

FIRST REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

# HOUSE BILL NO. 523

96TH GENERAL ASSEMBLY

1529L.04P

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To repeal sections 376.717 and 385.320, RSMo, and to enact in lieu thereof thirteen new sections relating to registration of certain insurance products.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 376.717 and 385.320, RSMo, are repealed and thirteen new sections enacted in lieu thereof, to be known as sections 376.717, 379.1500, 379.1505, 379.1510, 379.1515, 379.1520, 379.1525, 379.1530, 379.1535, 379.1540, 379.1545, 379.1550, and 385.320, to read as follows:

376.717. 1. Sections 376.715 to 376.758 shall provide coverage for the policies and contracts specified in subsection 2 of this section:

(1) To persons who, regardless of where they reside, except for nonresident certificate holders under group policies or contracts, are the beneficiaries, assignees or payees of the persons covered under subdivision (2) of this subsection; and

(2) To persons who are owners of or certificate holders under such policies or contracts, other than structured settlement annuities, who:

(a) Are residents of this state; or

(b) Are not residents, but only under all of the following conditions:

a. The insurers which issued such policies or contracts are domiciled in this state;

b. The persons are not eligible for coverage by an association in any other state due to the fact that the insurer was not licensed in such state at the time specified in such state's guaranty association law; and

c. The states in which the persons reside have associations similar to the association created by sections 376.715 to 376.758;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 (3) For structured settlement annuities specified in subsection 2 of this section,  
17 subdivisions (1) and (2) of subsection 1 of this section shall not apply, and sections 376.715 to  
18 376.758 shall, except as provided in subdivisions (4) and (5) of this subsection, provide coverage  
19 to a person who is a payee under a structured settlement annuity, or beneficiary of a payee if the  
20 payee is deceased, if the payee:

21 (a) Is a resident, regardless of where the contract owner resides; or

22 (b) Is not a resident, but only under both of the following conditions:

23 a. (i) The contract owner of the structured settlement annuity is a resident; or

24 (ii) The contract owner of the structure settlement annuity is not a resident, but:

25 i. The insurer that issued the structured settlement annuity is domiciled in this state; and

26 ii. The state in which the contract owner resides has an association similar to the  
27 association created under sections 376.715 to 376.758; and

28 b. Neither the payee or beneficiary nor the contract owner is eligible for coverage by the  
29 association of the state in which the payee or contract owner resides;

30 (4) Sections 376.715 to 376.758 shall not provide to a person who is a payee or  
31 beneficiary of a contract owner resident of this state, if the payee or beneficiary is afforded any  
32 coverage by such an association of another state;

33 (5) Sections 376.715 to 376.758 are intended to provide coverage to a person who is a  
34 resident of this state and, in special circumstances, to a nonresident. In order to avoid duplicate  
35 coverage, if a person who would otherwise receive coverage under sections 376.715 to 376.758  
36 is provided coverage under the laws of any other state, the person shall not be provided coverage  
37 under sections 376.715 to 376.758. In determining the application of the provisions of this  
38 subdivision in situations where a person could be covered by such an association of more than  
39 one state, whether as an owner, payee, beneficiary, or assignee, sections 376.715 to 376.758 shall  
40 be construed in conjunction with the other state's laws to result in coverage by only one  
41 association.

42 2. Sections 376.715 to 376.758 shall provide coverage to the persons specified in  
43 subsection 1 of this section for direct, nongroup life, health, annuity policies or contracts, and  
44 supplemental contracts to any such policies or contracts, and for certificates under direct group  
45 policies and contracts, except as limited by the provisions of sections 376.715 to 376.758.  
46 Annuity contracts and certificates under group annuity contracts include allocated funding  
47 agreements, structured settlement annuities, and any immediate or deferred annuity contracts.

