



Money & the Law: Law covers insurance for gadgets

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The Colorado Legislature, officially known as the General Assembly, has been at work for some three months and the fruits of its labor are starting to be seen.

One new law, already signed by the governor, establishes a regulatory regime for something called "portable electronics insurance." That is, insurance that protects against loss, theft or damage to a portable electronics device.

A portable electronics device is pretty much anything you can carry around with you that operates on batteries and beeps. This includes cellphones (regardless of how smart they are), digital cameras, GPS units, game machines, camcorders, pagers, notebook and tablet computers, electronic book readers, music-storage and playback devices, and portable radios and televisions.

Since, as most of us know, the chances of bouncing one of these devices off the sidewalk, dropping it into a lake or bathtub, leaving it behind at an airport or otherwise ending its useful life are pretty much one in one, portable electronics insurance would seem to have a useful role.

The new law, which goes into effect January 1, contemplates a structure whereby licensed insurance companies will create portable electronics insurance products and then the people who do the actual selling — presumably the same people who sell the devices — will receive a limited-purpose license authorizing their sales activity.

Under this structure, the insurance company issuing the coverage, directly or through a third party agent contracted for this purpose, is required to train and supervise (in a limited sort of way) the people who do the selling. The idea is that the people selling the insurance will be under the control of the Colorado Division of Insurance and will know enough about the insurance to accurately represent what it does and does not cover.

The law requires that certain basic information be available at all locations where sales of the insurance will take place, inclusive of websites. The required information includes the identity of the insurance company, the amount of any deductible, the benefits of coverage, a description of how the claims process works, whether a damaged device will be repaired or replaced, and a notification that coverage may be cancelled by the insured at any time.

There must also be a disclosure that the coverage being offered could be duplicating coverage that already exists under a homeowner's or renter's insurance policy. In that regard, anyone thinking about buying portable electronics insurance should be sure similar coverage is not already in place under an existing policy.

One interesting feature of the new law is that a vendor of the insurance cannot compensate employees selling the insurance "based primarily on the number of customers enrolled." So, these employees — unlike some other insurance salesmen — won't have an incentive to go into hard-sell mode every time a customer buys a device for which portable electronics insurance is available.

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