



1 "Portable electronics insurance" means insurance providing  
2 coverage for the repair or replacement of portable electronics,  
3 which may provide coverage for portable electronics against any  
4 one or more of the following: loss, theft, inoperability due to  
5 mechanical failure, malfunction, damage, or other similar  
6 causes. The term does not include:

- 7 (1) A service contract, as defined by section 481X-2;
- 8 (2) A policy of insurance covering a seller's or  
9 manufacturer's obligations under a warranty; or
- 10 (3) A homeowner's, renter's, private passenger automobile,  
11 commercial multi-peril, or similar insurance policy.

12 "Portable electronics transaction" means:

- 13 (1) The sale or lease of portable electronics by a vendor  
14 to a customer; or
- 15 (2) The sale of a service related to the use of portable  
16 electronics by a vendor to a customer.

17 "Supervising entity" means a business entity that is a  
18 licensed insurer or insurance producer that is appointed or  
19 authorized by an insurer to supervise the administration of a  
20 portable electronics insurance program.

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



1           **§431: -102 Licensure of vendors.** (a) A vendor shall  
2 hold a limited lines license to sell or offer coverage under a  
3 policy of portable electronics insurance.

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

9           (c) The supervising entity shall maintain a registry of  
10 vendor locations that are authorized to sell or solicit portable  
11 electronics insurance coverage in the State. Upon request by  
12 the commissioner and with ten days notice to the supervising  
13 entity, the registry shall be open to inspection and examination  
14 by the commissioner during regular business hours of the  
15 supervising entity.

16           (d) Notwithstanding any other provision of law to the  
17 contrary, a license issued pursuant to this section shall  
18 authorize the licensee and its employees or authorized  
19 representatives to engage in the activities that are permitted  
20 in this section.

21           **§431: -103 Requirements for sale of portable electronics**  
22 **insurance.** (a) At every location where portable electronics



1 insurance is offered to customers, brochures or other written  
2 materials shall be made available to prospective customers. The  
3 brochures or other written materials shall:

- 4 (1) Disclose that portable electronics insurance may  
5 provide a duplication of coverage already provided by  
6 a customer's homeowner's insurance policy, renter's  
7 insurance policy, or other source of coverage;
- 8 (2) State that enrollment by the customer in a portable  
9 electronics insurance program is not required in order  
10 to purchase or lease portable electronics or services;
- 11 (3) Summarize the material terms of the insurance  
12 coverage, including:
  - 13 (A) The identity of the insurer;
  - 14 (B) The identity of the supervising entity;
  - 15 (C) The amount of any applicable deductible and how  
16 it is to be paid;
  - 17 (D) The benefits of the coverage; and
  - 18 (E) The key terms and conditions of coverage, such as  
19 whether portable electronics may be repaired or  
20 replaced with a similar make and model  
21 reconditioned, or non-original manufacturer parts  
22 or equipment;



1 (4) Summarize the process for filing a claim, including a  
2 description of how to return portable electronics and  
3 the maximum fee applicable if the customer fails to  
4 comply with any equipment return requirements; and

5 (5) State that an enrolled customer may cancel enrollment  
6 for coverage under a portable electronics insurance  
7 policy at any time and the person paying the premium  
8 shall receive a refund of any applicable unearned  
9 premium.

10 (b) Portable electronics insurance may be offered on a  
11 month-to-month or other periodic basis as a group or master  
12 commercial inland marine policy issued to a vendor of portable  
13 electronics for its enrolled customers.

14 (c) Eligibility and underwriting standards for customers  
15 electing to enroll in coverage shall be established for each  
16 portable electronics insurance program.

17 **§431: -104 Authority of vendors of portable electronics.**

18 (a) The employees and authorized representatives of vendors may  
19 sell or offer portable electronics insurance to customers and  
20 shall not be subject to licensure as an insurance producer under  
21 this chapter, provided that:



- 1           (1) The vendor obtains a limited lines license to
- 2                   authorize its employees or authorized representatives
- 3                   to sell or offer portable electronics insurance
- 4                   pursuant to this section;
  
- 5           (2) The insurer issuing the portable electronics insurance
- 6                   either directly supervises or appoints a supervising
- 7                   entity to supervise the administration of a portable
- 8                   electronics insurance program, including development
- 9                   of a training program for employees and authorized
- 10                  representatives of the vendors. The training shall
- 11                  comply with the following:
  
- 12                 (A) The training shall be delivered to employees and
- 13                   authorized representatives of a vendor who are
- 14                   directly engaged in the activity of selling or
- 15                   offering portable electronics insurance;
  