48 3. Sections 376.715 to 376.758 shall not provide coverage for:

49 (1) Any portion of a policy or contract not guaranteed by the insurer, or under which the  
50 risk is borne by the policy or contract holder;

51 (2) Any policy or contract of reinsurance, unless assumption certificates have been  
52 issued;

53 (3) Any portion of a policy or contract to the extent that the rate of interest on which it  
54 is based, or the interest rate, crediting rate, or similar factor determined by use of an index or  
55 other external reference stated in the policy or contract employed in calculating returns or  
56 changes in value:

57 (a) Averaged over the period of four years prior to the date on which the association  
58 becomes obligated with respect to such policy or contract, exceeds the rate of interest determined  
59 by subtracting three percentage points from Moody's Corporate Bond Yield Average averaged  
60 for that same four-year period or for such lesser period if the policy or contract was issued less  
61 than four years before the association became obligated; and

62 (b) On and after the date on which the association becomes obligated with respect to  
63 such policy or contract exceeds the rate of interest determined by subtracting three percentage  
64 points from Moody's Corporate Bond Yield Average as most recently available;

65 (4) Any portion of a policy or contract issued to a plan or program of an employer,  
66 association or other person to provide life, health, or annuity benefits to its employees or  
67 members to the extent that such plan or program is self-funded or uninsured, including but not  
68 limited to benefits payable by an employer, association or other person under:

69 (a) A multiple employer welfare arrangement as defined in 29 U.S.C. Section 1144, as  
70 amended;

71 (b) A minimum premium group insurance plan;

72 (c) A stop-loss group insurance plan; or

73 (d) An administrative services only contract;

74 (5) Any portion of a policy or contract to the extent that it provides dividends or  
75 experience rating credits, voting rights, or provides that any fees or allowances be paid to any  
76 person, including the policy or contract holder, in connection with the service to or  
77 administration of such policy or contract;

78 (6) Any policy or contract issued in this state by a member insurer at a time when it was  
79 not licensed or did not have a certificate of authority to issue such policy or contract in this state;

80 (7) A portion of a policy or contract to the extent that the assessments required by section  
81 376.735 with respect to the policy or contract are preempted by federal or state law;

82 (8) An obligation that does not arise under the express written terms of the policy or  
83 contract issued by the insurer to the contract owner or policy owner, including without limitation:

84 (a) Claims based on marketing materials;

85 (b) Claims based on side letters, riders, or other documents that were issued by the  
86 insurer without meeting applicable policy form filing or approval requirements;

87 (c) Misrepresentations of or regarding policy benefits;

88 (d) Extra-contractual claims;

89 (e) A claim for penalties or consequential or incidental damages;

90 (9) A contractual agreement that establishes the member insurer's obligations to provide  
91 a book value accounting guaranty for defined contribution benefit plan participants by reference  
92 to a portfolio of assets that is owned by the benefit plan or its trustee, which in each case is not  
93 an affiliate of the member insurer;

94 (10) An unallocated annuity contract;

95 (11) A portion of a policy or contract to the extent it provides for interest or other  
96 changes in value to be determined by the use of an index or other external reference stated in the  
97 policy or contract, but which have not been credited to the policy or contract, or as to which the  
98 policy or contract owner's rights are subject to forfeiture, as of the date the member insurer  
99 becomes an impaired or insolvent insurer under sections 376.715 to 376.758, whichever is  
100 earlier. If a policy's or contract's interest or changes in value are credited less frequently than  
101 annually, for purposes of determining the value that have been credited and are not subject to  
102 forfeiture under this subdivision, the interest or change in value determined by using the  
103 procedures defined in the policy or contract will be credited as if the contractual date of crediting  
104 interest or changing values was the date of impairment or insolvency, whichever is earlier, and  
105 will not be subject to forfeiture;

106 (12) A policy or contract providing any hospital, medical, prescription drug or other  
107 health care benefit under Part C or Part D of Subchapter XVIII, Chapter 7 of Title 42 of the  
108 United States Code, Medicare [Part] **Parts C & D**, or any regulations issued thereunder.

