

SENATE BILL REPORT

EHB 2457

As of February 16, 2012

Title: An act relating to specialty producer licenses.

Brief Description: Addressing specialty producer licenses.

Sponsors: Representatives Kirby and Bailey.

Brief History: Passed House: 2/10/12, 96-0.

Committee Activity: Financial Institutions, Housing & Insurance: 2/15/12.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Edward Redmond (786-7471)

Background: The Office of Insurance Commissioner (OIC) licenses and regulates insurance producers, including specialty producer licenses. In 2002 the Legislature authorized OIC to implement a regulatory scheme governing the insurance marketing practices of specified communications equipment retailers. To market insurance products in the state, a vendor of communications equipment must obtain a specialty producer license from OIC. The license allows the vendor and its employees or authorized representatives to market insurance covering communications equipment. Communication equipment includes cell phones, pagers, portable computers, and other devices designed to originate or receive communication signals.

Prior to a license being issued to a vendor, the vendor must be appointed as the agent of an authorized insurer. The operation of the communication equipment insurance program requires that the vendor affiliate with a state-licensed insurance agent, who must supervise a training program for the vendor's employees.

Summary of Bill: Terms and Definitions. Various terms and definitions are amended. The term communication equipment is removed and replaced with 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.

Other amendments are made to incorporate the new terminology.

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.

Scope of the Specialty Producer License. A vendor, its employees, and authorized representatives may sell insurance covering portable electronics on either a master, corporate, group, or individual policy at each location where the vendor engages in portable electronics transactions. A registry which identifies in-state vendor locations authorized to sell or solicit portable electronics insurance must be maintained and provided to OIC within ten day's request for such information. An employee or authorized representative may sell or offer portable electronics insurance without being licensed if the vendor is licensed and in compliance with state law and the rules adopted by OIC.

Training Program. A training program must be provided for the employees of the licensed vendor who are directly engaged in selling or offering portable electronics insurance. Employees and authorized representatives must receive basic instruction about portable electronics insurance and the disclosures that must be made to customers. No employees or authorized representatives of a vendor of portable electronics may identify themselves as a nonlimited lines licensed insurance producer.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The committee heard and passed the identical Senate companion bill earlier this session. That bill was voted out of the Senate and is scheduled for hearing in the House this week. The bill is an effort to modernize the statute as many of the changes that have taken place in the technology world were not contemplated when this legislation was first adopted. This bill reflects the changes in technology. Other states have enacted similar legislation recognizing the change in technology. The amendments in this bill are a result of collaborative efforts with the OIC.

Persons Testifying: PRO: Representative Kirby, prime sponsor; Mel Sorensen, Asurion.