

Alaska State Legislature

Senate Labor and Commerce Committee

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SB214 SPONSOR STATEMENT

Insurance Adjuster Licensing

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 a claims adjusting structure that efficiently meets the needs of consumers of this product and maintains the Division of Insurance's proper regulatory authority.

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 receives quick service by getting a pre-programmed phone or other portable electronic device in the consumer's hands often times the very next day after a claim has been made.

The bill creates a regulatory framework tailored to portable electronics insurance adjusting in Alaska. The approach set forth in this important piece of legislation ensures a balanced regulatory structure that would avoid the need to license every individual who takes claims calls from Alaska consumers while insisting on a supervisory structure of insurance producers or adjusters to ensure proper oversight. Because a consumer's device is critical to their everyday life, it is critical that portable electronics insurance claims be handled efficiently and swiftly. Recognizing this, the portable electronics insurance industry utilizes automated claims adjudication systems to ensure expedient resolution to claims to ensure a replacement phone reaches the consumer as quickly as possible. This legislation authorizes the use of such a system while also ensuring that it is developed to comply with Alaska law governing claims handling.

The bill also amends state law to further clarify how a nonresident adjuster is licensed in Alaska by utilizing a designated home state, a concept embraced by the National Association of Insurance Commissioners.

This model proposed in this legislation is consistent with the national trend to the regulation of this product as it creates an efficient and fair licensing framework, and gives regulators the authority they need to effectively oversee these activities. Legislation similar to this has been enacted into law in twenty-eight states including Texas, Florida, Hawaii, Washington, Oregon, and Michigan.

In summary, this is a good bill not only for insurers offering portable electronics insurance but also for the consumers of Alaska. The bill creates a regulatory structure suitable for this product which allows the Division of Insurance regulatory oversight to ensure that claims made by Alaska consumers are handled in the right way.

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