109 4. The benefits for which the association may become liable, **with regard to a member**  
110 **insurer that was first placed under an order of rehabilitation or under an order of**  
111 **liquidation if no order of rehabilitation was entered prior to August 28, 2011**, shall in no  
112 event exceed the lesser of:

113 (1) The contractual obligations for which the insurer is liable or would have been liable  
114 if it were not an impaired or insolvent insurer; or

115 (2) With respect to any one life, regardless of the number of policies or contracts:

116 (a) Three hundred thousand dollars in life insurance death benefits, but not more than  
117 one hundred thousand dollars in net cash surrender and net cash withdrawal values for life  
118 insurance;

119 (b) One hundred thousand dollars in health insurance benefits, including any net cash  
120 surrender and net cash withdrawal values;

121 (c) One hundred thousand dollars in the present value of annuity benefits, including net  
122 cash surrender and net cash withdrawal values. Provided, however, that in no event shall the

123 association be liable to expend more than three hundred thousand dollars in the aggregate with  
124 respect to any one life under paragraphs (a), (b), and (c) of this subdivision.

125 **5. Except as otherwise provided in subdivision (2) of this subsection, the benefits**  
126 **for which the association may become liable with regard to a member insurer that was first**  
127 **placed under an order of rehabilitation or under an order of liquidation if no order of**  
128 **rehabilitation was entered on or after August 28, 2011, shall in no event exceed the lesser**  
129 **of:**

130 **(1) The contractual obligations for which the insurer is liable or would have been**  
131 **liable if it were not an impaired or insolvent insurer; or**

132 **(2) (a) With respect to any one life, regardless of the number of policies or**  
133 **contracts:**

134 **a. Three hundred thousand dollars in life insurance death benefits, but not more**  
135 **than one hundred thousand dollars in net cash surrender and net cash withdrawal values**  
136 **for life insurance;**

137 **b. In health insurance benefits:**

138 **(i) One hundred thousand dollars of coverages other than disability insurance or**  
139 **basic hospital, medical, and surgical insurance or major medical insurance, or long-term**  
140 **care insurance, including any net cash surrender and net cash withdrawal values;**

141 **(ii) Three hundred thousand dollars for disability insurance and three hundred**  
142 **thousand dollars for long-term care insurance;**

143 **(iii) Five hundred thousand dollars for basic hospital, medical, and surgical**  
144 **insurance or major medical insurance;**

145 **c. Two hundred fifty thousand dollars in the present value of annuity benefits,**  
146 **including net cash surrender and net cash withdrawal values; or**

147 **(b) With respect to each payee of a structured settlement annuity, or beneficiary**  
148 **or beneficiaries of the payee if deceased, two hundred fifty thousand dollars in present**  
149 **value annuity benefits, in the aggregate, including net cash surrender and net cash**  
150 **withdrawal values, if any;**

151 **(c) Except that, in no event shall the association be obligated to cover more than:**

152 **a. An aggregate of three hundred thousand dollars in benefits with respect to any**  
153 **one life under paragraphs (a) and (b) of this subdivision, except with respect to benefits for**  
154 **basic hospital, medical, and surgical insurance and major medical insurance under item**  
155 **(iii) of subparagraph b. of paragraph (a) of this subdivision, in which case the aggregate**  
156 **liability of the association shall not exceed five hundred thousand dollars with respect to**  
157 **any one individual; or**

158           **b. With respect to one owner of multiple nongroup policies of life insurance,**  
159 **whether the policy owner is an individual, firm, corporation, or other person, and whether**  
160 **the person insured are officers, managers, employees, or other persons, more than five**  
161 **million dollars in benefits, regardless of the number of policies and contracts held by the**  
162 **owner.**

163           **6. The limitations set forth in [subsection 4] subsections 4 and 5 of this section are**  
164 **limitations on the benefits for which the association is obligated before taking into account either**  
165 **its subrogation and assignment rights or the extent to which such benefits could be provided out**  
166 **of the assets of the impaired or insolvent insurer attributable to covered policies. The costs of**  
167 **the association's obligations under sections 376.715 to 376.758 may be met by the use of assets**  
168 **attributable to covered policies or reimbursed to the association under its subrogation and**  
169 **assignment rights.**

