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Representative Hackett

**Cosponsors: Representatives Grossman, Stebelton, Beck, Letson, Antonio,
Boose, Brenner, Fedor, Foley, Garland, Gerberry, Goyal, Heard, Luckie,
Mallory, Phillips, Slaby
Senators Beagle, Bacon, Lehner, Wagoner**

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A B I L L

To amend sections 3903.42, 3905.01, 3905.06, and	1
3905.40 and to enact section 3905.062 of the	2
Revised Code to establish requirements and	3
procedures for issuing portable electronics	4
insurance and to revise the order of distribution	5
of claims from an insurer's estate as it relates	6
to interest on the claim.	7

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3903.42, 3905.01, 3905.06, and	8
3905.40 be amended and section 3905.062 of the Revised Code be	9
enacted to read as follows:	10

Sec. 3903.42. The priority of distribution of claims from the	11
insurer's estate shall be in accordance with the order in which	12
each class of claims is set forth in this section. Every claim in	13
each class shall be paid in full or adequate funds retained for	14
such payment before the members of the next class receive any	15
payment. No subclasses shall be established within any class. The	16

order of distribution of claims shall be: 17

(A) Class 1. The costs and expenses of administration, 18
including but not limited to the following: 19

(1) The actual and necessary costs of preserving or 20
recovering the assets of the insurer; 21

(2) Compensation for all services rendered in the 22
liquidation; 23

(3) Any necessary filing fees; 24

(4) The fees and mileage payable to witnesses; 25

(5) Reasonable attorney's fees; 26

(6) The reasonable expenses of a guaranty association or 27
foreign guaranty association in handling claims. 28

(B) Class 2. All claims under policies for losses incurred, 29
including third party claims, all claims of contracted providers 30
against a medicaid health insuring corporation for covered health 31
care services provided to medicaid recipients, all claims against 32
the insurer for liability for bodily injury or for injury to or 33
destruction of tangible property that are not under policies, and 34
all claims of a guaranty association or foreign guaranty 35
association. All claims under life insurance and annuity policies, 36
whether for death proceeds, annuity proceeds, or investment 37
values, shall be treated as loss claims. That portion of any loss, 38
indemnification for which is provided by other benefits or 39
advantages recovered by the claimant, shall not be included in 40
this class, other than benefits or advantages recovered or 41
recoverable in discharge of familial obligations of support or by 42
way of succession at death or as proceeds of life insurance, or as 43
gratuities. No payment by an employer to an employee shall be 44
treated as a gratuity. Claims under nonassessable policies for 45
unearned premium or other premium refunds. 46

(C) Class 3. Claims of the federal government. 47

(D) Class 4. Debts due to employees for services performed to 48
the extent that they do not exceed one thousand dollars and 49
represent payment for services performed within one year before 50
the filing of the complaint for liquidation. Officers and 51
directors shall not be entitled to the benefit of this priority. 52
Such priority shall be in lieu of any other similar priority that 53
may be authorized by law as to wages or compensation of employees. 54

(E) Class 5. Claims of general creditors. 55

(F) Class 6. Claims of any state or local government. Claims, 56
including those of any state or local governmental body for a 57
penalty or forfeiture, shall be allowed in this class only to the 58
extent of the pecuniary loss sustained from the act, transaction, 59
or proceeding out of which the penalty or forfeiture arose, with 60
reasonable and actual costs occasioned thereby. The remainder of 61
such claims shall be postponed to the class of claims under 62
division ~~(I)~~(J) of this section. 63

(G) Class 7. Claims filed late or any other claims other than 64
claims under divisions (H) ~~and~~, (I), ~~and~~ (J) of this section. 65

(H) Class 8. Surplus or contribution notes, or similar 66
obligations, and premium refunds on assessable policies. Payments 67
to members of domestic mutual insurance companies shall be limited 68
in accordance with law. 69

(I) Class 9. Interest at the legal rate compounded annually 70
on all claims in the classes prescribed in divisions (A) to (H) of 71
this section, except for claims of the federal government, from 72
the date of the order for liquidation or the date on which the 73
claim becomes due, whichever is later, until the date on which the 74
interest or dividend is declared, according to the terms of a plan 75
proposed by the liquidator and approved by the court supervising 76
the liquidation. The liquidator, with the approval of the court, 77

may make reasonable approximate computations of interest to be 78
paid under this division. 79

