

SENATE BILL NO. 115

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Introduced: 3/25/11

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act defining portable electronics insurance and authorizing the director of
2 insurance to issue a limited producer license to a person that sells portable electronics
3 insurance."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 21.12 is amended by adding a new section to read:

6 **Sec. 21.12.140. Portable electronics insurance defined.** (a) Portable
7 electronics insurance is insurance offered, issued for delivery, delivered, or renewed
8 by a vendor engaged in the business of selling, leasing, or servicing portable electronic
9 devices to cover the loss, theft, mechanical failure, malfunction, damage, repair, or
10 replacement of a small electronic device, including a cell phone, laptop computer,
11 GPS device, radio, portable music player, or associated accessory.

12 (b) Portable electronics insurance may be offered, issued for delivery, issued,
13 or renewed only if the insurer provides customers with written material stating

14 (1) the terms of the insurance, including

- 1 (A) the cost of the insurance;
- 2 (B) the identity of the insurer;
- 3 (C) the identity of the seller, lessor, or servicer offering or
- 4 selling the portable electronics insurance;
- 5 (D) the amount of the premium;
- 6 (E) the time period for which the policy is effective;
- 7 (F) deductible amounts, and how the deductible is to be paid;
- 8 (G) the policy terms for terminating or modifying coverage;
- 9 (H) exclusions, conditions, or limitations to coverage;
- 10 (I) the process for filing a claim;
- 11 (J) requirements for returning a device to the vendor or insurer,
- 12 including related costs;
- 13 (K) proof of loss requirements;
- 14 (2) under what conditions the portable electronic device may be
- 15 repaired or replaced by the insurer in response to a claim;
- 16 (3) under what conditions reconditioned devices or nonoriginal
- 17 manufacturer parts and equipment may be used by the insurer in response to a claim;
- 18 (4) that the insurance offered may duplicate coverage in a
- 19 homeowner's, renter's, or other similar insurance policy;
- 20 (5) that the customer is not obligated to purchase insurance to
- 21 purchase, lease, or service a portable electronic device;
- 22 (6) that the customer may cancel the insurance policy at any time and
- 23 receive a refund based on a proration of the premium amount for the time period
- 24 specified in the policy and the time that the policy was effective; and
- 25 (7) the benefits of purchasing the insurance.
- 26 (c) Portable electronics insurance may be offered as a group or master policy
- 27 issued to a seller, lessor, or servicer under which an individual customer may elect to
- 28 enroll for coverage. The insurer offering coverage under a group or master policy shall
- 29 establish eligibility and underwriting standards for customers electing to enroll in
- 30 coverage for each portable electronics insurance group or master policy.
- 31 (d) Portable electronics insurance may be offered as commercial inland marine

1 insurance.

2 (e) A premium for portable electronics insurance may be billed and collected
3 by the seller, lessor, or servicer of portable electronics. The premium must be itemized
4 separately from the charges for the purchase, lease, or service of a portable electronics
5 device. Sellers, lessors, or servicers collecting premiums for portable electronics
6 insurance are not required to maintain premiums in a segregated account if the seller,
7 lessor, or servicer is authorized by the producer or insurer to hold premiums in an
8 alternative manner and pays the premiums to the insurer within 60 days after receipt.
9 Premiums received by a seller, lessor, or servicer from a customer purchasing portable
10 electronics insurance shall be held in a fiduciary capacity for the benefit of the insurer.
11 A seller, lessor, or servicer may receive compensation for billing and collection
12 services.

13 (f) In this section, "portable electronics insurance" does not include

14 (1) a service contract governed by AS 21.03.021(e);

15 (2) a policy of insurance covering a seller's or a manufacturer's
16 obligations under a warranty; or

17 (3) a homeowner's, renter's, private passenger automobile, commercial
18 multiperil, or similar policy that covers loss or theft of portable electronics.

19 * **Sec. 2.** AS 21.27.060(d) is amended to read:

20 (d) This section does not apply to an applicant

21 (1) for a limited license under AS 21.27.150(a)(1), (4), [OR] (5), or

22 (8); or

23 (2) who, at any time within the one-year period immediately preceding
24 the date the current pending application is received by the division, had been licensed
25 in good standing in this state under a license requiring substantially similar
26 qualifications as required by the license applied for.

