

Portable Electronics Insurance Act

SB 170 creates the Portable Electronics Insurance Act. The Act will regulate the licensing and sale of or offer of coverage for portable electronic devices. The Act will take effect and be in force from and after January 1, 2012, and publication in the statute book.

Definitions

Among the definitions established under the Act:

- “Location” means any physical location in the State of Kansas.
- “Portable electronic device” means “an electronic device that is portable in nature. The term portable electronic device also includes any accessory for such device and any service related to the use of such portable electronic device that is sold to a customer.”
 - The term would not include devices used exclusively by communication companies or commercial entities that provide service to a customer.
- “Portable electronics insurance” means “insurance providing coverage for the repair or replacement of portable electronics devices which may provide coverage for portable electronics devices against any one or more of the following causes of loss: loss, theft, are inoperable due to mechanical failure, malfunction, damage or other similar cause of loss.”
 - The term would not include service contracts (defined by KSA 2010 Supp. 40-201a), any policy of insurance covering a seller’s or a manufacturer’s obligations under a warranty, or any homeowner’s, renter’s, private passenger automobile, commercial multiperil, or similar policy.

Licensure Requirements

Under the Act, a vendor will be required to hold a limited lines license to sell or offer policies for portable electronics insurance. Vendors will be required to meet requirements to be a producer, including:

- Paying all fees to be an insurance producer;
- Complying with all of the same terms and conditions that are specified for an insurance producer license; and

- Submitting information to the Insurance Commissioner as may be required, including any information or documentation needed to determine professional competence, good character and trustworthiness of the vendor.

The vendor also will be required to provide, at the time of application and on a quarterly basis thereafter, a list to the Commissioner of all locations in Kansas where it offers coverage.

Disclosure of Information

Vendors also will be required under the Act, among other things, to provide information at locations where portable electronics insurance is offered. The information is required to disclose that portable electronics insurance coverage may provide a duplication of coverage; to state that customer enrollment is not required in order to purchase or lease portable electronics devices or services; to summarize the material terms of the insurance coverage; to summarize the process for filing a claim; and to state that the customer may cancel coverage enrollment under the policy at any time and receive any applicable unearned premium refund.

Other provisions of the new act include a requirement for the insurer to develop a training program for employees and authorized representatives of the vendors who sell or offer portable electronics insurance. Charges for portable electronics insurance coverage will be permitted to be billed and collected by the vendor. If the coverage is included in the cost associated with the purchase or lease of portable electronics devices or related services, the vendor will be required to disclose to the customer that the coverage is included with the portable electronics or related services.

The Insurance Commissioner is authorized to impose on the supervising entity or vendor penalties allowed under Chapter 40 (the Insurance Code) if the supervising entity, vendor or employee or other authorized representative of the vendor violates provisions of this act or commits other violations of Insurance law: the Unfair Claims Settlement Practices Model Regulation (KSA 40-1-34); unfair methods of competition or unfair and deceptive acts or practices (40-2404); and provisions of the Uniform Insurance Agents Licensing Act (40-4909).

The bill also provides for termination and change of policy conditions, including:

- An insurer may not change the terms and conditions of a policy of portable electronics insurance more than once in a six-month period; and
- An insurer may not terminate an individually-enrolled customer based solely upon the age of such enrolled customer's covered portable electronic device.

Provisions also are made for notification by the insurer of a proposed termination of a customer's policy.

Finally, the Insurance Commissioner is permitted to adopt rules and regulations to implement the Act.