(J) Class 10. The claims of shareholders or other owners. 80

If any provision of this section or the application of any 81
provision of this section to any person or circumstance is held 82
invalid, the invalidity does not affect other provisions or 83
applications of this section, and to this end the provisions are 84
severable. 85

~~(J)~~(K) As used in sections 3903.42 and 3903.421 of the 86
Revised Code, "contracted provider" and "medicaid recipient" have 87
the same meanings as in ~~section~~ section 3903.14 of the Revised 88
Code. 89

Sec. 3905.01. As used in this chapter: 90

(A) "Business entity" means a corporation, association, 91
partnership, limited liability company, limited liability 92
partnership, or other legal entity. 93

(B) "Home state" means the state or territory of the United 94
States, including the District of Columbia, in which an insurance 95
agent maintains the insurance agent's principal place of residence 96
or principal place of business and is licensed to act as an 97
insurance agent. 98

(C) "Insurance" means any of the lines of authority set forth 99
in Chapter 1739., 1751., or 1761. or Title XXXIX of the Revised 100
Code, or as additionally determined by the superintendent of 101
insurance. 102

(D) "Insurance agent" or "agent" means any person that, in 103
order to sell, solicit, or negotiate insurance, is required to be 104
licensed under the laws of this state, including limited lines 105
insurance agents and surplus line brokers. 106

(E) "Insurer" has the same meaning as in section 3901.32 of 107

the Revised Code. 108

(F) "License" means the authority issued by the 109
superintendent to a person to act as an insurance agent for the 110
lines of authority specified, but that does not create any actual, 111
apparent, or inherent authority in the person to represent or 112
commit an insurer. 113

(G) "Limited line credit insurance" means credit life, credit 114
disability, credit property, credit unemployment, involuntary 115
unemployment, mortgage life, mortgage guaranty, mortgage 116
disability, guaranteed automobile protection insurance, or any 117
other form of insurance offered in connection with an extension of 118
credit that is limited to partially or wholly extinguishing that 119
credit obligation and that is designated by the superintendent as 120
limited line credit insurance. 121

(H) "Limited line credit insurance agent" means a person that 122
sells, solicits, or negotiates one or more forms of limited line 123
credit insurance to individuals through a master, corporate, 124
group, or individual policy. 125

(I) "Limited lines insurance" means those lines of authority 126
set forth in divisions (B)(7) to ~~(10)(11)~~ of section 3905.06 of 127
the Revised Code or in rules adopted by the superintendent, or any 128
lines of authority the superintendent considers necessary to 129
recognize for purposes of complying with section 3905.072 of the 130
Revised Code. 131

(J) "Limited lines insurance agent" means a person authorized 132
by the superintendent to sell, solicit, or negotiate limited lines 133
insurance. 134

(K) "NAIC" means the national association of insurance 135
commissioners. 136

(L) "Negotiate" means to confer directly with, or offer 137
advice directly to, a purchaser or prospective purchaser of a 138

particular contract of insurance with respect to the substantive	139
benefits, terms, or conditions of the contract, provided the	140
person that is conferring or offering advice either sells	141
insurance or obtains insurance from insurers for purchasers.	142
(M) "Person" means an individual or a business entity.	143
(N) "Sell" means to exchange a contract of insurance by any	144
means, for money or its equivalent, on behalf of an insurer.	145
(O) "Solicit" means to attempt to sell insurance, or to ask	146
or urge a person to apply for a particular kind of insurance from	147
a particular insurer.	148
(P) "Superintendent" or "superintendent of insurance" means	149
the superintendent of insurance of this state.	150
(Q) "Terminate" means to cancel the relationship between an	151
insurance agent and the insurer or to terminate an insurance	152
agent's authority to transact insurance.	153
(R) "Uniform application" means the NAIC uniform application	154
for resident and nonresident agent licensing, as amended by the	155
NAIC from time to time.	156
(S) "Uniform business entity application" means the NAIC	157
uniform business entity application for resident and nonresident	158
business entities, as amended by the NAIC from time to time.	159
Sec. 3905.06. (A)(1) The superintendent of insurance shall	160
issue a resident insurance agent license to an individual	161
applicant whose home state is Ohio upon submission of a completed	162
application and payment of any applicable fee required under this	163
chapter, if the superintendent finds all of the following:	164
(a) The applicant is at least eighteen years of age.	165
(b) The applicant has not committed any act that is a ground	166
for the denial, suspension, or revocation of a license under	167

