



Ohio Revised Code

Section 3905.062 Portable electronics insurance.

Effective: October 9, 2021

Legislation: House Bill 263

(A) As used in this section:

(1) "Customer" means a person who purchases portable electronics or services.

(2) "Enrolled customer" means a customer who elects coverage under a portable electronics insurance policy issued to a vendor of portable electronics by an insurer.

(3) "Endorsee" means an employee or authorized representative of a vendor authorized to sell or offer portable electronics insurance.

(4) "Location" means any physical location in this state or any web site, call center site, or similar location directed to residents of this state.

(5) "Portable electronics" means a personal, self-contained, battery-operated electronic communication, viewing, listening, recording, gaming, computing, or global positioning device that is easily carried by an individual, including a cellular or satellite telephone; pager; personal global positioning satellite unit; portable computer; portable audio listening, video viewing or recording device; digital camera; video camcorder; portable gaming system; docking station; automatic answering device; and any other similar device, and any accessory related to the use of the device.

(6) "Portable electronics insurance" means insurance providing coverage for the repair or replacement of portable electronics, which may be offered on a month-to-month or other periodic basis as a group or master commercial inland marine policy issued to a vendor by an insurer, and may cover portable electronics against loss, theft, inoperability due to mechanical failure, malfunction, damage, or other applicable perils. "Portable electronics insurance" does not mean any of the following:

(a) A consumer goods service contract governed by section 3905.423 of the Revised Code;



(b) A policy of insurance covering a seller's or a manufacturer's obligations under a warranty;

(c) A homeowner's, renter's, private passenger automobile, commercial multi-peril, or similar insurance policy.

(7) "Portable electronics transaction" means the sale or lease of portable electronics by a vendor to a customer or the sale of a service related to the use of portable electronics by a vendor to a customer.

(8) "Supervising entity" means an insurer or a business entity licensed as an insurance agent under section 3905.06 of the Revised Code that is appointed by an insurer to supervise the administration of a portable electronics insurance program.

(9) "Vendor" means a person in the business of engaging in portable electronics transactions directly or indirectly.

(B)(1) Except as provided in division (B)(2) of this section, no vendor or vendor's employee shall offer, sell, solicit, or place portable electronics insurance unless the vendor is licensed under section 3905.06 or 3905.07 of the Revised Code with a portable electronics insurance line of authority.

(2) Any vendor offering or selling portable electronics insurance on or before March 22, 2012, that wishes to continue offering or selling that insurance shall apply for a license within ninety days after the superintendent of insurance makes the application available.

(C)(1) The superintendent shall issue a resident business entity license to a vendor under section 3905.06 of the Revised Code if the vendor satisfies the requirements of sections 3905.05 and 3905.06 of the Revised Code, except that the application for a portable electronics insurance license shall satisfy the following additional requirements:

(a) The application shall include the location of the vendor's home office.

(b) If the application requires the vendor to designate an individual or entity as a responsible insurance agent, that agent shall not be required to be an employee of the applicant and may be the



supervising entity or an individual agent who is an employee of the supervising entity.

(c) If the vendor derives less than fifty per cent of the vendor's revenue from the sale of portable electronics insurance, the application for a portable electronics insurance license may require the vendor to provide the name, residence address, and other information required by the superintendent for one employee or officer of the vendor who is designated by the vendor as the person responsible for the vendor's compliance with the requirements of this chapter.

(d) If the vendor derives fifty per cent or more of the vendor's revenue from the sale of portable electronics insurance, the application may require the information listed under division (C)(1)(c) of this section for all owners with at least ten per cent interest or voting interest, partners, officers, and directors of the vendor, or members or managers of a vendor that is a limited liability company.

(2) The superintendent shall issue a nonresident business entity license to a vendor if the vendor satisfies the requirements of section 3905.07 of the Revised Code. However, if the nonresident vendor's home state does not issue a limited lines license for portable electronics insurance, the nonresident vendor may apply for a resident license under section 3905.06 of the Revised Code in the same manner and with the same rights and privileges as if the vendor were a resident of this state.

(D) The holder of a limited lines license may not sell, solicit, or negotiate insurance on behalf of any insurer unless appointed to represent that insurer under section 3905.20 of the Revised Code.

(E) Division (B)(34) of section 3905.14 of the Revised Code shall not apply to portable electronics vendors or the vendors' endorsees.

(F)(1) A vendor may authorize any endorsee of the vendor to sell or offer portable electronics insurance to a customer at any location at which the vendor engages in portable electronics transactions.

