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SB 115 Portable Electronics Insurance

Sponsor Statement

As cell phones, tablet computers and other portable electronic devices proliferate and become necessary to commerce and communication, insurers have begun to create products to cover the loss or damage of these valuable and important possessions. Because most electronic devices are sold through retailers who are not usually in the insurance business, and because most portable electronics insurance is sold where the devices are purchased, without regulation wildly divergent standards have evolved under which these policies are sold. There is at present a chaotic market for such insurance.

Under these circumstances, the possibility exists that less well capitalized, or less scrupulous, companies may not survive in the marketplace or otherwise may not be able to make good on their promises. Similarly, sales personnel working for vendors of electronic devices may not understand these products well enough to explain them to customers, and they may well not understand the disclosure laws under which sellers of insurance must operate, leaving consumers vulnerable to liabilities they do not fully comprehend.

To guard against the excesses of a marketplace frontier, reputable companies seek regulation that protects both the customer and the reputation of the products being marketed. SB 116 seeks to provide both sellers and buyers the confidence to enter the market for portable electronics insurance--buyers that the product will be both appropriate and dependable, sellers that their products will be trusted and sought after.