section 3905.14 of the Revised Code.	168
(c) If required under section 3905.04 of the Revised Code,	169
the applicant has completed a program of insurance education for	170
each line of authority for which the applicant has applied.	171
(d) If required under section 3905.04 of the Revised Code,	172
the applicant has passed an examination for each line of authority	173
for which the applicant has applied.	174
(e) Any applicant applying for variable life-variable annuity	175
line of authority is registered with the financial industry	176
regulatory authority (FINRA) as a registered representative after	177
having passed at least one of the following examinations	178
administered by the FINRA: the series 6 examination, the series 7	179
examination, the series 63 examination, the series 66 examination,	180
or any other FINRA examination approved by the superintendent.	181
(f) If required under section 3905.051 of the Revised Code,	182
the applicant has consented to a criminal records check and the	183
results of the applicant's criminal records check are determined	184
to be satisfactory by the superintendent.	185
(g) The applicant is a United States citizen or has provided	186
proof of having legal authorization to work in the United States.	187
(h) The applicant is of good reputation and character, is	188
honest and trustworthy, and is otherwise suitable to be licensed.	189
(2) The superintendent shall issue a resident insurance agent	190
license to a business entity applicant upon submission of a	191
completed application and payment of any applicable fees required	192
under this chapter if the superintendent finds all of the	193
following:	194
(a) <u>The Except as provided under division (C)(2) of section</u>	195
<u>3905.062 of the Revised Code, the</u> applicant either is domiciled in	196
Ohio or maintains its principal place of business in Ohio.	197

(b) The applicant has designated a licensed insurance agent 198
who will be responsible for the applicant's compliance with the 199
insurance laws of this state. 200

(c) The applicant has not committed any act that is a ground 201
for the denial, suspension, or revocation of a license under 202
section 3905.14 of the Revised Code. 203

(d) Any applicant applying for a portable electronics 204
insurance license line of authority satisfies the requirements of 205
division (C)(1) of section 3905.062 of the Revised Code. 206

(e) The applicant has submitted any other documents requested 207
by the superintendent. 208

(B) An insurance agent license issued pursuant to division 209
(A) of this section shall state the licensee's name, the license 210
number, the date of issuance, the date the license expires, the 211
line or lines of authority for which the licensee is qualified, 212
and any other information the superintendent deems necessary. 213

A licensee may be qualified for any of the following lines of 214
authority: 215

(1) Life, which is insurance coverage on human lives, 216
including benefits of endowment and annuities, and may include 217
benefits in the event of death or dismemberment by accident and 218
benefits for disability income; 219

(2) Accident and health, which is insurance coverage for 220
sickness, bodily injury, or accidental death, and may include 221
benefits for disability income; 222

(3) Property, which is insurance coverage for the direct or 223
consequential loss or damage to property of any kind; 224

(4) Casualty, which is insurance coverage against legal 225
liability, including coverage for death, injury, or disability or 226
damage to real or personal property; 227

(5) Personal lines, which is property and casualty insurance	228
coverage sold to individuals and families for noncommercial	229
purposes;	230
(6) Variable life and variable annuity products, which is	231
insurance coverage provided under variable life insurance	232
contracts and variable annuities;	233
(7) Credit, which is limited line credit insurance;	234
(8) Title, which is insurance coverage against loss or damage	235
suffered by reason of liens against, encumbrances upon, defects	236
in, or the unmarketability of, real property;	237
(9) Surety bail bond, which is the authority set forth in	238
sections 3905.83 to 3905.95 of the Revised Code;	239
(10) <u>Portable electronics insurance, which is a limited line</u>	240
<u>described in section 3905.062 of the Revised Code;</u>	241
<u>(11)</u> Any other line of authority designated by the	242
superintendent.	243
(C)(1) An individual seeking to renew a resident insurance	244
agent license shall apply biennially for a renewal of the license	245
on or before the last day of the licensee's birth month. A	246
business entity seeking to renew a resident insurance agent	247
license shall apply biennially for a renewal of the license on or	248
before the date determined by the superintendent. The	249
superintendent shall send a renewal notice to all licensees at	250
least one month prior to the renewal date.	251
Applications shall be submitted to the superintendent on	252
forms prescribed by the superintendent. Each application shall be	253
accompanied by a biennial renewal fee. The superintendent also may	254
require an applicant to submit any document reasonably necessary	255
to verify the information contained in the renewal application.	256
(2) To be eligible for renewal, an individual applicant shall	257

complete the continuing education requirements pursuant to section 258
3905.481 of the Revised Code prior to the renewal date. 259