(2) An endorsee is not required to be licensed as an insurance agent under this chapter if the vendor is licensed under this section and the insurer issuing the portable electronics insurance either directly supervises or appoints a supervising entity to supervise the administration of the portable electronics insurance program including development of a training program for endorsees in accordance with



division (G) of this section.

(3) No endorsee shall do any of the following:

(a) Advertise, represent, or otherwise represent the endorsee's self as an insurance agent licensed under section 3905.06 of the Revised Code;

(b) Offer, sell, or solicit the purchase of portable electronics insurance except in conjunction with and incidental to the sale or lease of portable electronics;

(c) Make any statement or engage in any conduct, express or implied, that would lead a customer to believe any of the following:

(i) That the insurance policies offered by the endorsee provide coverage not already provided by a customer's homeowner's insurance policy, renter's insurance policy, or by another source of coverage;

(ii) That the purchase by the customer of portable electronics insurance is required in order to purchase or lease portable electronics or services from the portable electronics vendor;

(iii) That the portable electronics vendor or its endorsees are qualified to evaluate the adequacy of the customer's existing insurance coverage.

(G) Each vendor, or the supervising entity to that vendor, shall provide a training and education program for all endorsees who sell or offer portable electronics insurance. The program may be provided as a web-based training module or in any other electronic or recorded video form. The training and education program shall meet all of the following minimum standards:

(1) The training shall be delivered to each endorsee of each vendor who sells or offers portable electronics insurance and the endorsee shall complete the training;

(2) If the training is conducted in an electronic form, the supervising entity shall implement a supplemental education program regarding portable electronics insurance that is conducted and



overseen by employees of the supervising entity who are licensed as insurance agents under section 3905.06 of the Revised Code;

(3) The training and education program shall include basic information about portable electronics insurance and information concerning all of the following prohibited actions of endorsees:

(a) No endorsee shall advertise, represent, or otherwise represent the endorsee's self as a licensed insurance agent.

(b) No endorsee shall offer, sell, or solicit the purchase of portable electronics insurance except in conjunction with and incidental to the sale or lease of portable electronics.

(c) No endorsee shall make any statement or engage in any conduct, express or implied, that would lead a customer to believe any of the following:

(i) That the insurance policies offered by the endorsee provide coverage not already provided by a customer's homeowner's insurance policy, renter's insurance policy, or by another source of coverage;

(ii) That the purchase by the customer of portable electronics insurance is required in order to purchase or lease portable electronics or services from the portable electronics vendor;

(iii) That the portable electronics vendor or its endorsees are qualified to evaluate the adequacy of the customer's existing insurance coverage.

(H) A supervising entity appointed to supervise the administration of a portable electronics insurance program under division (F)(2) of this section shall maintain a registry of locations supervised by that entity that are authorized to sell or solicit portable electronics insurance in this state. The supervising entity shall make the registry available to the superintendent upon request by the superintendent if the superintendent provides ten days' notice to the vendor or supervising entity.

(I) At every location where a vendor offers portable electronics insurance to customers, the vendor shall provide brochures or other written materials to prospective customers that include all of the



following:

- (1) A summary of the material terms of the insurance coverage, including all of the following:
 - (a) The identity of the insurer;
 - (b) The identity of the supervising entity;
 - (c) The amount of any applicable deductible and how it is to be paid;
 - (d) Benefits of the coverage;
 - (e) Key terms and conditions of coverage such as whether portable electronics may be replaced with a similar make and model, replaced with a reconditioned device, or repaired with nonoriginal manufacturer parts or equipment.
- (2) A summary of the process for filing a claim, including a description of how to return portable electronics equipment and the maximum fee applicable if a customer fails to comply with any equipment return requirements;
- (3) A disclosure that portable electronics insurance may provide a duplication of coverage already provided by a customer's homeowner's insurance policy, renter's insurance policy, or other source of coverage;
- (4) A disclosure that the enrollment by the customer in a portable electronics insurance program is not required to purchase or lease portable electronics or services;
- (5) A disclosure that neither the endorsee nor the vendor is qualified to evaluate the adequacy of the customer's existing insurance coverage;
- (6) A disclosure that the customer may cancel enrollment for coverage under a portable electronics insurance policy at any time and receive a refund of any applicable premium.



(J)(1) The charges for portable electronics insurance may be billed and collected by the vendor of portable electronics, and the vendor may receive compensation for performing billing and collection services, if either of the following conditions are met:

(a) If the charge to the customer for coverage is not included in the cost associated with the purchase or lease of portable electronics or related services, the charge for coverage is separately itemized on the customer's bill.

