



Rep. Monique D. Davis

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LRB097 06019 RPM 53606 a

1 AMENDMENT TO HOUSE BILL 1284

2 AMENDMENT NO. _____. Amend House Bill 1284 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Portable Electronics Insurance Act.

6 Section 5. Definitions. For purposes of this Act, the
7 following terms have the following meanings:

8 "Customer" means a person who purchases portable
9 electronics or services.

10 "Department" means the Department of Insurance.

11 "Director" means the Director of Insurance.

12 "Enrolled customer" means a customer who elects coverage
13 under a portable electronics insurance policy issued to a
14 vendor of portable electronics.

15 "Location" means any physical location in this State or any
16 website, call center site, or similar location directed to

1 residents of this State.

2 "Portable electronics" means electronic devices that are
3 portable in nature, including their accessories and services
4 related to the use of the device.

5 "Portable electronics insurance" means insurance providing
6 coverage for the repair or replacement of portable electronics,
7 which may provide coverage for portable electronics against any
8 one or more of the following causes of loss: loss, theft,
9 inoperability due to mechanical failure, malfunction, damage,
10 or other similar causes of loss. "Portable electronics
11 insurance" does not include a service contract pursuant to the
12 Service Contract Act, a policy of insurance covering a seller's
13 or a manufacturer's obligations under a warranty, or a
14 homeowner's, renter's, private passenger automobile,
15 commercial multi-peril, or similar policy.

16 "Portable electronics transaction" means the sale or lease
17 of portable electronics by a vendor to a customer or the sale
18 of a service related to the use of portable electronics by a
19 vendor to a customer.

20 "Supervising entity" means a business entity that is a
21 licensed insurance producer or insurer.

22 "Vendor" means a person in the business of engaging in
23 portable electronics transactions directly or indirectly.

24 Section 10. Licensure of vendors.

25 (a) In order to sell or offer coverage under a policy of

1 portable electronics insurance, a vendor is required to hold a
2 limited-lines license.

3 (b) A limited-lines license issued under this Act shall
4 authorize any employee or authorized representative of the
5 vendor to sell or offer coverage under a policy of portable
6 electronics insurance to a customer at each location at which
7 the vendor engages in portable electronics transactions.

8 (c) In connection with a vendor's application for licensure
9 and quarterly thereafter, the vendor shall provide a list to
10 the Director of all locations in this State at which it offers
11 coverage.

12 (d) Notwithstanding any other provision of law, a license
13 issued pursuant to this Act shall authorize the licensee and
14 its employees or authorized representatives to engage only in
15 those activities that are permitted in this Act.

16 Section 15. Requirements for sale of portable electronics
17 insurance.

18 (a) At every location where portable electronics insurance
19 is offered to customers, brochures or other written materials
20 must be made available to a prospective customer. The brochures
21 or other written materials shall do all of the following:

22 (1) disclose that portable electronics insurance may
23 provide a duplication of coverage already provided by a
24 customer's homeowner's insurance policy, renter's
25 insurance policy, or other source of coverage;

1 (2) state that the enrollment by the customer in a
2 portable electronics insurance program is not required in
3 order to purchase or lease portable electronics or
4 services;

5 (3) summarize the material terms of the insurance
6 coverage, including:

7 (A) the identity of the insurer;

8 (B) the identity of the supervising entity;

9 (C) the amount of any applicable deductible and how
10 it is to be paid;

11 (D) benefits of the coverage; and

12 (E) key terms and conditions of coverage, such as
13 whether portable electronics may be repaired or
14 replaced with similar make and model reconditioned or
15 nonoriginal manufacturer parts or equipment;

16 (4) summarize the process for filing a claim, including
17 a description of how to return portable electronics and the
18 maximum fee applicable in the event the enrolled customer
19 fails to comply with any equipment return requirements; and

20 (5) state that the enrolled customer may cancel
21 enrollment for coverage under a portable electronics
22 insurance policy at any time and the person paying the
23 premium shall receive a refund of any applicable unearned
24 premium within 15 days after receipt of the refund by the
25 vendor.