**379.1500. As used in sections 379.1500 to 379.1550, the following terms shall mean:**

- 2           **(1) "Director", the director of the department of insurance, financial institutions**  
3 **and professional registration;**
- 4           **(2) "Insurance company" or "insurer", any person, reciprocal exchange,**  
5 **interinsurer, or any other legal entity licensed and authorized by the director to write**  
6 **inland marine coverage;**
- 7           **(3) "Insurance producer" or "producer", a person required to be licensed under**  
8 **the laws of this state to sell, solicit, or negotiate insurance;**
- 9           **(4) "License", the same meaning as such term is defined in section 375.012;**
- 10          **(5) "Location", any physical location in this state or any website, call center site,**  
11 **or similar location directed to residents of this state;**
- 12          **(6) "Person", an individual or business entity;**
- 13          **(7) "Portable electronics", electronic devices that are portable in nature, their**  
14 **accessories, and services related to the use of the device. Portable electronics does not**  
15 **include telecommunication and cellular equipment used by a telecommunication company**  
16 **to provide telecommunication service to consumers;**
- 17          **(8) "Portable electronics insurance", an insurance policy issued by an insurer**  
18 **which may be offered on a month-to-month or other periodic basis as a group or master**  
19 **commercial inland marine policy issued to a vendor of portable electronics under which**  
20 **individual customers may elect to enroll for coverage for the repair or replacement of**  
21 **portable electronics which may cover portable electronics against any one or more of the**  
22 **following causes of loss: loss, theft, mechanical failure, malfunction, damage, or other**  
23 **applicable perils, but does not include:**
  - 24           **(a) A service contract governed by sections 385.300 to 385.321;**

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

27 (c) A homeowner's, renter's, private passenger automobile, commercial multiperil,  
28 similar policy, or endorsement to such policy that covers any portable electronics;

29 (9) "Portable electronics insurance license", a license to sell or solicit portable  
30 electronics insurance;

31 (10) "Portable electronics transaction", the sale or lease of portable electronics by  
32 a vendor to a customer or the sale of a service related to the use of portable electronics by  
33 a vendor to a customer;

34 (11) "Negotiate", the same meaning as such term is defined in section 375.012;

35 (12) "Sell", the same meaning as such term is defined in section 375.012;

36 (13) "Solicit", the same meaning as such term is defined in section 375.012;

37 (14) "Supervising business entity", the insurer or a licensed business entity  
38 producer designated by the insurer to supervise the actions of a vendor;

39 (15) "Vendor", a person in the business of engaging in portable electronics  
40 transactions directly or indirectly.

**379.1505. 1. No vendor shall sell or solicit portable electronics insurance coverage  
2 in this state unless such vendor has obtained a portable electronics insurance license.**

3 **2. A vendor applying for a portable electronics insurance license shall make  
4 application to the director on the prescribed form as required. On the prescribed form,  
5 the vendor shall be required to provide the name for an employee or officer of the vendor  
6 that is designated by the vendor as the person responsible for the vendor's compliance with  
7 the requirements of this section and such designated responsible person shall not be  
8 required to hold an insurance producer license. Such license shall authorize an employee  
9 or authorized representative of a vendor to sell or offer coverage under a policy of portable  
10 electronics insurance to a customer at each location at which the vendor engages in a  
11 portable electronics transaction.**

12 **3. Any vendor licensed under sections 379.1500 to 379.1550 shall pay an initial  
13 license fee to the director in an amount prescribed by the director by rule, but not to exceed  
14 one thousand dollars, and shall pay a renewal fee in an amount prescribed by the director  
15 by rule, but not to exceed five hundred dollars. License fees shall be deposited in the  
16 insurance dedicated fund.**

17 **4. Notwithstanding any provision of sections 375.012 to 375.018, a portable  
18 electronics insurance license, if not renewed by the director by its expiration date, shall  
19 terminate on its expiration date and shall not after such date authorize its holder to sell or  
20 solicit any portable electronics insurance under sections 379.1500 to 379.1550.**

2           **379.1510. 1. A vendor shall have the obligation to ensure that every location that**  
3 **is authorized to sell, solicit, or negotiate portable electronics insurance to customers shall**  
4 **have specific brochures and actual policies or certificates of coverage available to**  
5 **prospective customers which:**

6           **(1) Disclose that portable electronics insurance may provide a duplication of**  
7 **coverage already provided by a customer's homeowner's, renter's, or other source of**  
8 **coverage, and that the portable electronics insurance coverage is primary over any other**  
9 **collateral coverage;**

