
Business & Financial Services Committee

SSB 6242

Brief Description: Addressing specialty producer licenses.

Sponsors: Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Hobbs and Litzow).

Brief Summary of Substitute Bill

- Makes a number of changes to the regulatory framework for communications equipment insurance.
- Changes communication equipment to portable electronics.
- Provides standards for employee training.
- Provides standards for disclosure materials.

Hearing Date:

Staff: Jon Hedegard (786-7127).

Background:

Communications Equipment Insurance.

A retailer or "vendor" must be licensed by the Office of the Insurance Commissioner (OIC) as a specialty producer if the vendor wants to offer or sell insurance products related to communications equipment. "Communications equipment" includes cell phones, pagers, portable computers, and myriad other devices designed to originate or receive communications signals. A specialty producer license allows the vendor and the employees or authorized representatives of the vendor to sell or offer insurance related to the communications equipment. Before a license may be issued to a vendor, the vendor must be appointed as the agent of an authorized insurer. The vendor must affiliate with a licensed insurance agent who must supervise a training program for the vendor's employees. A vendor selling the communications equipment insurance must provide prospective customers with written materials disclosing the terms of the insurance.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The OIC may adopt rules regarding specialty producers including, but not limited to, rules regarding:

- the specialty producer license application process;
- the standards for approval and the required content of written materials;
- the approval and required content of training materials;
- license fees;
- requirements for the remittance of premium funds to the supervising agent under authority from the program insurer; and
- the applicability of other provisions of the Insurance Code.

Summary of Bill:

The definition of "communications equipment" is replaced by "portable electronics." "Portable electronics" is defined as "personal, self-contained, easily carried by an individual, battery-operated electronic communication, viewing, listening, recording, gaming, computing or global positioning devices and other similar devices and their accessories, and service related to the use of such devices."

A number of conforming changes are made to related definitions. Additional conforming changes are made throughout the bill to reflect these definitional changes.

Several other changes are made to existing definitions and several new definitions are created.

Applications.

The standards application for licensure must conform to the standards required for insurance producers.

Disclosure Materials.

Additional standards are provided for the disclosure materials that must be made available to prospective customers. The written materials must:

- disclose that portable electronics insurance may duplicate coverage already provided by another source of coverage;
- state that the enrollment by the customer in a portable electronics insurance program is not required in order to purchase or lease portable electronics or services;
- summarize the material terms of the insurance coverage and key terms and conditions of coverage;
- summarize the process for filing a claim; and
- state that an enrolled customer may cancel coverage at any time and receive a refund of any applicable unearned premium.

Training Program.

Additional standards are provided for the required training for employees of a licensed vendor.

The training:

- must be delivered to employees and authorized representatives of vendors who are directly engaged in the activity of selling or offering portable electronics insurance;
- may be provided in electronic form; and

- must receive basic instruction about the portable electronics insurance offered to customers and the required disclosures.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.