26 (b) Portable electronics insurance may be offered on a

1 month-to-month or other periodic basis as a group or master
2 commercial inland marine policy issued to a vendor of portable
3 electronics for its enrolled customers.

4 (c) Eligibility and underwriting standards for customers
5 electing to enroll in coverage shall be established for each
6 portable electronics insurance program.

7 Section 20. Authority of vendors of portable electronics.

8 (a) The employees and authorized representatives of
9 vendors may sell or offer portable electronics insurance to
10 customers and shall not be subject to licensure as an insurance
11 producer under the Illinois Insurance Code provided that:

12 (1) the vendor obtains a limited-lines license to
13 authorize its employees or authorized representatives to
14 sell or offer portable electronics insurance pursuant to
15 this Act;

16 (2) the insurer issuing the portable electronics
17 insurance either directly supervises or appoints a
18 supervising entity to supervise the administration of the
19 program, including development of a training program for
20 employees and authorized representatives of the vendors;
21 the training required by this subsection (a) shall comply
22 with the following:

23 (A) the training shall be delivered to employees
24 and authorized representatives of a vendor who is
25 directly engaged in the activity of selling or offering

1 portable electronics insurance;

2 (B) the training may be provided in electronic
3 form; if conducted in electronic form, then the
4 supervising entity shall implement a supplemental
5 education program regarding portable electronics
6 insurance that is conducted and overseen by licensed
7 employees of the supervising entity; and

8 (C) each employee and authorized representative
9 shall receive basic instruction about the portable
10 electronics insurance offered to customers and the
11 disclosures required under Section 15 of this Act;

12 (3) no employee or authorized representative of a
13 vendor of portable electronics shall advertise, represent,
14 or otherwise hold himself or herself out as a
15 nonlimited-lines licensed insurance producer.

16 (b) The charges for portable electronics insurance
17 coverage may be billed and collected by the vendor of portable
18 electronics. If the portable electronics insurance coverage is
19 included in the purchase or lease of portable electronics or
20 related services, then the vendor shall clearly and
21 conspicuously disclose to the customer that the portable
22 electronics insurance coverage is included with the portable
23 electronics or related services. If the charge for coverage is
24 included in the cost associated with the purchase or lease of
25 portable electronics or related services, then the vendor shall
26 clearly and conspicuously disclose to the enrolled customer

1 that the charge for the portable electronics or related
2 services includes the charge for coverage. Vendors billing and
3 collecting such charges shall not be required to maintain the
4 funds in a segregated account, provided that the vendor is
5 authorized by the insurer to hold such funds in an alternative
6 manner and remits the amounts to the supervising entity within
7 60 days after receipt. All funds received by a vendor from an
8 enrolled customer for the sale of portable electronics
9 insurance shall be considered funds held in trust by the vendor
10 in a fiduciary capacity for the benefit of the insurer. Vendors
11 may receive compensation for billing and collection services.

12 Section 25. Suspension or revocation of license. If a
13 vendor of portable electronics or its employee or authorized
14 representative violates any provision of this Act, then the
15 Director may do any of the following:

16 (1) take any action in accordance with Section 500-70
17 of the Illinois Insurance Code;

18 (2) impose other penalties that the Director deems
19 necessary and reasonable to carry out the purpose of this
20 Act, including:

21 (A) suspending the privilege of transacting
22 portable electronics insurance pursuant to this
23 Section at specific business locations where
24 violations have occurred; and

25 (B) suspending or revoking the ability of

1 individual employees or authorized representatives to
2 act under the license.

3 If the supervising entity is a licensed producer and
4 violates any provision of this Act, then the supervising entity
5 shall be subject to Section 500-70 of the Illinois Insurance
6 Code. If the supervising entity is an insurer and violates any
7 provision of this Act, then the supervising entity shall be
8 subject to Section 500-70 of the Illinois Insurance Code.