10           **(2) State that the enrollment by the customer in a portable electronics insurance**  
11 **program is not required in order to purchase or lease portable electronics or services;**

12           **(3) Summarize the material terms of the insurance coverage, including:**

13           **(a) The identity of the insurer;**

14           **(b) The identity of the supervising business entity;**

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

16           **(d) Benefits of the coverage; and**

17           **(e) Key terms and conditions of coverage, such as whether portable electronics may**  
18 **be repaired or replaced with similar make and model reconditioned or nonoriginal**  
19 **manufacturer parts or equipment;**

20           **(4) Summarize the process for filing a claim, including any requirement to return**  
21 **portable electronics and the maximum fee applicable in the event the customer fails to**  
22 **comply with any equipment return requirements; and**

23           **(5) State that the customer may cancel enrollment for coverage under a portable**  
24 **electronics insurance policy at any time and receive a refund of any unearned premium on**  
25 **a pro rata basis.**

26           **2. Eligibility and underwriting standards for customers electing to enroll in**  
27 **coverage shall be established for each portable electronics insurance program. Each**  
28 **insurer shall maintain all eligibility and underwriting records for a period of five years.**  
29 **Portable electronics insurance issued under sections 379.1500 to 379.1550 shall be deemed**  
30 **primary coverage over any other collateral coverage.**

31           **3. Insurers offering portable electronics insurance coverage through vendors shall**  
32 **appoint a supervising business entity to supervise the administration of the program. The**  
33 **supervising business entity shall be responsible for the development of a training program**  
34 **for employees and authorized representatives of a vendor, and shall include basic**  
35 **instruction about the portable electronics insurance offered to customers and the**  
**disclosures required under this section.**

36           **4. Insurers and applicable supervising business entities offering portable electronics**  
37 **insurance shall share all complaint, grievance, or inquiries regarding any conduct that is**  
38 **specific to a vendor and that may not comply with applicable state laws and regulations.**

39           **5. A supervising business entity shall maintain a registry of vendor locations which**  
40 **are authorized to sell or solicit portable electronics insurance coverage in this state. Upon**  
41 **request by the director and with ten days' notice to the supervising business entity, the**  
42 **registry shall be open to inspection and examination by the director during regular**  
43 **business hours of the supervising business entity.**

44           **6. Within thirty days of a supervising business entity terminating a vendor**  
45 **location's appointment to sell or solicit portable electronics insurance, the supervising**  
46 **business entity shall update the registry with the effective date of termination. If a**  
47 **supervising business entity has possession of information relating to any cause for**  
48 **discipline under section 375.141, the supervising business entity shall notify the director**  
49 **of such information in writing. The privileges and immunities applicable to insurers under**  
50 **section 375.022 shall apply to supervising business entities for any information reported**  
51 **under this subsection.**

52           **7. The supervising business entity shall not charge a fee for adding or removing a**  
53 **vendor location from the registry.**

54           **8. No employee or authorized representative of a vendor shall advertise, represent,**  
55 **or otherwise hold himself or herself out as an insurance producer, unless such employee**  
56 **or authorized representative is otherwise licensed as an insurance producer.**

57           **9. The training required in subsection 3 of this section shall be delivered to all**  
58 **employees and authorized representatives of the vendors who are directly engaged in the**  
59 **activity of selling portable electronics insurance in this state. The training may be**  
60 **provided in electronic form. However, if conducted in an electronic form, the supervising**  
61 **business entity shall implement a supplemental education program regarding the portable**  
62 **electronics insurance product that is conducted and overseen by licensed employees of the**  
63 **supervising business entity.**

64           **10. The charges for portable electronics insurance coverage may be billed and**  
65 **collected by the vendor. Any charge to the customer that is not included in the cost**  
66 **associated with the purchase or lease of portable electronics or related services shall be**  
67 **separately itemized on the customer's bill. If the portable electronics insurance is included**  
68 **in the purchase or lease of portable electronics or related services, the vendor shall clearly**  
69 **and conspicuously disclose to the customer that the portable electronics insurance coverage**  
70 **is included with the portable electronics or related services. Vendors billing and collecting**  
71 **such charges shall not be required to maintain such funds in a segregated account,**

72 provided that the insurer authorized the vendor to hold such funds in an alternative  
73 manner and remits such amounts to the supervising business entity within forty-five days  
74 of receipt. All funds received by a vendor from a customer for the sale of portable  
75 electronics insurance shall be considered funds held in trust by the vendor in a fiduciary  
76 capacity for the benefit of the insurer. Vendors shall maintain all records related to the  
77 purchase of portable electronics insurance for a period of three years from the date of  
78 purchase.