- 16                 (B) The training may be provided in electronic form;
- 17                   provided that, if the training is conducted in an
- 18                   electronic form, the supervising entity shall
- 19                   implement a supplemental education program
- 20                   regarding the portable electronics insurance
- 21                   product that is conducted and overseen by a
- 22                   licensed employee of the supervising entity; and

1           (C) Each employee and authorized representative shall  
2           receive basic instruction about the portable  
3           electronics insurance offered to customers and  
4           the disclosures required under section 431: -  
5           103; and

6           (3) No employee or authorized representative of a vendor  
7           of portable electronics shall advertise, represent, or  
8           otherwise portray the employee or representative as a  
9           non-limited lines licensed insurance producer.

10          (b) The charges for portable electronics insurance  
11 coverage may be billed and collected by the vendor of portable  
12 electronics. Any charge to the enrolled customer for coverage  
13 that is not included in the cost associated with the purchase or  
14 lease of portable electronics or related services shall be  
15 separately itemized on the enrolled customer's bill. If the  
16 portable electronics insurance coverage is included with the  
17 purchase or lease of portable electronics or related services,  
18 the vendor shall clearly and conspicuously disclose to the  
19 enrolled customer that the portable electronics insurance  
20 coverage is included with the portable electronics or related  
21 services. Vendors billing and collecting the charges shall not  
22 be required to maintain the funds in a segregated account;



1 provided that the vendor is authorized by the insurer to hold  
2 the funds in an alternative manner and remits the amounts to the  
3 supervising entity within sixty days of receipt. All funds  
4 received by a vendor from an enrolled customer for the sale of  
5 portable electronics insurance shall be considered funds held in  
6 trust by the vendor in a fiduciary capacity for the benefit of  
7 the insurer. Vendors may receive compensation for billing and  
8 collection services.

9       **§431: -105 Sanctions for violations.** The vendor of  
10 portable electronics or its employee or authorized  
11 representative is subject to sanctions pursuant to chapter 431  
12 for the violation of any provision of this chapter.

13       **§431: -106 Termination of portable electronics insurance.**

14 (a) An insurer with the consent of the policyholder and the  
15 customer may terminate or otherwise change the terms and  
16 conditions of a policy of portable electronics insurance. The  
17 policyholder and enrolled customers shall be provided at least  
18 thirty days' notice before the agreed change becomes effective.

19 (b) If the insurer changes the terms and conditions of a  
20 policy, the insurer shall provide the vendor policyholder with a  
21 revised policy or endorsement and each enrolled customer with a  
22 revised certificate, endorsement, updated brochure, or other





1 evidence indicating that a change in the terms and conditions  
2 has occurred, and a summary of material changes.

3 (c) Notwithstanding subsection (a), an insurer may  
4 terminate an enrolled customer's enrollment under a portable  
5 electronics insurance policy upon fifteen days' notice for  
6 discovery of fraud or material misrepresentation in obtaining  
7 coverage or in the presentation of a claim thereunder.

8 (d) Notwithstanding subsection (a), an insurer may  
9 immediately terminate an enrolled customer's enrollment under a  
10 portable electronics insurance policy:

- 11 (1) For nonpayment of a premium;
- 12 (2) If the enrolled customer ceases to have an active  
13 service with the vendor of portable electronics; or
- 14 (3) If an enrolled customer exhausts the aggregate limit  
15 of liability, if any, under the terms of the portable  
16 electronics insurance policy and the insurer sends  
17 notice of termination to the enrolled customer within  
18 thirty calendar days after exhaustion of the limit;  
19 provided that, if notice is not timely sent,  
20 enrollment shall continue notwithstanding the  
21 aggregate limit of liability until the insurer sends  
22 notice of termination to the enrolled customer.



1 (e) If a portable electronics insurance policy is  
2 terminated by a policyholder, the policyholder shall mail or  
3 deliver written notice to each enrolled customer advising the  
4 enrolled customer of the termination of the policy and the  
5 effective date of termination. The written notice shall be  
6 mailed or delivered to the enrolled customer at least thirty  
7 days prior to the termination.