(3) If an applicant submits a completed renewal application, 260
qualifies for renewal pursuant to divisions (C)(1) and (2) of this 261
section, and has not committed any act that is a ground for the 262
refusal to issue, suspension of, or revocation of a license under 263
section 3905.14 of the Revised Code, the superintendent shall 264
renew the applicant's resident insurance agent license. 265

(D) If an individual or business entity does not apply for 266
the renewal of the individual or business entity's license on or 267
before the license renewal date specified in division (C)(1) of 268
this section, the individual or business entity may submit a late 269
renewal application along with all applicable fees required under 270
this chapter prior to the first day of the second month following 271
the license renewal date. 272

(E) A license issued under this section that is not renewed 273
on or before its renewal date pursuant to division (C) of this 274
section or its late renewal date pursuant to division (D) of this 275
section automatically is suspended for nonrenewal on the first day 276
of the second month following the renewal date. If a license is 277
suspended for nonrenewal pursuant to this division, the individual 278
or business entity is eligible to apply for reinstatement of the 279
license within the twelve-month period following the date by which 280
the license should have been renewed by complying with the 281
reinstatement procedure established by the superintendent and 282
paying all applicable fees required under this chapter. 283

(F) A license that is suspended for nonrenewal that is not 284
reinstated pursuant to division (E) of this section automatically 285
is canceled unless the superintendent is investigating any 286
allegations of wrongdoing by the agent or has initiated 287
proceedings under Chapter 119. of the Revised Code. In that case, 288
the license automatically is canceled after the completion of the 289

investigation or proceedings unless the superintendent revokes the 290
license. 291

(G) An individual licensed as a resident insurance agent who 292
is unable to comply with the license renewal procedures 293
established under this section and who is unable to engage in the 294
business of insurance due to military service, a long-term medical 295
disability, or some other extenuating circumstance may request an 296
extension of the renewal date of the individual's license. To be 297
eligible for such an extension, the individual shall submit a 298
written request with supporting documentation to the 299
superintendent. At the superintendent's discretion, the 300
superintendent may not consider a written request made after the 301
renewal date of the license. 302

Sec. 3905.062. (A) As used in this section: 303

(1) "Customer" means a person who purchases portable 304
electronics or services. 305

(2) "Enrolled customer" means a customer who elects coverage 306
under a portable electronics insurance policy issued to a vendor 307
of portable electronics by an insurer. 308

(3) "Endorsee" means an employee or authorized representative 309
of a vendor authorized to sell or offer portable electronics 310
insurance. 311

(4) "Location" means any physical location in this state or 312
any web site, call center site, or similar location directed to 313
residents of this state. 314

(5) "Portable electronics" means a personal, self-contained, 315
battery-operated electronic communication, viewing, listening, 316
recording, gaming, computing, or global positioning device that is 317
easily carried by an individual, including a cellular or satellite 318
telephone; pager; personal global positioning satellite unit; 319

portable computer; portable audio listening, video viewing or 320
recording device; digital camera; video camcorder; portable gaming 321
system; docking station; automatic answering device; and any other 322
similar device, and any accessory related to the use of the 323
device. 324

(6) "Portable electronics insurance" means insurance 325
providing coverage for the repair or replacement of portable 326
electronics, which may be offered on a month-to-month or other 327
periodic basis as a group or master commercial inland marine 328
policy issued to a vendor by an insurer, and may cover portable 329
electronics against loss, theft, inoperability due to mechanical 330
failure, malfunction, damage, or other applicable perils. 331
"Portable electronics insurance" does not mean any of the 332
following: 333

(a) A consumer goods service contract governed by section 334
3905.423 of the Revised Code; 335

(b) A policy of insurance covering a seller's or a 336
manufacturer's obligations under a warranty; 337

(c) A homeowner's, renter's, private passenger automobile, 338
commercial multi-peril, or similar insurance policy. 339