(b) If the charge to the customer for coverage is included in the cost associated with the purchase or lease of portable electronics or related services, the vendor clearly and conspicuously discloses to the customer that the charge for portable electronics insurance coverage is included with the charge for portable electronics or related services.

(2) All funds received by a vendor from a customer for the sale of portable electronics insurance shall be considered funds held in trust by the vendor in a fiduciary capacity for the benefit of the insurer. Vendors that bill and collect such charges are not required to maintain those funds in a segregated account if the vendor is authorized by the insurer to hold those funds in an alternate manner and the vendor remits the amount of the charges to the supervising entity within sixty days after receiving the charges.

(K)(1) Except as otherwise provided in divisions (K)(2) and (3) of this section, an insurer may terminate or otherwise change the terms and conditions of a policy of portable electronics insurance only upon providing the vendor policyholder and enrolled customers with at least sixty days' prior notice. If the insurer changes the terms and conditions, the insurer shall promptly provide the vendor policyholder with a revised policy or endorsement and each enrolled customer with a revised certificate, endorsement, updated brochure, or other evidence indicating that a change in the terms and conditions has occurred and a summary of material changes.

(2) An insurer may terminate an enrolled customer's enrollment under a portable electronics insurance policy upon fifteen days' prior notice for discovery of fraud or material misrepresentation in obtaining coverage or in the presentation of a claim under the policy.

(3) An insurer may immediately terminate an enrolled customer's enrollment under a portable



electronics insurance policy for any of the following reasons:

- (a) The enrolled customer fails to pay the required premium;
- (b) The enrolled customer ceases to have an active service plan, if applicable, with the vendor of portable electronics;
- (c) The enrolled customer exhausts the aggregate limit of liability, if any, under the terms of the portable electronics insurance policy and the insurer sends notice of termination to the customer within thirty calendar days after exhaustion of the limit. However, if the insurer does not send the notice within the thirty-day time frame, enrollment shall continue notwithstanding the aggregate limit of liability until the insurer sends notice of termination to the enrolled customer.
- (4) If a portable electronics insurance policy is terminated by a vendor policyholder, the vendor policyholder shall provide notice to each enrolled customer advising the customer of the termination of the policy and the effective date of the termination. The written notice shall be mailed or delivered to the customer at least thirty days prior to the termination.
- (5) Notice required pursuant to this section shall be provided in writing, either via mail or by electronic means.
 - (a) If notice is provided via mail, it shall be mailed or delivered to the vendor at the vendor's mailing address and to all affected enrolled customers at the last known mailing addresses of those customers on file with the insurer. The insurer or vendor of portable electronics shall maintain proof of mailing in a form authorized or accepted by the United States postal service or other commercial mail delivery service.
 - (b) If notice is provided electronically, it shall be transmitted via facsimile or electronic mail to the vendor at the vendor's facsimile number or electronic mail address and to all affected enrolled customers at the last known facsimile numbers or electronic mail addresses of those customers on file with the insurer. The insurer or vendor shall maintain proof that the notice was sent.
- (L) An enrolled customer may cancel the enrolled customer's coverage under a portable electronics



insurance policy at any time. Upon cancellation, the insurer shall refund any applicable unearned premium.

(M) A license issued pursuant to this section shall authorize the vendor and its endorsees to engage only in those activities that are expressly permitted by this section.

(N)(1) If a vendor or a vendor's endorsee violates any provision of this section, the superintendent may revoke or suspend the license issued or impose any other sanctions provided under section 3905.14 of the Revised Code.

(2) If any provision of this section is violated by a vendor or a vendor's endorsee at a particular location, the superintendent may issue a cease and desist order to a particular location, or take any other administrative action authorized in section 3901.22 and division (E) of section 3905.14 of the Revised Code.

(3) If any person violates division (B) or (F)(3) of this section, the superintendent may issue a cease and desist order in addition to taking any other administrative action provided for in sections 3901.22 and division (E) of section 3905.14 of the Revised Code.

(4) If the superintendent determines that a violation of this section or section 3905.14 of the Revised Code has occurred, the superintendent may assess a civil penalty in amount not exceeding twenty-five thousand dollars per violation and an administrative fee to cover the expenses incurred by the department in the administrative action, including costs incurred in the investigation and hearing process.

(O) The superintendent may adopt rules implementing this section.