

1 ENGROSSED SENATE  
2 BILL NO. 1012

By: Jolley of the Senate

and

Ownbey of the House

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6 An Act relating to insurance coverage; amending 36  
7 O.S. 2011, Sections 6670, 6671, 6672, 6675 and 6676,  
8 which relate to the coverage of portable electronics;  
9 modifying definition; requiring the maintenance of a  
10 registry of vendor locations authorized to sell  
11 certain insurance coverage; specifying conditions  
12 when registry shall be open to inspection and  
13 examination by the Insurance Commissioner; allowing a  
14 credit to be given for unearned premiums; modifying  
15 requirements related to certain notice or  
16 correspondence; specifying electronic mail address to  
17 be used for certain notice or correspondence;  
18 authorizing the supervising entity to send out  
19 certain notice or correspondence; requiring certain  
20 application information to be updated by certain  
21 time; and providing an effective date.

22 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

23 SECTION 1. AMENDATORY 36 O.S. 2011, Section 6670, is  
24 amended to read as follows:

Section 6670. As used in Sections ~~4~~ 6670 through ~~7~~ 6676 of this  
act title:

1. "Commissioner" means the Insurance Commissioner;

2. "Enrolled customer" means a customer who elects coverage  
under a portable electronics insurance policy issued to a vendor of  
portable electronics;

1       3. "Customer" means a person who purchases portable electronics  
2 or services;

3       4. "Location" means any physical location in the State of  
4 Oklahoma or any website, call center site, or similar location  
5 directed to residents of the State of Oklahoma;

6       5. "Portable electronics" means electronic devices that are  
7 portable in nature, their accessories and services related to the  
8 use of the device;

9       6. "Portable electronics insurance" means insurance providing  
10 coverage for the repair or replacement of portable electronics which  
11 may provide coverage for portable electronics against any one or  
12 more of the following causes of loss: loss, theft, inoperability  
13 due to mechanical failure, malfunction, damage or other similar  
14 causes of loss. "Portable electronics insurance" does not include:

15           a. a service contract governed by the Service Warranty  
16 Insurance Act,

17           b. a policy of insurance covering a seller's or a  
18 manufacturer's obligations under a warranty, ~~or~~

19           c. a homeowner's, renter's, private passenger automobile,  
20 commercial multi-peril, or similar policy, or

21           d. a contract excluded from the definition of a service  
22           warranty as set forth by subparagraphs a through e of  
23           paragraph 14 of Section 6602 of this title;

24       7. "Portable electronics transaction" means:

- 1           a.    the sale or lease of portable electronics by a vendor  
2                    to a customer, or  
3           b.    the sale of a service related to the use of portable  
4                    electronics by a vendor to a customer;

5       8.   "Supervising entity" means a business entity that is a  
6 licensed insurer or insurance producer; and

7       9.   "Vendor" means a person in the business of engaging in  
8 portable electronics transactions directly or indirectly.

9       SECTION 2.        AMENDATORY        36 O.S. 2011, Section 6671, is  
10 amended to read as follows:

11       Section 6671.   A.   A vendor is required to hold a limited lines  
12 license to sell or offer coverage under a policy of portable  
13 electronics insurance.

14       B.   A limited lines license issued pursuant to this section  
15 shall authorize any employee or authorized representative of the  
16 vendor to sell or offer coverage under a policy of portable  
17 electronics insurance to a customer at each location at which the  
18 vendor engages in portable electronics transactions.

19       C.   ~~In connection with a vendor's application for licensure and~~  
20 ~~on a quarterly basis thereafter, the vendor shall provide a list to~~  
21 ~~the Insurance Commissioner of all locations in this state at which~~  
22 ~~it offers coverage~~ The supervising entity shall maintain a registry  
23 of vendor locations which are authorized to sell or solicit portable  
24 electronics insurance coverage in this state. Upon request by the

1 Insurance Commissioner and with ten (10) days' notice to the  
2 supervising entity, the registry shall be open to inspection and  
3 examination by the Insurance Commissioner during regular business  
4 hours of the supervising entity.

5 D. Notwithstanding any other provision of law, a license issued  
6 pursuant to this section shall authorize the licensee and its  
7 employees or authorized representatives to engage in those  
8 activities that are permitted in this section.