(7) "Portable electronics transaction" means the sale or 340
lease of portable electronics by a vendor to a customer or the 341
sale of a service related to the use of portable electronics by a 342
vendor to a customer. 343

(8) "Supervising entity" means an insurer or a business 344
entity licensed as an insurance agent under section 3905.06 of the 345
Revised Code that is appointed by an insurer to supervise the 346
administration of a portable electronics insurance program. 347

(9) "Vendor" means a person in the business of engaging in 348
portable electronics transactions directly or indirectly. 349

(B)(1) Except as provided in division (B)(2) of this section, 350
no vendor or vendor's employee shall offer, sell, solicit, or 351
place portable electronics insurance unless the vendor is licensed 352
under section 3905.06 or 3905.07 of the Revised Code with a 353
portable electronics insurance line of authority. 354

(2) Any vendor offering or selling portable electronics 355
insurance on or before the effective date of this section that 356
wishes to continue offering or selling that insurance shall apply 357
for a license within ninety days after the superintendent of 358
insurance makes the application available. 359

(C)(1) The superintendent shall issue a resident business 360
entity license to a vendor under section 3905.06 of the Revised 361
Code if the vendor satisfies the requirements of sections 3905.05 362
and 3905.06 of the Revised Code, except that the application for a 363
portable electronics insurance license shall satisfy the following 364
additional requirements: 365

(a) The application shall include the location of the 366
vendor's home office. 367

(b) If the application requires the vendor to designate an 368
individual or entity as a responsible insurance agent, that agent 369
shall not be required to be an employee of the applicant and may 370
be the supervising entity or an individual agent who is an 371
employee of the supervising entity. 372

(c) If the vendor derives less than fifty per cent of the 373
vendor's revenue from the sale of portable electronics insurance, 374
the application for a portable electronics insurance license may 375
require the vendor to provide the name, residence address, and 376
other information required by the superintendent for one employee 377
or officer of the vendor who is designated by the vendor as the 378
person responsible for the vendor's compliance with the 379
requirements of this chapter. 380

(d) If the vendor derives fifty per cent or more of the 381
vendor's revenue from the sale of portable electronics insurance, 382
the application may require the information listed under division 383
(C)(1)(c) of this section for all owners with at least ten per 384
cent interest or voting interest, partners, officers, and 385
directors of the vendor, or members or managers of a vendor that 386
is a limited liability company. 387

(2) The superintendent shall issue a nonresident business 388
entity license to a vendor if the vendor satisfies the 389
requirements of section 3905.07 of the Revised Code. However, if 390
the nonresident vendor's home state does not issue a limited lines 391
license for portable electronics insurance, the nonresident vendor 392
may apply for a resident license under section 3905.06 of the 393
Revised Code in the same manner and with the same rights and 394
privileges as if the vendor were a resident of this state. 395

(D) The holder of a limited lines license may not sell, 396
solicit, or negotiate insurance on behalf of any insurer unless 397
appointed to represent that insurer under section 3905.20 of the 398
Revised Code. 399

(E) Division (B)(34) of section 3905.14 of the Revised Code 400
shall not apply to portable electronics vendors or the vendors' 401
endorsees. 402

(F)(1) A vendor may authorize any endorsee of the vendor to 403
sell or offer portable electronics insurance to a customer at any 404
location at which the vendor engages in portable electronics 405
transactions. 406

(2) An endorsee is not required to be licensed as an 407
insurance agent under this chapter if the vendor is licensed under 408
this section and the insurer issuing the portable electronics 409
insurance either directly supervises or appoints a supervising 410
entity to supervise the administration of the portable electronics 411

insurance program including development of a training program for 412
endorsees in accordance with division (G) of this section. 413

(3) No endorsee shall do any of the following: 414

(a) Advertise, represent, or otherwise represent the 415
endorsee's self as an insurance agent licensed under section 416
3905.06 of the Revised Code; 417

(b) Offer, sell, or solicit the purchase of portable 418
electronics insurance except in conjunction with and incidental to 419
the sale or lease of portable electronics; 420

(c) Make any statement or engage in any conduct, express or 421
implied, that would lead a customer to believe any of the 422
following: 423

(i) That the insurance policies offered by the endorsee 424
provide coverage not already provided by a customer's homeowner's 425
insurance policy, renter's insurance policy, or by another source 426
of coverage; 427

