

By: Morrison

H.B. No. 2270

A BILL TO BE ENTITLED

AN ACT

relating to the provision of insurance coverage for certain portable electronic devices.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 551, Insurance Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. PORTABLE ELECTRONICS INSURANCE

Sec. 551.201. DEFINITIONS. In this subchapter, "customer," "portable electronic devices," and "vendor" have the meanings assigned by Section 4055.251.

Sec. 551.202. REQUIRED NOTICE OF TERMINATION OR CHANGE TO POLICY. (a) Except as otherwise provided by this subchapter, an insurer may terminate or change the terms and conditions of a policy of portable electronics insurance only after notice to the master or group policyholder and each enrolled customer. Notice under this section must be provided not later than the 30th day before the date of the termination or change.

(b) If the insurer changes the terms and conditions of the policy, the insurer shall:

(1) provide to the master or group policyholder a revised policy or endorsement; and

(2) provide to each enrolled customer:

(A) a revised certificate, revised endorsement, updated brochure, or other document indicating that a change in the

1 terms and conditions has occurred; and

2 (B) a summary of the material changes.

3 Sec. 551.203. TERMINATION FOR FRAUD OR MISREPRESENTATION.

4 (a) An insurer may terminate the coverage of an enrolled customer  
5 under a portable electronics insurance policy for fraud or material  
6 misrepresentation in obtaining coverage or in the presentation of a  
7 claim under the coverage.

8 (b) Termination of coverage under this section may not be  
9 effective before the 15th day after the date the insurer provides  
10 the customer notice of the termination.

11 Sec. 551.204. TERMINATION WITHOUT NOTICE. (a) An insurer  
12 may terminate the coverage of an enrolled customer under a portable  
13 electronics insurance policy without notice:

14 (1) for nonpayment of premium;

15 (2) if the enrolled customer ceases to have an active  
16 service with the vendor of portable electronics; or

17 (3) if the enrolled customer exhausts the aggregate  
18 limit of liability, if any, under the terms of the portable  
19 electronics insurance policy.

20 (b) If a portable electronics insurance policy is  
21 terminated under Subsection (a)(3), the insurer must send notice of  
22 termination to the enrolled customer not later than the 30th day  
23 after the date of exhaustion of the limit. If the notice is not  
24 timely sent, the customer's enrollment continues, and the aggregate  
25 limit of liability is waived, until the insurer sends the notice of  
26 termination to the enrolled customer.

27 Sec. 551.205. TERMINATION BY POLICY HOLDER. A master or

group policyholder who terminates a portable electronics insurance policy shall provide notice to each enrolled customer advising the enrolled customer of the termination of the policy and the effective date of termination. The notice must be provided to the enrolled customer not later than the 30th day before the date the termination becomes effective.

Sec. 551.206. FORM OF NOTICE OR CORRESPONDENCE. (a) A notice required by this subchapter, or another notice or correspondence with respect to a portable electronics insurance policy that is required by law, must be:

(1) in writing; and

(2) sent within the notice period, if any, specified by the statute or rule requiring the notice or correspondence.

(b) Notwithstanding any other law, the notice or correspondence may be sent by mail or by electronic means.

(c) If the notice or correspondence is mailed:

(1) it must be sent to the master or group policyholder at the policyholder's mailing address specified for this purpose and to each affected enrolled customer's last known mailing address on file with the insurer; and

(2) the insurer or master or group policyholder shall maintain proof of mailing in a form authorized or accepted by the United States Postal Service or other commercial mail delivery service.

(d) If the notice or correspondence is sent by electronic means:

(1) it must be sent to the master or group policyholder

1 at the policyholder's e-mail address specified for this purpose and  
2 to each affected enrolled customer's last known e-mail address as  
3 provided by the customer to the insurer or master or group  
4 policyholder; and

5 (2) the insurer or master or group policyholder shall  
6 maintain proof that the notice or correspondence was sent.

7 (e) For purposes of Subsection (d), an enrolled customer's  
8 provision of an e-mail address to the insurer or master or group  
9 policyholder is considered consent to receive notices and  
10 correspondence by electronic means.

11 (f) A notice or correspondence described by this section may  
12 be sent on behalf of an insurer or master or group policyholder by a  
13 supervising entity appointed by the insurer.

14 SECTION 2. Section 4055.253, Insurance Code, is amended to  
15 read as follows:

16 Sec. 4055.253. AUTHORITY OF VENDOR OF PORTABLE ELECTRONIC  
17 DEVICES. (a) A vendor licensed under this subchapter and the  
18 vendor's employee and authorized representative may act as an agent  
19 for an authorized insurer in connection with the sale and use of  
20 portable electronic devices and related services only with respect  
21 to:

22 (1) insurance coverage provided to customers that  
23 covers portable electronic devices against one or more of the  
24 following:

25 (A) loss;

26 (B) theft;

27 (C) mechanical failure;

(D) malfunction;

(E) damage; or

(F) other applicable perils; or

(2) 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.

(b) A vendor licensed under this subchapter and the vendor's employee and authorized representative may bill a customer for, and collect from a customer payment for, insurance coverage provided to the customer under this subchapter.

SECTION 3. Subchapter F, Chapter 4055, Insurance Code, is amended by adding Section 4055.256 to read as follows:

Sec. 4055.256. REQUIRED DISCLOSURES. (a) A licensed vendor must separately itemize on a customer's bill any charge to the customer for insurance coverage provided under this subchapter that is not included in the cost associated with the purchase or lease of the covered portable electronic device or related services.

(b) If insurance coverage provided under this subchapter is included in the cost associated with the purchase or lease of a covered portable electronic device or related services, a licensed vendor shall, at the time of the purchase or lease, clearly and conspicuously disclose the inclusion of that coverage to the customer.

SECTION 4. This Act takes effect September 1, 2013.