379.1515. Persons licensed as vendors shall be subject to the provisions of sections  
2 375.012 to 375.014, 375.018, 375.031, 375.046, 375.051, 375.052, 375.071, 375.106, 375.116,  
3 375.141, and 375.144 of the insurance producers act.

379.1520. 1. The director may suspend, revoke, refuse to issue, or refuse to issue  
2 any license or renew any license required by the provisions of sections 379.1500 to 379.1550  
3 for any reason listed in section 375.141 or for any one or more of the following causes:

4 (1) Use of any advertisement or solicitation that is false, misleading, or deceptive  
5 to the general public or persons to whom the advertisement or solicitation is primarily  
6 directed;

7 (2) Obtaining or attempting to obtain any fee, charge, tuition, or other  
8 compensation by fraud, deception, or misrepresentation;

9 (3) Violation of any professional trust or confidence.

10 2. The director may impose other penalties that the director deems necessary and  
11 reasonable to carry out the purposes of sections 379.1500 to 379.1550, including:

12 (1) Suspending the privilege of transacting portable electronics insurance under  
13 sections 379.1500 to 379.1550 at specific locations where violations have occurred; and

14 (2) Suspending or revoking the ability of individual employees or authorized  
15 representatives to act under the license.

379.1525. Vendors shall be subject to the investigation and examination provisions  
2 of section 374.190.

379.1530. Premiums received by a vendor or supervising business entity shall be  
2 deemed received by the insurer. Insurers may require consumers to provide proof of  
3 purchase.

379.1535. If the director determines that a person has engaged, is engaging in, or  
2 has taken a substantial step toward engaging in an act, practice, or course of business  
3 constituting a violation of sections 379.1500 to 379.1550 or rule adopted or order issued  
4 thereunder, or that a person has materially aided or is materially aiding an act, practice,  
5 omission, or course of business constituting a violation of sections 379.1500 to 379.1550, or  
6 a rule adopted or order issued thereunder, the director may:

- 7           (1) Issue such administrative orders as authorized under section 374.046; or  
8           (2) Maintain a civil action for relief authorized under section 374.048.

9

10 A violation of sections 379.1500 to 379.1550 or rule adopted or order issued thereunder is  
11 a level two violation under section 374.049.

**379.1540.** The license of a supervising business entity may be suspended, revoked,  
2 renewal refused, or an application refused if the director finds that a violation by a  
3 portable electronics insurance vendor was known or should have been known by the  
4 supervising business entity and the violation was neither reported to the director nor  
5 correction action taken. A violation of this section is a level three violation under section  
6 **374.049.**

**379.1545.** Notwithstanding any other provision of law:

2           (1) An insurer may terminate or otherwise change the terms and conditions of a  
3 policy of portable electronics insurance only upon providing the policyholder and enrolled  
4 customers with at least thirty days' notice;

5           (2) If the insurer changes the terms and conditions of a policy of portable  
6 electronics insurance, the insurer shall provide the vendor and any policyholders with a  
7 revised policy or endorsement and each enrolled customer with a revised certificate,  
8 endorsement, updated brochure, or other evidence indicating a change in the terms and  
9 conditions has occurred and a summary of material changes;

10           (3) Notwithstanding subdivision (1) of this section, an insurer may terminate an  
11 enrolled customer's enrollment under a portable electronics insurance policy upon fifteen  
12 days' notice for discovery of fraud or material misrepresentation in obtaining coverage or  
13 in the presentation of a claim thereunder;

14           (4) Notwithstanding subdivision (1) of this section, an insurer may immediately  
15 terminate an enrolled customer's enrollment under a portable electronics insurance policy:

16           (a) For nonpayment of premium;