(ii) That the purchase by the customer of portable 428
electronics insurance is required in order to purchase or lease 429
portable electronics or services from the portable electronics 430
vendor; 431

(iii) That the portable electronics vendor or its endorsees 432
are qualified to evaluate the adequacy of the customer's existing 433
insurance coverage. 434

(G) Each vendor, or the supervising entity to that vendor, 435
shall provide a training and education program for all endorsees 436
who sell or offer portable electronics insurance. The program may 437
be provided as a web-based training module or in any other 438
electronic or recorded video form. The training and education 439
program shall meet all of the following minimum standards: 440

(1) The training shall be delivered to each endorsee of each 441

vendor who sells or offers portable electronics insurance and the 442
endorsee shall complete the training; 443

(2) If the training is conducted in an electronic form, the 444
supervising entity shall implement a supplemental education 445
program regarding portable electronics insurance that is conducted 446
and overseen by employees of the supervising entity who are 447
licensed as insurance agents under section 3905.06 of the Revised 448
Code; 449

(3) The training and education program shall include basic 450
information about portable electronics insurance and information 451
concerning all of the following prohibited actions of endorsees: 452

(a) No endorsee shall advertise, represent, or otherwise 453
represent the endorsee's self as a licensed insurance agent. 454

(b) No endorsee shall offer, sell, or solicit the purchase of 455
portable electronics insurance except in conjunction with and 456
incidental to the sale or lease of portable electronics. 457

(c) No endorsee shall make any statement or engage in any 458
conduct, express or implied, that would lead a customer to believe 459
any of the following: 460

(i) That the insurance policies offered by the endorsee 461
provide coverage not already provided by a customer's homeowner's 462
insurance policy, renter's insurance policy, or by another source 463
of coverage; 464

(ii) That the purchase by the customer of portable 465
electronics insurance is required in order to purchase or lease 466
portable electronics or services from the portable electronics 467
vendor; 468

(iii) That the portable electronics vendor or its endorsees 469
are qualified to evaluate the adequacy of the customer's existing 470
insurance coverage. 471

(H) A supervising entity appointed to supervise the 472
administration of a portable electronics insurance program under 473
division (F)(2) of this section shall maintain a registry of 474
locations supervised by that entity that are authorized to sell or 475
solicit portable electronics insurance in this state. The 476
supervising entity shall make the registry available to the 477
superintendent upon request by the superintendent if the 478
superintendent provides ten days' notice to the vendor or 479
supervising entity. 480

(I) At every location where a vendor offers portable 481
electronics insurance to customers, the vendor shall provide 482
brochures or other written materials to prospective customers that 483
include all of the following: 484

(1) A summary of the material terms of the insurance 485
coverage, including all of the following: 486

(a) The identity of the insurer; 487

(b) The identity of the supervising entity; 488

(c) The amount of any applicable deductible and how it is to 489
be paid; 490

(d) Benefits of the coverage; 491

(e) Key terms and conditions of coverage such as whether 492
portable electronics may be replaced with a similar make and 493
model, replaced with a reconditioned device, or repaired with 494
nonoriginal manufacturer parts or equipment. 495

(2) A summary of the process for filing a claim, including a 496
description of how to return portable electronics equipment and 497
the maximum fee applicable if a customer fails to comply with any 498
equipment return requirements; 499

(3) A disclosure that portable electronics insurance may 500
provide a duplication of coverage already provided by a customer's 501

homeowner's insurance policy, renter's insurance policy, or other 502
source of coverage; 503

(4) A disclosure that the enrollment by the customer in a 504
portable electronics insurance program is not required to purchase 505
or lease portable electronics or services; 506

(5) A disclosure that neither the endorsee nor the vendor is 507
qualified to evaluate the adequacy of the customer's existing 508
insurance coverage; 509

(6) A disclosure that the customer may cancel enrollment for 510
coverage under a portable electronics insurance policy at any time 511
and receive a refund of any applicable premium. 512

(J)(1) The charges for portable electronics insurance may be 513
billed and collected by the vendor of portable electronics, and 514
the vendor may receive compensation for performing billing and 515
collection services, if either of the following conditions are 516
met: 517

