

Portable Electronics Legislation Summary

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 cost of these devices has 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 the insurance product that is the subject of this important piece of legislation ensures that consumers stay connected.

The bill creates a licensing framework applicable to the sale of portable electronics insurance in Alaska. Currently, there is no statutory regulatory structure that exists for the sale of this product in Alaska. The instant legislation would provide such a structure and provide for an individual limited lines producer license to sell this type of insurance product. The approach set forth in this important piece of legislation ensures a balanced regulatory structure that would avoid the need to license every individual on the floor of every retailer in Alaska that offers this insurance to consumers while also providing crucial consumer protection and disclosures. As you can imagine, licensing of every sales floor representative of a large retailer would be impractical and overly burdensome on both the Department and businesses. There is no state in the country that currently requires such a licensing scenario.

The bill creates a regulatory scheme governing the sale of this product by creating a licensing framework under which the retailer itself holds the license authorizing its employees to sell this insurance product on their behalf in order to avoid the retailer from having to license every individual salesperson on the floor of its stores. 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. Legislation similar to this have been enacted into law in forty-three states, including Florida, Georgia, Maryland, Minnesota, New York, Texas, Washington, Arkansas, California, Illinois, Kansas, Maine, Missouri, Nebraska, Nevada, New Mexico, North Carolina, Oklahoma, Oregon, Tennessee, Virginia, and West Virginia.

In addition to the licensing framework created by this bill, 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.

In summary, this bill is a good bill not only for the retailers of Alaska but also for the consumers of Alaska 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 Department of Insurance with the regulatory authority to ensure that the product is sold to Alaska consumers in the right way. The bill strikes an effective balance between the interests of consumers and industry.