8 (f) Whenever notice or correspondence with respect to a  
9 policy of portable electronics insurance is required pursuant to  
10 this section, or is otherwise required by law, the notice or  
11 correspondence shall be in writing and sent within the notice  
12 period, if any, specified within the law requiring the notice or  
13 correspondence. Notwithstanding any other provision of law to  
14 the contrary, notice and correspondence may be sent either by  
15 mail or by electronic means as set forth in this subsection. If  
16 the notice or correspondence is mailed, it shall be sent to the  
17 vendor of portable electronics at the vendor's mailing address  
18 specified for such purpose and to its affected enrolled  
19 customers' last known mailing addresses on file with the  
20 insurer. The insurer or vendor of portable electronics, as the  
21 case may be, shall maintain proof of mailing in a form  
22 authorized or accepted by the United States Postal Service or



1 other commercial mail delivery service. If the notice or  
 2 correspondence is sent by electronic means, it shall be sent to  
 3 the vendor of portable electronics at the vendor's electronic  
 4 mail address specified for such purpose and to its affected  
 5 enrolled customer's last known electronic mail address as  
 6 provided by each enrolled customer to the insurer or vendor of  
 7 portable electronics, as the case may be. For purposes of this  
 8 subsection, an enrolled customer's provision of an electronic  
 9 mail address to the insurer or vendor of portable electronics,  
 10 as the case may be, shall be deemed consent to receive notices  
 11 and correspondence by electronic means. The insurer or vendor  
 12 of portable electronics, as the case may be, shall maintain  
 13 proof that the notice or correspondence was sent.

14 (g) Notice or correspondence required by this section or  
 15 otherwise required by law may be sent on behalf of an insurer or  
 16 vendor, as the case may be, by the supervising entity appointed  
 17 by the insurer.

18 **§431: -107 Application for license and fees.** (a) A  
 19 sworn application for a license under this article shall be  
 20 filed with the commissioner on forms prescribed and furnished by  
 21 the commissioner.

22 (b) The application for a license shall provide the:



1           (1) Name, residence address, electronic mail address, and  
2           other information required by the commissioner for an  
3           employee or officer of the vendor that is designated  
4           by the applicant as the person responsible for the  
5           vendor's compliance with the requirements of this  
6           article; provided that, if the vendor derives more  
7           than fifty per cent of its revenue from the sale of  
8           portable electronics insurance, the information in  
9           this paragraph shall be provided for all officers,  
10          directors, and shareholder of record having beneficial  
11          ownership of ten per cent or more of any class of  
12          securities registered under the federal securities  
13          law; and

14          (2) Location of the applicant's home office.

15          (c) Any vendor engaging in portable electronics insurance  
16          transactions on or before the effective date of this Act shall  
17          apply for licensure within ninety days of the application being  
18          made available by the commissioner. Any applicant commencing  
19          operations after the effective date of this Act shall obtain a  
20          license prior to offering portable electronics insurance.



1 (d) Initial licenses issued pursuant to this article shall  
2 be valid for a period of not less than twenty-four months.

3 Renewal shall be for a period of twenty-four months.

4 (e) Each vendor of portable electronics licensed under  
5 this article shall pay to the commissioner a fee of \$2,000 for  
6 the issuance of the initial portable electronics limited lines  
7 license plus a \$1,200 per year license fee for the initial or  
8 renewal term. A pro-rata portion of the license fee may be  
9 applied for a partial year of the initial term.

10 **§431: -108 Portable electronics insurance claims.** No  
11 licensed independent adjuster or licensed vendor shall supervise  
12 more than twenty-five employees; provided that a licensed vendor  
13 who supervises employees or adjusts claims shall not be required  
14 to be licensed as an adjuster.

15 For purposes of this section:

16 "Automated claims adjudication system" means a  
17 preprogrammed computer system designed for the collection, data  
18 entry, calculation, and final resolution of portable electronics  
19 insurance claims, which:

- 20 (1) Shall be utilized only by a licensed independent  
21 adjuster, a licensed vendor, or supervised employees;  
22 and



1 (2) Shall comply with all claims payment requirements of  
2 the insurance code.

3 "Employee" means an individual who collects claim  
4 information for portable electronics insurance claims from, or  
5 furnishes claim information to, insureds or claimants, and who  
6 conducts data entry, including entering data into an automated  
7 claims adjudication system."

8 SECTION 2. This Act does not affect rights and duties that  
9 matured, penalties that were incurred, and proceedings that were  
10 begun before its effective date.

11 SECTION 3. This Act shall take effect upon its approval.



**Report Title:**

Portable Electronics Insurance; Vendors; License

**Description:**

Establishes provisions for the sale of portable electronics insurance; requires vendors to hold a limited lines license to sell or offer coverage under a policy; established sanctions for violations; establishes requirements for termination of insurance; establishes fees for licensing. (SD1)

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