(a) If the charge to the customer for coverage is not 518
included in the cost associated with the purchase or lease of 519
portable electronics or related services, the charge for coverage 520
is separately itemized on the customer's bill. 521

(b) If the charge to the customer for coverage is included in 522
the cost associated with the purchase or lease of portable 523
electronics or related services, the vendor clearly and 524
conspicuously discloses to the customer that the charge for 525
portable electronics insurance coverage is included with the 526
charge for portable electronics or related services. 527

(2) All funds received by a vendor from a customer for the 528
sale of portable electronics insurance shall be considered funds 529
held in trust by the vendor in a fiduciary capacity for the 530
benefit of the insurer. Vendors that bill and collect such charges 531
are not required to maintain those funds in a segregated account 532

if the vendor is authorized by the insurer to hold those funds in 533
an alternate manner and the vendor remits the amount of the 534
charges to the supervising entity within sixty days after 535
receiving the charges. 536

(K)(1) Except as otherwise provided in divisions (K)(2) and 537
(3) of this section, an insurer may terminate or otherwise change 538
the terms and conditions of a policy of portable electronics 539
insurance only upon providing the vendor policyholder and enrolled 540
customers with at least sixty days' prior notice. If the insurer 541
changes the terms and conditions, the insurer shall promptly 542
provide the vendor policyholder with a revised policy or 543
endorsement and each enrolled customer with a revised certificate, 544
endorsement, updated brochure, or other evidence indicating that a 545
change in the terms and conditions has occurred and a summary of 546
material changes. 547

(2) An insurer may terminate an enrolled customer's 548
enrollment under a portable electronics insurance policy upon 549
fifteen days' prior notice for discovery of fraud or material 550
misrepresentation in obtaining coverage or in the presentation of 551
a claim under the policy. 552

(3) An insurer may immediately terminate an enrolled 553
customer's enrollment under a portable electronics insurance 554
policy for any of the following reasons: 555

(a) The enrolled customer fails to pay the required premium; 556

(b) The enrolled customer ceases to have an active service 557
plan, if applicable, with the vendor of portable electronics; 558

(c) The enrolled customer exhausts the aggregate limit of 559
liability, if any, under the terms of the portable electronics 560
insurance policy and the insurer sends notice of termination to 561
the customer within thirty calendar days after exhaustion of the 562
limit. However, if the insurer does not send the notice within the 563

thirty-day time frame, enrollment shall continue notwithstanding 564
the aggregate limit of liability until the insurer sends notice of 565
termination to the enrolled customer. 566

(4) If a portable electronics insurance policy is terminated 567
by a vendor policyholder, the vendor policyholder shall provide 568
notice to each enrolled customer advising the customer of the 569
termination of the policy and the effective date of the 570
termination. The written notice shall be mailed or delivered to 571
the customer at least thirty days prior to the termination. 572

(5) Notice required pursuant to this section shall be 573
provided in writing, either via mail or by electronic means. 574

(a) If notice is provided via mail, it shall be mailed or 575
delivered to the vendor at the vendor's mailing address and to all 576
affected enrolled customers at the last known mailing addresses of 577
those customers on file with the insurer. The insurer or vendor of 578
portable electronics shall maintain proof of mailing in a form 579
authorized or accepted by the United States postal service or 580
other commercial mail delivery service. 581

(b) If notice is provided electronically, it shall be 582
transmitted via facsimile or electronic mail to the vendor at the 583
vendor's facsimile number or electronic mail address and to all 584
affected enrolled customers at the last known facsimile numbers or 585
electronic mail addresses of those customers on file with the 586
insurer. The insurer or vendor shall maintain proof that the 587
notice was sent. 588

(L) An enrolled customer may cancel the enrolled customer's 589
coverage under a portable electronics insurance policy at any 590
time. Upon cancellation, the insurer shall refund any applicable 591
unearned premium. 592

(M) A license issued pursuant to this section shall authorize 593
the vendor and its endorsees to engage only in those activities 594

that are expressly permitted by this section. 595

(N)(1) If a vendor or a vendor's endorsee violates any 596
provision of this section, the superintendent may revoke or 597
suspend the license issued or impose any other sanctions provided 598
under section 3905.14 of the Revised Code. 599

(2) If any provision of this section is violated by a vendor 600
or a vendor's endorsee at a particular location, the 601
superintendent may issue a cease and desist order to a particular 602
location, or take any other administrative action authorized in 603
section 3901.22 and division (D) of section 3905.14 of the Revised 604
Code. 605

