

House Bill 4014

Sponsored by Representative KRIEGER (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that if insurer or supervising entity does not provide timely notice of termination, coverage under policy of portable electronics insurance continues despite enrolled customer's exhaustion of aggregate limit of liability until insurer or supervising entity provides notice of termination.

Becomes operative July 1, 2014.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to portable electronics insurance; creating new provisions; amending ORS 646A.588; and
3 declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 646A.588 is amended to read:

6 646A.588. (1) Except as provided in subsections (2) and (3) of this section, an insurer or a
7 supervising entity that issued a policy of portable electronics insurance to a vendor policyholder
8 may not modify or terminate the terms and conditions of the policy unless the insurer or the
9 supervising entity:

10 (a) Provides the vendor policyholder and enrolled customers with notice of the modification or
11 termination not less than 60 days before the effective date of the modification or termination; and

12 (b) In the event of a modification only, provides:

13 (A) The vendor policyholder with a revised policy or endorsement that is evidence of the mod-
14 ification; and

15 (B) Each enrolled customer with a revised certificate, endorsement or other evidence of a
16 change in terms and conditions, updated written materials and a summary of the material changes
17 to the terms and conditions of coverage.

18 (2)(a) An insurer or a supervising entity may terminate an enrolled customer's portable elec-
19 tronics insurance coverage:

20 (A) Upon discovering fraud or a material misrepresentation the enrolled customer made in ob-
21 taining the coverage or in presenting a claim; or

22 (B) For nonpayment of a premium.

23 (b) The insurer or the supervising entity must notify the enrolled customer at least 15 days be-
24 fore a termination under this subsection.

25 (3) An insurer or a supervising entity may immediately terminate an enrolled customer's port-
26 able electronics insurance coverage if:

27 (a) The enrolled customer ceases to have active wireless service with the vendor policyholder;

28 or

29 (b) The enrolled customer exhausts the aggregate limit of liability, and the insurer or the

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 supervising entity sends notice of termination to the enrolled customer within 30 days after the
 2 [*active service ceases or the limit has been exhausted.*] **enrolled customer exhausts the limit. If the**
 3 **insurer or the supervising entity does not send a timely notice of termination to the enrolled**
 4 **customer, notwithstanding the enrolled customer’s exhaustion of the limit, coverage contin-**
 5 **ues until the insurer or the supervising entity sends the enrolled customer a notice of ter-**
 6 **mination.**

7 (4) A vendor policyholder that has issued portable electronics insurance coverage to an enrolled
 8 customer may not terminate the coverage unless the vendor policyholder provides the enrolled cus-
 9 tomer with notice of the termination not less than 30 days before the effective date of the termi-
 10 nation. The supervising entity may provide notice under this subsection on the vendor policyholder’s
 11 behalf.

12 (5)(a) Notice or correspondence to a vendor policyholder or enrolled customer that is required
 13 under this section, or that is otherwise required by law, may either be sent as an electronic record
 14 in accordance with ORS 84.001 to 84.061 and 84.070, or:

15 (A) In the case of a vendor policyholder, mailed or delivered to the vendor policyholder at the
 16 vendor policyholder’s principal place of business in this state; or

17 (B) In the case of an enrolled customer, mailed or delivered to the enrolled customer’s last
 18 known mailing address.

19 (b) An enrolled customer consents to receive a notice or correspondence with respect to a policy
 20 of portable electronics insurance by electronic means if, after the insurer, the insurer’s agent or the
 21 vendor that sold the portable electronics notifies the enrolled customer that providing an electronic
 22 mail address to the insurer, the insurer’s agent or the vendor is consent to receive the notice or
 23 correspondence by electronic means, the enrolled customer provides an electronic mail address to
 24 the insurer, the insurer’s agent or the vendor.

25 (c) An insurer, a supervising entity or a vendor policyholder that provides notice or sends cor-
 26 respondence under this section shall maintain proof of providing the notice or sending the corre-
 27 spondence for a minimum of three years after the termination of the portable electronics insurance
 28 coverage. Proof of mailing or delivery to the enrolled customer’s last known mailing address or
 29 electronic mailing address is sufficient proof of providing the notice or sending the correspondence.

30 **SECTION 2. The amendments to ORS 646A.588 by section 1 of this 2014 Act apply to**
 31 **policies of portable electronics insurance that an insurer or a supervising entity issues on**
 32 **or after the effective date of this 2014 Act.**

33 **SECTION 3. (1) The amendments to ORS 646A.588 by section 1 of this 2014 Act become**
 34 **operative July 1, 2014.**

35 **(2) The Director of the Department of Consumer and Business Services may take any**
 36 **action before the operative date specified in subsection (1) of this section that is necessary**
 37 **to enable the director to exercise, on and after the operative date specified in subsection (1)**
 38 **of this section, all of the duties, functions and powers conferred on the director by the**
 39 **amendments to ORS 646A.588 by section 1 of this 2014 Act.**

40 **SECTION 4. This 2014 Act being necessary for the immediate preservation of the public**
 41 **peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect**
 42 **on its passage.**