9 SECTION 3. AMENDATORY 36 O.S. 2011, Section 6672, is  
10 amended to read as follows:

11 Section 6672. A. At every location where portable electronics  
12 insurance is offered to customers, brochures or other written  
13 materials must be made available to a prospective customer which:

14 1. Disclose that portable electronics insurance may provide a  
15 duplication of coverage already provided by a customer's homeowner's  
16 insurance policy, renter's insurance policy or other source of  
17 coverage;

18 2. State that the enrollment by the customer in a portable  
19 electronics insurance program is not required in order to purchase  
20 or lease portable electronics or services;

21 3. Summarize the material terms of the insurance coverage,  
22 including:

- 23 a. the identity of the insurer,
- 24 b. the identity of the supervising entity,

- c. the amount of any applicable deductible and how it is to be paid,
- d. benefits of the coverage, and
- e. key terms and conditions of coverage such as whether portable electronics may be repaired or replaced with similar make and model reconditioned or non-original manufacturer parts or equipment;

4. Summarize the process for filing a claim, including a description of how to return portable electronics and the maximum fee applicable in the event the enrolled customer fails to comply with any equipment return requirements; and

5. State that the enrolled customer may cancel enrollment for coverage under a portable electronics insurance policy at any time and the person paying the premium shall receive a refund or credit of any applicable unearned premium refund.

B. Portable electronics insurance may be offered on a month to month or other periodic basis as a group or master commercial inland marine policy issued to a vendor of portable electronics for its enrolled customers.

C. Eligibility and underwriting standards for customers electing to enroll in coverage shall be established for each portable electronics insurance program.

SECTION 4. AMENDATORY 36 O.S. 2011, Section 6675, is amended to read as follows:

1 Section 6675. Notwithstanding any other provision of law:

2 1. An insurer may terminate or otherwise change the terms and  
3 conditions of a policy of portable electronics insurance only upon  
4 providing the policyholder and enrolled customers with at least  
5 thirty (30) days' notice;

6 2. If the insurer changes the terms and conditions of the  
7 policy, then the insurer shall provide the vendor policyholder with  
8 a revised policy or endorsement and each enrolled customer with a  
9 revised certificate, endorsement, updated brochure, or other  
10 evidence indicating a change in the terms and conditions has  
11 occurred and a summary of material changes;

12 3. Notwithstanding paragraph 1 of this section, an insurer may  
13 terminate an enrolled customer's enrollment under a portable  
14 electronics insurance policy upon fifteen (15) days' notice for  
15 discovery of fraud or material misrepresentation in obtaining  
16 coverage or in the presentation of a claim thereunder;

17 4. Notwithstanding paragraph 2 of this section, an insurer may  
18 immediately terminate an enrolled customer's enrollment under a  
19 portable electronics insurance policy:

- 20 a. for nonpayment of premium,
- 21 b. if the enrolled customer ceases to have an active  
22 service with the vendor of portable electronics, or
- 23 c. if an enrolled customer exhausts the aggregate limit  
24 of liability, if any, under the terms of the portable

1 electronics insurance policy and the insurer sends  
2 notice of termination to the enrolled customer within  
3 thirty (30) calendar days after exhaustion of the  
4 limit. If notice is not timely sent, enrollment shall  
5 continue notwithstanding the aggregate limit of  
6 liability until the insurer sends notice of  
7 termination to the enrolled customer;

8 5. When a portable electronics insurance policy is terminated  
9 by a policyholder, the policyholder shall mail or deliver written  
10 notice to each enrolled customer advising the enrolled customer of  
11 the termination of the policy and the effective date of termination.  
12 The written notice shall be mailed or delivered to the enrolled  
13 customer at least thirty (30) days prior to the termination; ~~and~~

14 6. Whenever notice or correspondence with respect to coverage  
15 under a policy of portable electronics insurance is required  
16 pursuant to this section, or is otherwise required by law, it shall  
17 be in writing and ~~may be mailed or delivered~~ sent within the notice  
18 period, if any, specified within the statute or regulation requiring  
19 the notice or correspondence. Notwithstanding any other provision  
20 of law, notices and correspondence may be sent by mail or by  
21 electronic means as set forth in this paragraph. If the notice or  
22 correspondence is mailed, it shall be sent to the vendor of portable  
23 electronics at the vendor's mailing address specified for such  
24 purpose and to its affected enrolled customers' last known mailing