(3) If any person violates division (B) or (F)(3) of this 606
section, the superintendent may issue a cease and desist order in 607
addition to taking any other administrative action provided for in 608
sections 3901.22 and division (D) of section 3905.14 of the 609
Revised Code. 610

(4) If the superintendent determines that a violation of this 611
section or section 3905.14 of the Revised Code has occurred, the 612
superintendent may assess a civil penalty in amount not exceeding 613
twenty-five thousand dollars per violation and an administrative 614
fee to cover the expenses incurred by the department in the 615
administrative action, including costs incurred in the 616
investigation and hearing process. 617

(O) The superintendent may adopt rules implementing this 618
section. 619

Sec. 3905.40. There shall be paid to the superintendent of 620
insurance the following fees: 621

(A) Each insurance company doing business in this state shall 622
pay: 623

(1) For filing a copy of its charter or deed of settlement, 624

two hundred fifty dollars; 625

(2) For filing each statement, one hundred seventy-five 626
dollars; 627

(3) For each certificate of authority or license, one hundred 628
seventy-five, and for each certified copy thereof, five dollars; 629

(4) For each copy of a paper filed in the superintendent's 630
office, twenty cents per page; 631

(5) For issuing certificates of deposits or certified copies 632
thereof, five dollars for the first certificate or copy and one 633
dollar for each additional certificate or copy; 634

(6) For issuing certificates of compliance or certified 635
copies thereof, sixty dollars; 636

(7) For affixing the seal of office and certifying documents, 637
other than those enumerated herein, two dollars; 638

(8) For each agent appointment and each annual renewal of an 639
agent appointment, twenty dollars; 640

(9) For each termination of an agent appointment, five 641
dollars. 642

(B) Each domestic life insurance company doing business in 643
this state shall pay for annual valuation of its policies, one 644
cent on every one thousand dollars of insurance. 645

(C) Each applicant for licensure as an insurance agent except 646
applicants for licensure as surety bail bond agents ~~and~~, surplus 647
line brokers, and portable electronics insurance vendors shall pay 648
ten dollars for each line of authority requested. Fees collected 649
under this division shall be credited to the department of 650
insurance operating fund created in section 3901.021 of the 651
Revised Code. 652

(D) Each domestic mutual life insurance company shall pay for 653
verifying that any amendment to its articles of incorporation was 654

regularly adopted, two hundred fifty dollars with each application 655
for verification. Any such amendment shall be considered to have 656
been regularly adopted when approved by the affirmative vote of 657
two-thirds of the policyholders present in person or by proxy at 658
any annual meeting of policyholders or at a special meeting of 659
policyholders called for that purpose. 660

(E) Each insurance agent doing business in this state shall 661
pay a biennial license renewal fee of twenty-five dollars, except 662
the following insurance agents are not required to pay ~~the~~ that 663
license renewal fee: 664

(1) Individual resident agents who have met their continuing 665
education requirements under section 3905.481 of the Revised Code; 666

(2) Surety bail bond agents; 667

(3) Surplus line brokers; 668

(4) Portable electronics insurance vendors. 669

(F) Each applicant for licensure as a portable electronics 670
insurance vendor with a portable electronics insurance limited 671
lines license and each licensed vendor doing business in this 672
state shall pay the following fees prescribed by the 673
superintendent: 674

(1) For vendors engaged in portable electronic transactions 675
at more than ten locations in this state, an application fee not 676
to exceed five thousand dollars for an initial license and a 677
biennial license renewal fee not to exceed two thousand five 678
hundred dollars for each renewal thereafter; 679

(2) For vendors engaged in portable electronic transactions 680
at ten or fewer locations in this state, an application fee not to 681
exceed three thousand dollars for an initial license and a 682
biennial license renewal fee not to exceed one thousand dollars 683
for each renewal thereafter. 684

(G) All fees collected by the superintendent under this 685
section except any fees collected under divisions (A)(2), (3), and 686
(6) of this section shall be credited to the department of 687
insurance operating fund created under section 3901.021 of the 688
Revised Code. 689

Section 2. That existing sections 3903.42, 3905.01, 3905.06, 690
and 3905.40 of the Revised Code are hereby repealed. 691