

SB

115

<TARGET><BILL>SB 115</BILL><SUBJECT>SB
115</SUBJECT><COMM>SFIN27</COMM></TARGET>

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSSB 115 (L&C)
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) SB115-DCCED-INS-01-05-12 Dept. Affected DCCED
Title Portable Electronics Insurance Appropriation Insurance
Allocation Insurance
Sponsor Senate Labor & Commerce
Requester Senate Finance OMB Component Number 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version updated on new form for the 2012 Legislative Session.

Prepared by Linda S. Hall, Director
Division Insurance
Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone 907-465-2560
Date/Time 1/5/12 1:00 PM
Date 1/28/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. CSSB 115 (L&C)

Analysis

SB 115 defines portable electronics insurance and the information that must be given in writing to consumers. It provides that the insurance may be offered as a group policy. The bill also provides for a limited producer license to be issued and allows a seller or servicer to authorize employees to sell portable electronics insurance under that license if there is a training program in place, if the limited producer licensee maintains a register of each employee and if the limited producer certifies that the employees are in compliance with 18 U.S. C. 1033.

The division does not anticipate any fiscal impact as a result of this legislation.

Alaska State Legislature

State Capitol, Room 510
Juneau, Alaska 99801
Phone: (907) 465-4947
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Committee Members:
Senator Dennis Egan, Chair
Senator Joe Paskvan, V. Chair
Senator Bettye Davis
Senator Linda Menard
Senator Cathy Giessel

Senate Labor and Commerce Committee

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.

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CSSB 115 (L&C)I Portable Electronics Insurance

Sectional Analysis

Sec. 1. Establishes that portable electronics insurance is not a service contract.

Sec. 2. Adds an applicant for a license under AS 21.27.150(a)(800—electronics limited produced license—to the list of persons to whom AS 21.27.060(d)—requiring a successful applicant for a license to sell insurance—to pass an examination, does not apply.

Sec. 3 Adds a vendor that sells or offers portable electronics insurance to the list of persons to whom the Director of Insurance may issue a license, in this case a portable electronics limited producer license. This section also allows an employee or authorized representative of the licensee to transact portable electronic insurance at each site that the licensee does business. Additionally, under this section an employee or representative of a licensee need not themselves be licensed provided certain criteria are met.

Sec. 4. Establishes the conditions under which portable electronics insurance may be sold and defines the terms "portable electronic insurance" and "vendor" for the purposes of this section of statute.



Jason Olson
Director - Regulatory
AT&T Services, Inc.
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email: jo0013@att.com

April 5, 2011

The Honorable Dennis Egan, Chair, Senate Labor & Commerce Committee
Honorable Members, Senate Labor & Commerce Committee
Alaska Senate
Juneau, Alaska 99801

Re: Committee Substitute for SB 115 (Labor & Commerce) – SUPPORT

AT&T requests your support of the committee substitute for SB 115 when it comes before the Committee for consideration. AT&T provides the product that is at the heart of this bill—portable electronics insurance—to its customers at its locations across the country. Asurion, a partner of AT&T, administers the program of providing portable electronic device insurance coverage to individuals purchasing portable electronic devices and services from AT&T.

AT&T supports this bill because it modernizes existing law in the Insurance Code, which covers the licensure of limited lines insurance agents, by modifying existing law to provide for appropriate oversight specifically tailored to insurance protection for consumer “portable electronics.” The portable electronics concept authorizes a broad scope of coverage for consumer devices in a rapidly evolving market so that a law change is not necessary every time a new product or device is brought to the market.

The bill provides clarity and certainty for AT&T and its partner regarding the licensure of wireless carriers for the sale of portable electronics insurance.

We have and are supporting this legislation in numerous other states and passing this bill will be consistent with the national trend for the modernization of insurance law for the coverage of portable electronic devices.

Again, AT&T would appreciate your favorable support of this legislation. If you have any questions, please feel free to contact me.

Sincerely,

Jason Olson
Director – Regulatory



**Liberty
Mutual.**

GARY STRANNIGAN
AVP, Regional Director – Public Affairs

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April 5, 2011

The Honorable Dennis Egan
Chair, Senate Labor & Commerce Committee
AK State Capitol, Room #510
Juneau, AK 99801

Members, Senate Labor & Commerce Committee

Re: Committee Substitute for SB 115 (Labor & Commerce) – SUPPORT

Dear Senator Egan:

On behalf of Liberty Mutual I would like to request your support of the committee substitute for SB 115 when it comes before the Senate Labor and Commerce Committee for consideration. Liberty Mutual is a partner of Asurion, which administers a program providing portable electronic device insurance coverage to individuals purchasing portable electronic devices and services.

We are in support of this bill because it modernizes existing law in the Insurance Code, which covers the licensure of limited lines insurance agents, by expanding the current law to appropriately regulate the offering of insurance covering “portable electronics.” The portable electronics concept authorizes a broad scope of coverage for consumer devices so that a law change is not necessary every time a new product is brought to the market.

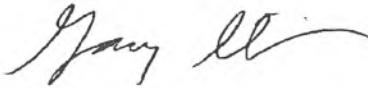
The bill provides clarity and regulatory certainty to the regulated community regarding the licensure of wireless carriers for the sale of portable electronics insurance. We also support the consumer protections the bill offers, including training requirements for a vendor’s employees and authorized representatives selling this product, disclosure requirements at the point of sale, and others.

We have and are supporting this legislation in numerous other states and passing this bill will be consistent with the national trend for the regulation of portable electronic insurance coverage.

April 5, 2011
Page 2 of 2

Again, Liberty Mutual, Inc. would appreciate your favorable support of this legislation.
If you have any questions, please feel free to contact me.

Sincerely,



Gary Strannigan
AVP, Public Affairs
Liberty Mutual Group

C: Bettye Davis, Labor & Commerce Committee, Alaska State Senate
Catherine A. Giessel, Labor & Commerce Committee, Alaska State Senate
Linda Menard, Labor & Commerce Committee, Alaska State Senate
Joe Paskvan, Vice Chair, Labor & Commerce Committee, Alaska State Senate