27 * **Sec. 3.** AS 21.27.150(a) is amended to read:

28 (a) The director may issue a

29 (1) travel insurance limited producer license to a person who is
30 appointed under AS 21.27.100 and who sells insurance connected with transportation
31 provided by a common carrier, and limited to a specific trip, that covers

1 (A) trip cancellation;

2 (B) trip interruption; or

3 (C) life, health, disability, or personal effects;

4 (2) title insurance limited producer license to a person whose place of
5 business is located in this state and whose sole purpose is to be appointed by and act
6 on behalf of a title insurer;

7 (3) bail bond limited producer license to a person who is appointed by
8 and acts on behalf of a surety insurer pertaining to bail bonds;

9 (4) motor vehicle rental agency limited producer license to a person
10 and, subject to the approval of the director, to employees of the person licensed that
11 the licensee authorizes to transact the business of insurance on the licensee's behalf if,
12 as to an employee, the licensee complies with (D) of this paragraph and if the licensee

13 (A) rents to others, without operators,

14 (i) private passenger motor vehicles, including
15 passenger vans, minivans, and sport utility vehicles; or

16 (ii) cargo motor vehicles, including cargo vans, pickup
17 trucks, and trucks with a gross vehicle weight of less than 26,000
18 pounds that do not require the operator to possess a commercial driver's
19 license;

20 (B) rents motor vehicles only to persons under rental
21 agreements that do not exceed a term of 90 days;

22 (C) transacts only the following kinds of insurance:

23 (i) motor vehicle liability insurance with respect to
24 liability arising out of the use of a vehicle rented from the licensee
25 during the term of the rental agreement;

26 (ii) uninsured or underinsured motorist coverage, with
27 minimum limits described in AS 21.96.020(c) and (d) arising from the
28 use of a vehicle rented from the licensee during the term of the rental
29 agreement;

30 (iii) insurance against medical, hospital, surgical, and
31 disability benefits to an injured person and funeral and death benefits to

1 dependents, beneficiaries, or personal representatives of a deceased
 2 person if the insurance is issued as incidental coverage with or
 3 supplemental to liability insurance and arises out of the use of a vehicle
 4 rented from the licensee during the term of the rental agreement;

5 (iv) personal effects insurance, including loss of use,
 6 with respect to damage to or loss of personal property of a person
 7 renting the vehicle and other vehicle occupants while that property is
 8 being loaded into, transported by, or unloaded from a vehicle rented
 9 from the licensee during the term of the rental agreement;

10 (v) towing and roadside assistance with respect to
 11 vehicles rented from the licensee during the term of the rental
 12 agreement; and

13 (vi) other insurance as may be authorized by regulation
 14 by the director;

15 (D) notifies the director in writing, within 30 days of
 16 employment, of the name, date of birth, social security number, location of
 17 employment, and home address of an employee authorized by the licensee to
 18 transact insurance on the licensee's behalf; and

19 (E) provides other information as required by the director;

20 (5) nonresident limited producer license to a person; a license that the
 21 director issues under this paragraph grants the same scope of authority as a limited
 22 lines producer license issued to the person by the person's home state;

23 (6) credit insurance limited producer license to a person who sells
 24 limited lines credit insurance;

25 (7) miscellaneous limited producer license to a person who transacts
 26 insurance in this state that restricts the person's authority to less than the total authority
 27 for a line of authority described in AS 21.27.115(1) - (6), (8), and (9);

28 **(8) portable electronics limited producer license to a person or**
 29 **vendor that sells or offers portable electronics insurance as defined in**
 30 **AS 21.12.140; a person holding a portable electronics limited producer license**
 31 **issued under this paragraph may authorize an employee or authorized**

1 representative of a seller, lessor, or servicer of portable electronics to transact
2 portable electronics insurance, and the employee or authorized representative
3 may transact portable electronics insurance and is not required to obtain a
4 limited producer license if

5 (A) the seller's, lessor's, or servicer's business obtains a
6 limited lines license to authorize its employees or authorized
7 representatives to sell or offer portable electronics insurance;

8 (B) the insurer issuing the portable electronics insurance
9 provides a training program for employees and authorized representatives
10 of the portable electronics limited producer licensee that includes
11 instruction about the portable electronics insurance offered to customers
12 and the disclosures required under AS 21.12.140;

13 (C) the portable electronics insurance limited producer
14 licensee maintains a register of each employee or authorized
15 representative of the portable electronics limited producer licensee that
16 includes the name, date of birth, location of employment, and home
17 address of each employee authorized by the licensee to transact insurance
18 on the licensee's behalf, and submits the register within 30 days after the
19 director requests the register; and

20 (D) the portable electronics insurance limited producer
21 licensee certifies that the licensed portable electronics limited producer
22 and its employees or authorized representatives are in compliance with 18
23 U.S.C. 1033.