

BILL ANALYSIS

Senate Research Center
81R7544 PB-F

S.B. 881
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Business & Commerce
4/5/2009
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2001, the 77th Texas Legislature created a specialty insurance agent license under the Texas Insurance Code for telecommunications equipment vendors. Since that time, telecommunications devices and similar communication technology offered to consumers have changed. This portion of the Insurance Code does not include a definition for "vendor," nor does it recognize the growth in the number of retail outlets that sell portable electronic devices.

As proposed, S.B. 881 amends the Insurance Code, creating a portable electronic devices vendor license in a place of a telecommunications equipment vendor license. This bill defines "portable electronic device;" authorizes the commissioner of insurance to establish an annual licensing fee not to exceed \$5,000; and authorizes the vendor of a portable electronic device to act as an agent for an insurer in connection with the sale and use of portable electronic devices and related services. This bill also specifies who is qualified to provide required training to individuals who act on the vendor license holder's behalf. This bill clarifies that customers are to be provided certain information regarding insurance coverage for the portable electronic device.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 2 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter F, Chapter 4055, Insurance Code, as follows:

SUBCHAPTER F. New heading: PORTABLE ELECTRONIC VENDOR LICENSE

Sec. 4055.251. DEFINITIONS. Redefines "customer" and "portable electronic device" and defines "vendor."

Sec. 4055.252. New heading: ISSUANCE OF LICENSE; LICENSE FEE. (a) Creates this subsection from existing text. Authorizes the commissioner of insurance (commissioner), notwithstanding any other provision of this chapter or this code, to issue a specialty license to a vendor, rather than a retail vendor of telecommunications equipment, who complies with this subchapter.

(b) Provides that a specialty license issued to a vendor under this subchapter authorizes the vendor and any employee or authorized representative of the vendor to offer the type of coverage specified in this subchapter at each location at which the vendor engages in business.

(c) Requires the commissioner to impose an annual license fee for a specialty license issued under this subchapter. Requires the commissioner to set the license fee in an amount reasonable and necessary to cover the costs of administering this subchapter, not to exceed \$5,000.

Sec. 4055.253. New heading: AUTHORITY OF VENDOR OF PORTABLE ELECTRONIC DEVICES. Authorizes a vendor licensed under this subchapter and the vendor's employee and authorized representative to act as an agent for an authorized insurer in connection with the sale and use of portable electronic devices and related

services only with respect to insurance coverage provided to customers that covers portable electronic devices against one or more certain conditions, or the provision of any other coverage the commissioner approves as meaningful and appropriate in connection with the use of portable electronic devices or related services. Deletes existing text authorizing a retail vendor of telecommunications equipment licensed under this chapter to act as an agent for an authorized insurer only in connection with the sale and use of telecommunications equipment, and with respect to insurance coverage provided to customers for the loss or malfunction of or damage to telecommunications equipment or any other coverage the commissioner approves as meaningful and appropriate in connection with the use of telecommunications equipment.

Sec. 4055.254. INSURANCE POLICY; REQUIREMENTS. (a) Requires that insurance provided under this subchapter be issued to a licensed vendor under a master or group policy of commercial inland marine insurance. Authorizes a customer to be designated as an additional insured or certificate holder under the policy.

(b) Requires a licensed vendor to provide to each customer designated as an additional insured or certificate holder a coverage form, certificate, or other evidence of coverage in a brochure or separate document.

Sec. 4055.255. REQUIRED TRAINING. (a) Authorizes an agent who holds a license issued under Chapter 4051 (Property and Casualty Agents) or a substantially equivalent license issued under this code and who is appointed by the insurer that insures a vendor, notwithstanding Section 4055.012 (Training Required to Act on Behalf of Specialty License Holder), to provide the materials for the training program required under Section 4055.012, and conduct the applicable training.

(b) Requires an agent described by Subsection (a) to submit the training program materials for approval as required under Section 4055.012(c) (relating to commissioner approval of an insurer training program).

SECTION 2. Requires the commissioner, by rule, to establish a procedure under which a person holding a license as a telecommunications equipment vendor specialty agent that was issued under Subchapter F (Telecommunications Equipment Vendor License), Chapter 4055 (Specialty Agents), Insurance Code, as it existed before amendment by this Act, may convert that license to a portable electronic device vendor specialty agent license under Subchapter F, Chapter 4055, Insurance Code, as amended by this Act, without further qualification. Authorizes the rules to establish a reasonable period for the agent to comply with Section 4055.254, Insurance Code, as added by this Act.

SECTION 3. Effective date: September 1, 2009.