

# LATE TESTIMONY



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February 13, 2012

Representative Robert Herkes, Chair  
Representative Ryan Yamane, Vice Chair  
Committee on Consumer Protection & Commerce  
Hawaii State Capitol, Room 325  
Honolulu, HI 96813

**RE: IN SUPPORT OF HB2359**

Dear Chair Herkes, Vice Chair Yamane, and Members of the Committee:

Thank you for the opportunity to comment on House Bill 2359. My name is John Radcliffe and I am representing Asurion in support of HB2359.

Asurion is the leading provider of handset protection programs in the country and has joined forces with leading wireless carriers throughout the world to bring this product to consumers. The product that is at the heart of this bill is an insurance program that protects a consumer's investment in their wireless communications device by insuring it against loss, theft, damage, and internal malfunction of the device.

The bill provides for an entity level license to vendors offering portable electronics insurance and provides for key consumer protections related to such coverage.

As wireless devices have become an integral part of our everyday lives, their functionalities have expanded exponentially, and with these developments the costs of these devices have also risen. Portable electronics insurance not only ensures that a consumer's investment in such a device is protected, but also ensures that a consumer has very little down time when a problem does occur by getting a pre-programmed phone or other portable electronics device in the consumer's hands, often times the very next day after a claim has been made. Staying connected in today's world is crucial and Asurion's products ensure that its customers stay connected. HB2359 creates a licensing framework applicable to the sale of portable

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electronics insurance in the State of Hawai'i. Currently, there is no statutory regulatory structure that exists for the sale of this insurance product in Hawai'i.

This legislation would provide such a structure and also provide for an entity level limited lines producer license to sell this type of insurance product. The approach set forth in this piece of legislation ensures a balanced regulatory structure that would avoid the need to license every individual on the floor of every retailer in Hawai'i that offers this insurance to consumers, while also providing important consumer protection and meaningful disclosures.

This model is consistent with the national trend that we have seen with respect to the regulation of this product as it creates an efficient and fair licensing framework for the entities offering this product to consumers, and gives regulators the authority they need to effectively oversee these activities. Laws like HB2359 have already been enacted into law in 24 states, with bills pending in the remaining 26 states this year.

In addition to the licensing framework created by HB2359, the bill also provides significant consumer protection measures in the form of required disclosures to consumers regarding the insurance coverage that is being sold, as well as required training for those individual salespeople acting under the retailer's license. Asurion and local counsel have worked through the language in HB2359 with the Insurance Division of the Department of Commerce and Consumer Affairs and we are in substantive agreement with the bill's language.

In summary, HB2359 is a good bill, not only for Hawai'i retailers, but also for Hawai'i consumers, in that the bill creates a regulatory structure for this product that ensures full disclosure to the consumer of the terms and conditions of this insurance coverage, while also providing the Insurance Division with the regulatory authority to ensure that the product is sold to Hawai'i consumers in the right way.

The bill strikes an effective balance between the interests of consumers and industry, and we urge that you vote favorably to advance HB2359 for further consideration.

Sincerely,

John H. Radcliffe

Attachment: "Portable Electronics Legislation Summary"

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## **Portable Electronics Legislation Summary (2012) Attachment to Capitol Consultants of Hawaii's Testimony on HB2359**

- Provides for appropriate regulatory oversight specifically tailored to insurance protection for consumer portable electronics.
- Provides strong but workable consumer protections including:
  - Key Product Disclosures
  - Key Product Requirements
  - Sales Personnel Training
- Limited license for vendor (wireless carrier) rather than individual sales personnel licensing
- Flexible definition of portable electronics for rapidly evolving market to include devices such as wireless phones, smartphones, netbooks, and tablet PCs.
- Consistent with existing regulation in many states including New York, Texas, Washington, others.
- Maintains meaningful regulatory authority without significant costs to regulators or industry