9 Section 30. Termination of portable electronics insurance.
10 Notwithstanding any other provision of law:

11 (1) An insurer may terminate or otherwise change the
12 terms and conditions of a policy of portable electronics
13 insurance only upon providing the policyholder and
14 enrolled customers with at least 60 days notice.

15 (2) If the insurer changes the terms and conditions,
16 then the insurer shall provide the vendor policyholder with
17 a revised policy or endorsement and each enrolled customer
18 with a revised certificate, endorsement, updated brochure,
19 or other evidence indicating that a change in the terms and
20 conditions has occurred and a summary of the material
21 changes.

22 (3) Notwithstanding item (2) of this Section, an
23 insurer may terminate an enrolled customer's enrollment
24 under a portable electronics insurance policy upon 15 days
25 notice for discovery of fraud or material

1 misrepresentation in obtaining coverage or in the
2 presentation of a claim thereunder.

3 (4) Notwithstanding item (2) of this Section, an
4 insurer may immediately terminate an enrolled customer's
5 enrollment under a portable electronics insurance policy:

6 (A) for nonpayment of premium;

7 (B) if the enrolled customer ceases to have an
8 active service with the vendor of portable
9 electronics; or

10 (C) if an enrolled customer exhausts the aggregate
11 limit of liability, if any, under the terms of the
12 portable electronics insurance policy and the insurer
13 sends notice of termination to the enrolled customer
14 within 30 calendar days after exhaustion of the limit;
15 however, if notice is not timely sent, enrollment shall
16 continue, notwithstanding the aggregate limit of
17 liability, until the insurer sends notice of
18 termination to the enrolled customer.

19 (5) When a portable electronics insurance policy is
20 terminated by a policyholder, the policyholder shall mail
21 or deliver written notice to each enrolled customer
22 advising the enrolled customer of the termination of the
23 policy and the effective date of termination. The written
24 notice shall be mailed or delivered to the enrolled
25 customer at least 30 days prior to the termination.

26 (6) Whenever notice is required pursuant to this

1 Section, it shall be in writing and may be mailed or
2 delivered to the vendor of portable electronics at the
3 vendor's mailing address and to its affected enrolled
4 customers' last known mailing addresses on file with the
5 insurer. If notice is mailed, then the insurer or vendor of
6 portable electronics, as the case may be, shall maintain
7 proof of mailing in a form authorized or accepted by the
8 United States Postal Service or other commercial mail
9 delivery service. Alternatively, an insurer or vendor
10 policyholder may comply with any notice required by this
11 Section by providing electronic notice to a vendor or its
12 affected enrolled customers, as the case may be, by
13 electronic means. If notice is accomplished through
14 electronic means, then the insurer or vendor of portable
15 electronics shall maintain proof that the notice was sent.

16 Section 35. Application for license and fees.

17 (a) A sworn application for a license under this Act shall
18 be made to and filed with the Department on forms prescribed
19 and furnished by the Director.

20 (b) In addition to other information required by the
21 Director, the application shall provide the following:

22 (1) the name, residential address, and other
23 information required by the Director for an employee or
24 officer of the vendor that is designated by the applicant
25 as the person responsible for the vendor's compliance with

1 the requirements of this Act; however, if the vendor
2 derives more than 50% of its revenue from the sale of
3 portable electronics insurance, then the information
4 required pursuant to this paragraph (1) shall be provided
5 for all officers, directors, and shareholder of record
6 having beneficial ownership of 10% or more of any class of
7 securities registered under the federal securities laws;
8 and

9 (2) the location of the applicant's home office.

10 (c) Applications for licensure under this Act shall be made
11 within 90 days after the effective date of this Act.

12 (d) Initial licenses issued pursuant to this Act shall be
13 valid for a period of 24 months and expire on May 31 of the
14 renewal year assigned by the Director.

15 (e) Each vendor of portable electronics licensed under this
16 Act shall pay to the Department a fee of \$500 for an initial
17 and renewal portable electronics limited-lines license.

18 Section 99. Effective date. This Act takes effect January
19 1, 2012."