

1-1 By: Eltife S.B. No. 881
1-2 (In the Senate - Filed February 17, 2009; March 9, 2009,
1-3 read first time and referred to Committee on Business and Commerce;
1-4 April 14, 2009, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 14, 2009,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 881 By: Eltife

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to a specialty insurance agent license for certain vendors
1-11 of portable electronic devices.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter F, Chapter 4055, Insurance Code, is
1-14 amended to read as follows:

1-15 SUBCHAPTER F. PORTABLE ELECTRONIC [TELECOMMUNICATIONS EQUIPMENT]
1-16 VENDOR LICENSE

1-17 Sec. 4055.251. DEFINITIONS. In this subchapter:

1-18 (1) "Customer" means a person who purchases a portable
1-19 electronic device or a related service ~~[telecommunications~~
1-20 ~~equipment in a retail sales transaction]~~.

1-21 (2) "Portable electronic devices" means personal,
1-22 self-contained, easily carried by an individual, battery-operated
1-23 electronic communication, viewing, listening, recording, gaming,
1-24 computing, or global positioning devices, including cell or
1-25 satellite phones ~~["Telecommunications equipment" includes~~
1-26 ~~handsets], pagers, personal global positioning satellite units,~~
1-27 ~~portable computers, portable audio listening, video viewing, or~~
1-28 ~~recording devices, digital cameras, video camcorders, portable~~
1-29 ~~gaming systems, docking stations, automatic answering devices,~~
1-30 ~~[batteries,] and other similar devices and their accessories [used~~
1-31 ~~to originate or receive wireless communications exclusive of~~
1-32 ~~cordless, wireline communications].~~

1-33 (3) "Vendor" means a person or entity engaged in the
1-34 business of leasing, selling, or providing portable electronic
1-35 devices or related services to customers.

1-36 Sec. 4055.252. ISSUANCE OF LICENSE; LICENSE FEE.

1-37 (a) Notwithstanding any other provision of this chapter or this
1-38 code, the commissioner may issue a specialty license to a ~~[retail]~~
1-39 vendor ~~[of telecommunications equipment]~~ who complies with this
1-40 subchapter. The specialty license may be issued only for the
1-41 limited purposes specified by this subchapter.

1-42 (b) A specialty license issued to a vendor under this
1-43 subchapter authorizes the vendor and any employee or authorized
1-44 representative of the vendor to offer the type of coverage
1-45 specified in this subchapter at each location at which the vendor
1-46 engages in business.

1-47 (c) The commissioner shall impose an annual license fee for
1-48 a specialty license issued under this subchapter. The commissioner
1-49 shall set the license fee in an amount reasonable and necessary to
1-50 cover the costs of administering this subchapter, not to exceed
1-51 \$5,000.

1-52 Sec. 4055.253. AUTHORITY OF [RETAIL] VENDOR OF PORTABLE
1-53 ELECTRONIC DEVICES [TELECOMMUNICATIONS EQUIPMENT]. A [retail]
1-54 vendor [of telecommunications equipment] licensed under this
1-55 subchapter and the vendor's employee and authorized representative
1-56 [chapter] may act as an agent for an authorized insurer [only.

1-57 [(-1)] in connection with the sale and use of portable
1-58 electronic devices and related services only [telecommunications
1-59 equipment, and

1-60 [(-2)] with respect to:

1-61 (1) [(-A)] insurance coverage provided to customers
1-62 that covers portable electronic devices against one or more of the
1-63 following:

2-1 (A) loss;
 2-2 (B) theft;
 2-3 (C) mechanical failure;
 2-4 (D) malfunction;
 2-5 (E) damage; or
 2-6 (F) other applicable perils [~~for the loss or~~
 2-7 ~~malfunction of or damage to telecommunications equipment~~]; or
 2-8 (2) the provision of [~~(B)~~] any other coverage the
 2-9 commissioner approves as meaningful and appropriate in connection
 2-10 with the use of portable electronic devices or related services
 2-11 [~~telecommunications equipment~~].

2-12 Sec. 4055.254. INSURANCE POLICY; REQUIREMENTS.

2-13 (a) Insurance provided under this subchapter may be issued to a
 2-14 licensed vendor under a master or group policy of personal or
 2-15 commercial inland marine insurance. A customer may be designated
 2-16 as an additional insured or certificate holder under the policy.

2-17 (b) A licensed vendor shall provide to each customer
 2-18 designated as an additional insured or certificate holder a
 2-19 coverage form, certificate, or other evidence of coverage in a
 2-20 brochure or separate document.

2-21 Sec. 4055.255. REQUIRED TRAINING. (a) Notwithstanding
 2-22 Section 4055.012, an agent who holds a license issued under Chapter
 2-23 4051 or a substantially equivalent license issued under this code
 2-24 and who is appointed by the insurer that insures a vendor may:

2-25 (1) provide the materials for the training program
 2-26 required under Section 4055.012; and

2-27 (2) conduct the applicable training.

2-28 (b) An agent described by Subsection (a) shall submit the
 2-29 training program materials for approval as required under Section
 2-30 4055.012(c).

2-31 SECTION 2. The commissioner of insurance shall, by rule,
 2-32 establish a procedure under which a person holding a license as a
 2-33 telecommunications equipment vendor specialty agent that was
 2-34 issued under Subchapter F, Chapter 4055, Insurance Code, as it
 2-35 existed before amendment by this Act, may convert that license to a
 2-36 portable electronic device vendor specialty agent license under
 2-37 Subchapter F, Chapter 4055, Insurance Code, as amended by this Act,
 2-38 without further qualification. The rules may establish a
 2-39 reasonable period for the agent to comply with Section 4055.254,
 2-40 Insurance Code, as added by this Act.

2-41 SECTION 3. This Act takes effect September 1, 2009.

2-42 * * * * *