

SENATE BILL REPORT

SB 5008

As of January 11, 2013

Title: An act relating to portable electronics insurance.

Brief Description: Addressing portable electronics insurance.

Sponsors: Senators Hobbs and Benton.

Brief History:

Committee Activity: Financial Institutions & Insurance:

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Edward Redmond (786-7471)

Background: The Office of Insurance Commissioner (OIC) licenses and regulates insurance producers, including specialty producer licenses. Holders of specialty producer licenses are authorized to market insurance covering portable electronics in the state. Portable electronics are 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.

An insurer offering portable electronics coverage must follow specified rate filing and notification requirements regulated by the OIC. Under current law, with limited exception, no insurance policy may be issued, delivered, or used unless it has been filed with or approved by the OIC. An insurer must provide an enrolled customer with at least 45 days written notice and explanation for cancellation or nonrenewal of the policy. If termination is due to nonpayment of premiums, the customer must receive at least ten days written notice. Such notification must be delivered to the customer by prepaid postage through the United States Postal Service.

Summary of Bill: An insurance policy providing portable electronics insurance coverage issued on a commercial inland marine policy, including group, master, or individual policies, must be filed for the review or approval of the OIC. Written materials for prospective customers at vendor locations detailing the insurance program are not subject to the review or approval of the OIC.

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.

An insurer may utilize a range of rating factors and use actuarial judgment in the establishment of such rates. Premiums may be collected on a month-to-month or other periodic basis. An insurer may not increase premiums or deductibles nor restrict benefits more than once in a six-month period. Any change to rates or benefits must adhere to specified notification requirements.

Notification requirements for modification or cancellation of portable electronics insurance are amended. Policyholders and enrolled customers must receive at least 30 days' notice along with written material evidencing a change in the terms and conditions of insurance coverage, and a summary of the significant changes. A policy may be terminated within 15 days' notice for discovery of fraud or misrepresentation. A policy may be terminated immediately for nonpayment of premiums. Notice of such modification or cancellation of portable electronics insurance must be delivered using either regular mail or, if authorized by the enrolled customer, an electronic delivery method.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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