (2) the vendor holds an appointment under § 10–118 of this title with  
20 each authorized insurer that the vendor intends to represent;

21 (3) at each location where coverage under a policy of portable  
22 electronics insurance is offered or sold to customers, the vendor provides to the  
23 customers disclosures approved by the Commissioner that:

24 (i) summarize the material terms of the coverage under the  
25 policy of portable electronics insurance including:

26 1. the identity of the insurer;

27 2. the premium to be paid;

28 3. any applicable deductible;

29 4. the major features of the benefits of the coverage; and

1                   5.     the [major features of any exclusions, conditions, or  
2 other limitations] **KEY TERMS AND CONDITIONS** of coverage including whether the  
3 portable electronics may be repaired or replaced with similar make and model  
4 reconditioned or nonoriginal manufacturer parts or equipment;

5                   (ii)    1.     state that portable electronics insurance may  
6 duplicate insurance coverage already provided by a customer's homeowner's insurance  
7 policy, renter's insurance policy, or other source of insurance coverage; and

8                   2.     state that the purchase of coverage under a policy of  
9 portable electronics insurance would make this coverage primary to any other  
10 coverage, including duplicate coverage;

11                   (iii) state that the purchase of coverage under a policy of  
12 portable electronics insurance is not required in order to enter into the portable  
13 electronics transaction;

14                   (iv)  describe the process for filing a claim if the customer elects  
15 to purchase coverage under a policy of portable electronics insurance including a  
16 description of:

17                   1.     any requirement to pay a deductible;

18                   2.     any requirement to return portable electronics;

19                   3.     the maximum fee applicable if the customer fails to  
20 comply with a return requirement; and

21                   4.     any requirement to file a proof of loss;

22                   (v)    state that:

23                   1.     the customer may cancel coverage under the portable  
24 electronics insurance at any time; and

25                   2.     if the customer cancels coverage under the portable  
26 electronics insurance, any unearned premium will be refunded to the person paying  
27 the premium in accordance with applicable law; and

28                   (vi)  provide the toll-free consumer hotline telephone number of  
29 the Administration; and

30                   (4)   the vendor provides a training program, approved by the  
31 Commissioner, for any employee or authorized representative who sells coverage  
32 under a policy of portable electronics insurance to customers under this subtitle that  
33 includes instruction:

1 (i) about the portable electronics insurance offered to customers  
2 of the vendor;

3 (ii) that the employee or authorized representative may not  
4 represent or imply to a customer that purchase of coverage under a policy of portable  
5 electronics insurance is required in order to purchase portable electronics;

6 (iii) that portable electronics insurance may duplicate insurance  
7 coverage already provided by a customer's homeowner's insurance policy, renter's  
8 insurance policy, or other source of insurance coverage; and

9 (iv) about the other disclosures required by item (3) of this  
10 subsection.

11 SECTION 3. AND BE IT FURTHER ENACTED, That the Maryland Insurance  
12 Commissioner shall:

13 (1) determine the types of limited lines insurance that are authorized  
14 to be offered in other states;

15 (2) review the laws and practices of other states relating to the  
16 offering of limited lines insurance, including whether a license to sell a limited lines  
17 insurance policy is required, and whether and how employees of a licensee are  
18 compensated for selling a limited lines insurance policy;

19 (3) review the National Association of Insurance Commissioners'  
20 guidelines and standards relating to the authorization of limited lines insurance;

21 (4) determine the appropriate regulatory structure, including  
22 consumer protections, for the sale of a limited lines insurance policy; and

23 (5) on or before December 1, 2013, report the Commissioner's findings  
24 and recommendations, in accordance with § 2-1246 of the State Government Article,  
25 to the Senate Finance Committee and the House Economic Matters Committee.

26 SECTION 4. AND BE IT FURTHER ENACTED, That the Maryland Insurance  
27 Commissioner shall:

28 (1) keep track of complaints from consumers regarding the sales  
29 practices of vendor employees at point of sale, including:

30 (i) the number of complaints;

31 (ii) a summary of the allegations contained in the complaints;  
32 and

33 (iii) the disposition of the complaints;

1           (2) based on the complaints under paragraph (1) of this section and  
2 any other information the Commissioner determines necessary, determine whether  
3 and how vendor employees should be compensated for selling a portable electronics  
4 limited lines insurance policy; and

5           (3) on or before January 1, 2017, report the Commissioner's findings  
6 and recommendations, in accordance with § 2-1246 of the State Government Article,  
7 to the Senate Finance Committee and the House Economic Matters Committee.

8           SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take  
9 effect October 1, 2013. Section 1 of this Act shall remain effective for a period of 4  
10 years and, at the end of September 30, 2017, with no further action required by the  
11 General Assembly, Section 1 of this Act shall be abrogated and of no further force and  
12 effect.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.