

1-1 By: Hancock S.B. No. 839
 1-2 (In the Senate - Filed February 26, 2013; March 5, 2013,
 1-3 read first time and referred to Committee on Business and Commerce;
 1-4 March 18, 2013, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 8, Nays 0; March 18, 2013,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12			X	
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 839 By: Hancock

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the provision of insurance coverage for certain
 1-22 portable electronic devices.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Chapter 551, Insurance Code, is amended by
 1-25 adding Subchapter E to read as follows:

1-26 SUBCHAPTER E. PORTABLE ELECTRONICS INSURANCE

1-27 Sec. 551.201. DEFINITIONS. In this subchapter, "customer,"
 1-28 "portable electronic devices," and "vendor" have the meanings
 1-29 assigned by Section 4055.251.

1-30 Sec. 551.202. REQUIRED NOTICE OF TERMINATION OR CHANGE TO
 1-31 POLICY. (a) Except as otherwise provided by this subchapter, an
 1-32 insurer may terminate or change the terms and conditions of a policy
 1-33 of portable electronics insurance only after notice to the master
 1-34 or group policyholder and each enrolled customer. Notice under
 1-35 this section must be provided not later than the 30th day before the
 1-36 date of the termination or change.

1-37 (b) If the insurer changes the terms and conditions of the
 1-38 policy, the insurer shall:

1-39 (1) provide to the master or group policyholder a
 1-40 revised policy or endorsement; and

1-41 (2) provide to each enrolled customer:

1-42 (A) a revised certificate, revised endorsement,
 1-43 updated brochure, or other document indicating that a change in the
 1-44 terms and conditions has occurred; and

1-45 (B) a summary of the material changes.

1-46 Sec. 551.203. TERMINATION FOR FRAUD OR MISREPRESENTATION.

1-47 (a) An insurer may terminate the coverage of an enrolled customer
 1-48 under a portable electronics insurance policy for fraud or material
 1-49 misrepresentation in obtaining coverage or in the presentation of a
 1-50 claim under the coverage.

1-51 (b) Termination of coverage under this section may not be
 1-52 effective before the 15th day after the date the insurer provides
 1-53 the customer notice of the termination.

1-54 Sec. 551.204. TERMINATION WITHOUT NOTICE. (a) An insurer
 1-55 may terminate the coverage of an enrolled customer under a portable
 1-56 electronics insurance policy without notice:

1-57 (1) for nonpayment of premium;

1-58 (2) if the enrolled customer ceases to have an active
 1-59 service with the vendor of portable electronics; or

1-60 (3) if the enrolled customer exhausts the aggregate

2-1 limit of liability, if any, under the terms of the portable
 2-2 electronics insurance policy.

2-3 (b) If a portable electronics insurance policy is
 2-4 terminated under Subsection (a)(3), the insurer must send notice of
 2-5 termination to the enrolled customer not later than the 30th day
 2-6 after the date of exhaustion of the limit. If the notice is not
 2-7 timely sent, the insurer shall continue the customer's coverage,
 2-8 and the aggregate limit of liability is waived, until the insurer
 2-9 sends the notice of termination to the enrolled customer.

2-10 Sec. 551.205. TERMINATION BY POLICYHOLDER. A master or
 2-11 group policyholder who terminates a portable electronics insurance
 2-12 policy shall provide notice to each enrolled customer advising the
 2-13 enrolled customer of the termination of the policy and the
 2-14 effective date of termination. The notice must be provided to the
 2-15 enrolled customer not later than the 30th day before the date the
 2-16 termination becomes effective.

2-17 Sec. 551.206. FORM OF NOTICE OR CORRESPONDENCE. (a) A
 2-18 notice required by this subchapter, or another notice or
 2-19 correspondence with respect to a portable electronics insurance
 2-20 policy that is required by law, must be:

2-21 (1) in writing; and

2-22 (2) sent within the notice period, if any, specified
 2-23 by the statute or rule requiring the notice or correspondence.

2-24 (b) Notwithstanding any other law, the notice or
 2-25 correspondence may be sent by mail or by electronic means.

2-26 (c) If the notice or correspondence is mailed:

2-27 (1) it must be sent to the master or group policyholder
 2-28 at the policyholder's mailing address specified for this purpose
 2-29 and to each affected enrolled customer's last known mailing address
 2-30 on file with the insurer; and

2-31 (2) the insurer or master or group policyholder shall
 2-32 maintain proof of mailing in a form authorized or accepted by the
 2-33 United States Postal Service or other commercial mail delivery
 2-34 service.

2-35 (d) If the notice or correspondence is sent by electronic
 2-36 means:

2-37 (1) it must be sent to the master or group policyholder
 2-38 at the policyholder's e-mail address specified for this purpose and
 2-39 to each affected enrolled customer's last known e-mail address as
 2-40 provided by the customer to the insurer or master or group
 2-41 policyholder; and

2-42 (2) the insurer or master or group policyholder shall
 2-43 maintain proof that the notice or correspondence was sent.

2-44 (e) For purposes of Subsection (d), an enrolled customer's
 2-45 provision of an e-mail address to the insurer or master or group
 2-46 policyholder is considered consent to receive notices and
 2-47 correspondence by electronic means.

2-48 (f) A notice or correspondence described by this section may
 2-49 be sent on behalf of an insurer or master or group policyholder by a
 2-50 licensed agent or agency appointed by the insurer.

2-51 SECTION 2. Section 4055.253, Insurance Code, is amended to
 2-52 read as follows:

2-53 Sec. 4055.253. AUTHORITY OF VENDOR OF PORTABLE ELECTRONIC
 2-54 DEVICES. (a) A vendor licensed under this subchapter and the
 2-55 vendor's employee and authorized representative may act as an agent
 2-56 for an authorized insurer in connection with the sale and use of
 2-57 portable electronic devices and related services only with respect
 2-58 to:

2-59 (1) insurance coverage provided to customers that
 2-60 covers portable electronic devices against one or more of the
 2-61 following:

2-62 (A) loss;

2-63 (B) theft;

2-64 (C) mechanical failure;

2-65 (D) malfunction;

2-66 (E) damage; or

2-67 (F) other applicable perils; or

2-68 (2) the provision of any other coverage the
 2-69 commissioner approves as meaningful and appropriate in connection

3-1 with the use of portable electronic devices or related services.

3-2 (b) A vendor licensed under this subchapter may bill a
3-3 customer for, and collect from a customer payment for, insurance
3-4 coverage provided to the customer under this subchapter.

3-5 (c) An insurer issuing a policy to a licensed vendor is
3-6 considered to have received a premium from a vendor's customer
3-7 enrolled in coverage on the customer's payment of the premium to the
3-8 vendor.

3-9 SECTION 3. Subchapter F, Chapter 4055, Insurance Code, is
3-10 amended by adding Section 4055.256 to read as follows:

3-11 Sec. 4055.256. REQUIRED DISCLOSURES. (a) A licensed
3-12 vendor must separately itemize on a customer's bill any charge to
3-13 the customer for insurance coverage provided under this subchapter
3-14 that is not included in the cost associated with the purchase or
3-15 lease of the covered portable electronic device or related
3-16 services.

3-17 (b) If insurance coverage provided under this subchapter is
3-18 included in the cost associated with the purchase or lease of a
3-19 covered portable electronic device or related services, a licensed
3-20 vendor shall, at the time of the purchase or lease, clearly and
3-21 conspicuously disclose the inclusion of that coverage to the
3-22 customer.

3-23 SECTION 4. This Act takes effect September 1, 2013.

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