17           (b) If the enrolled customer ceases to have an active service with the vendor of  
18 portable electronics; or

19           (c) If an enrolled customer exhausts the aggregate limit of liability, if any, under  
20 the terms of the portable electronics insurance policy and the insurer sends notice of  
21 termination to the customer within thirty calendar days after exhaustion of the limit.  
22 However, if the notice is not timely sent, enrollment and coverage shall continue  
23 notwithstanding the aggregate limit of liability until the insurer sends notice of termination  
24 to the enrolled customer;

25           **(5) Where a portable electronics insurance policy is terminated by a policyholder,**  
26 **the policyholder shall mail or deliver written notice to each enrolled customer advising the**  
27 **customer of the termination of the policy and the effective date of termination. The written**  
28 **notice shall be mailed or delivered to the customer at least thirty days prior to the**  
29 **termination;**

30           **(6) Whenever notice is required under this section, it shall be in writing and may**  
31 **be mailed or delivered to the vendor at the vendor's mailing address and to its affected**  
32 **enrolled customers' last known mailing addresses on file with the insurer. If notice is**  
33 **mailed, the insurer or vendor, as the case may be, shall maintain proof of mailing in a form**  
34 **authorized or accepted by the U.S. Postal Service or other commercial mail delivery**  
35 **service. Alternatively, an insurer or vendor policyholder may comply with any notice**  
36 **required by this section by providing electronic notice to a vendor or its affected enrolled**  
37 **customers, as the case may be, by electronic means. Additionally, if an insurer or vendor**  
38 **policyholder provides electronic notice to an affected enrolled customer and such delivery**  
39 **by electronic means is not available or is undeliverable, the insurer or vendor policyholder**  
40 **shall provide written notice to the enrolled customer by mail in accordance with this**  
41 **section. If notice is accomplished through electronic means, the insurer or vendor of**  
42 **portable electronics, as the case may be, shall maintain proof that the notice was sent.**

**379.1550. 1. The director may promulgate rules to implement the provisions of**  
2 **sections 379.1500 to 379.1550. Any rule or portion of a rule, as that term is defined in**  
3 **section 536.010, that is created under the authority delegated in sections 379.1500 to**  
4 **379.1550 shall become effective only if it complies with and is subject to all of the**  
5 **provisions of chapter 536 and, if applicable, section 536.028. Sections 379.1500 to 379.1550**  
6 **and chapter 536 are nonseverable and if any of the powers vested with the general**  
7 **assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove**  
8 **and annul a rule are subsequently held unconstitutional, then the grant of rulemaking**  
9 **authority and any rule proposed or adopted after August 28, 2011, shall be invalid and**  
10 **void.**

11           **2. The provisions of sections 379.1500 to 379.1550 shall become effective January**  
12 **1, 2012.**

**385.320. 1. Sections 385.300 to 385.320 shall not apply to:**

2           **(1) Warranties;**

3           **(2) Maintenance agreements;**

4           **(3) Warranties, service contracts, or maintenance agreements offered by public utilities**  
5 **on their transmission devices to the extent they are regulated under the laws of this state;**

6           **(4) Service contracts sold or offered for sale to persons other than consumers;**

7 (5) Service contracts sold or offered to nonresidents of this state regardless of whether  
8 the entity selling or offering such contracts is located or doing business in this state;

9 (6) Motor vehicle extended service contracts, as defined in section 385.200; and

10 (7) Agreements or warranties which provide for the service, repair, replacement, or  
11 maintenance of the systems, appliances, and structural components of residential or commercial  
12 real property.

13 2. Manufacturer's service contracts on the manufacturer's products need only comply  
14 with the provisions of sections 385.306, 385.308, and 385.316.

15 **3. Residential or home warranty service contracts which provide for the service,**  
16 **repair, replacement, or maintenance of the systems, appliances, or any property associated**  
17 **with or structural component of residential or commercial property, are not insurance, nor**  
18 **shall such contracts be subject to the provisions of sections 385.300 to 385.320. Residential**  
19 **or home warranty service contracts shall be subject to regulation under sections 407.010**  
20 **to 407.130 and other laws applicable to consumer contracts in general.**

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