

**CS FOR SENATE BILL NO. 115(L&C)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SEVENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE LABOR AND COMMERCE COMMITTEE**

**Offered: 4/13/11**

**Referred: Finance**

**Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE**

**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 21.03.021(e) is amended to read:

6           (e) This title does not apply to a service contract offered, issued for delivery,  
7           delivered, or renewed in this state. In this subsection, "service contract"

8                   (1) means a service contract or agreement for a separate or additional  
9           consideration, for a specific duration, to

10                   (A) maintain, service, repair, or replace tangible personal  
11           property, or to indemnify for repair, replacement, or maintenance, for an  
12           operational or structural failure due to a defect in materials or workmanship or  
13           normal wear and tear, with or without additional provision for incidental  
14           indemnity payments when service, repair, or replacement is not reasonably or

commercially feasible;

(B) repair, replace, or maintain tangible personal property damaged as a result of power surges or as a result of accidental damage from the handling of property damaged by power surges; or

(C) repair, replace, or maintain household consumer goods, household appliances, and household systems, including damage resulting from operational or structural failure due to a defect in materials or workmanship or normal wear and tear;

(2) does not include

(A) mechanical breakdown insurance;

(B) a contract that requires an indemnity payment per incident and the payment exceeds the purchase price of the property serviced;

(C) a contract to provide service on a motor vehicle subject to registration under AS 28.10.011; [OR]

(D) a home warranty; in this subparagraph, "home warranty" means a warranty that covers the entire home and does not include a warranty limited to a household system or appliance; or

(E) portable electronics insurance as defined under AS 21.36.515(f).

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

(d) This section does not apply to an applicant

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

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

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

(a) The director may issue a

(1) travel insurance limited producer license to a person who is appointed under AS 21.27.100 and who sells insurance connected with transportation

provided by a common carrier, and limited to a specific trip, that covers

(A) trip cancellation;

(B) trip interruption; or

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

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

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

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

(A) rents to others, without operators,

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

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

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

(C) transacts only the following kinds of insurance:

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

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

(iii) insurance against medical, hospital, surgical, and

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

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

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

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

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

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

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

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

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

29 **(8) portable electronics limited producer license to a vendor that**  
 30 **sells or offers portable electronics insurance as defined in AS 21.36.515; a**  
 31 **portable electronics limited producer license issued under this paragraph must**

authorize an employee or authorized representative of a licensee to transact portable electronics insurance at each location at which a vendor offers portable electronics to customers in this state, and the employee or authorized representative may transact portable electronics insurance and is not required to obtain a limited producer license if

(A) the employee or authorized representative is not compensated based primarily on the number of customers enrolled for coverage; however, an employee or authorized representative may receive compensation for activities under the license that is incidental to their overall compensation;

(B) the insurer issuing the portable electronics insurance provides a training program for employees and authorized representatives of the portable electronics limited producer licensee that includes instruction about the portable electronics insurance offered to customers and the disclosures required under AS 21.36.515;

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

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

\* **Sec. 4.** AS 21.36 is amended by adding a new section to article 5 to read:

**Sec. 21.36.515. Portable electronics insurance.** (a) Portable electronics insurance may be offered, issued for delivery, issued, or renewed only if the insurer provides customers with written material stating

(1) the terms of the insurance, including

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

1 insurance.

2 (d) A premium for portable electronics insurance may be billed and collected  
3 by the vendor of portable electronics. A charge to the customer for coverage that is not  
4 included in the cost associated with the purchase or lease of portable electronics or  
5 related services must be itemized separately from the charges for the purchase, lease,  
6 or service of a portable electronics device. If the coverage is included with the  
7 purchase or lease of portable electronics or related services, the vendor shall clearly  
8 and conspicuously disclose to the consumer that the coverage is included with the  
9 portable electronics or related services. Vendors collecting premiums for portable  
10 electronics insurance are not required to maintain premiums in a segregated account if  
11 the vendor is authorized by the producer or insurer to hold premiums in an alternative  
12 manner and pays the premiums to the insurer within 60 days after receipt. Premiums  
13 received by a vendor from a customer purchasing portable electronics insurance shall  
14 be held in a fiduciary capacity for the benefit of the insurer. A vendor may receive  
15 compensation for billing and collection services.

16 (e) A portable electronics insurance policy must set out the terms for  
17 termination or modification.

18 (f) In this section,

19 (1) "portable electronics insurance"

20 (A) means insurance offered, issued for delivery, delivered, or  
21 renewed by a vendor engaged in the business of selling, leasing, or servicing  
22 portable electronic devices to cover the loss, theft, mechanical failure,  
23 malfunction, damage, repair, or replacement of a small electronic device,  
24 including a cell phone, laptop computer, GPS device, radio, portable music  
25 player, or associated accessory;

26 (B) does not include

27 (i) a service contract governed by AS 21.03.021(e);

28 (ii) a policy of insurance covering a seller's or a  
29 manufacturer's obligations under a warranty; or

30 (iii) a homeowner's, renter's, private passenger  
31 automobile, commercial multiperil, or similar policy that covers loss or

- 1 theft of portable electronics;
- 2 (2) "vendor" means a business entity in the business of selling or
- 3 leasing portable electronics and related services and accessories.