1 addresses on file with the insurer. ~~If notice is mailed, the~~ The  
2 insurer or vendor of portable electronics, as the case may be, shall  
3 maintain proof of mailing in a form authorized or accepted by the  
4 United States Postal Service or other commercial mail delivery  
5 service. ~~Alternatively, an insurer or vendor policyholder may~~  
6 ~~comply with any notice required by this section by providing~~  
7 ~~electronic notice to a vendor or its affected enrolled customers, as~~  
8 ~~the case may be, by electronic means. If notice is accomplished~~  
9 ~~through electronic means the~~ If the notice or correspondence is sent  
10 by electronic means, it shall be sent to the vendor of portable  
11 electronics at the vendor's electronic mail address specified for  
12 such purpose and to its affected enrolled customers' last known  
13 electronic mail addresses as provided by each enrolled customer to  
14 the insurer or vendor of portable electronics, as the case may be.  
15 For purposes of this paragraph, an enrolled customer's provision of  
16 an electronic mail address to the insurer or vendor of portable  
17 electronics, as the case may be, shall be deemed consent to receive  
18 notices and correspondence by electronic means. The insurer or  
19 vendor of portable electronics, as the case may be, shall maintain  
20 proof that the notice or correspondence was sent; and

21 7. Notice or correspondence required by this section or  
22 otherwise required by law may be sent on behalf of an insurer or  
23 vendor, as the case may be, by the supervising entity appointed by  
24 the insurer.

1 SECTION 5. AMENDATORY 36 O.S. 2011, Section 6676, is  
2 amended to read as follows:

3 Section 6676. A. A sworn application for the license provided  
4 for in Section ~~2~~ 6671 of this ~~act~~ title shall be made to and filed  
5 with the Insurance Commissioner on forms prescribed and furnished by  
6 the Insurance Commissioner.

7 B. The application shall:

8 1. Provide the name, residence address, and other information  
9 required by the Insurance Commissioner for an employee or officer of  
10 the vendor that is designated by the applicant as the person  
11 responsible for the vendor's compliance with the requirements of  
12 Sections ~~4~~ 6670 through ~~7~~ 6676 of this ~~act~~ title and update such  
13 information within thirty (30) days of a change in the same. If the  
14 vendor derives more than fifty percent (50%) of its revenue from the  
15 sale of portable electronics insurance, the information ~~noted above~~  
16 required in this subparagraph shall be provided for all officers,  
17 directors, and shareholders of record having beneficial ownership of  
18 ten percent (10%) or more of any class of securities registered  
19 under the federal securities law;

20 2. Appoint the Insurance Commissioner as the applicant's  
21 attorney to receive service of all legal process issued against it  
22 in any civil action or proceeding in this state and agreeing that  
23 process so served shall be valid and binding against the applicant.  
24 The appointment shall be irrevocable, shall bind the company and any

1 successor in interest as the assets or liabilities of the applicant,  
2 and shall remain in effect as long as the applicant's license  
3 remains in force in this state; and

4 3. Specify the location of the applicant's home office.

5 C. Applications for licensure pursuant to Section ~~2~~ 6671 of  
6 this ~~act~~ title shall be made within ninety (90) days of the  
7 application being made available by the Insurance Commissioner.

8 D. Initial licenses issued pursuant to ~~the~~ Section ~~2~~ 6671 of  
9 this ~~act~~ title shall be valid for a period of twenty-four (24)  
10 months.

11 E. Each vendor of portable electronics licensed pursuant to  
12 Sections ~~4~~ 6670 through ~~7~~ 6676 of this ~~act~~ title shall pay to the  
13 Insurance Commissioner a fee as prescribed by the Insurance  
14 Commissioner but in no event shall the fee exceed One Thousand  
15 Dollars (\$1,000.00) for an initial portable electronics limited  
16 lines license and Five Hundred Dollars (\$500.00) for each renewal  
17 thereof. For a vendor that is engaged in portable electronics  
18 transactions at ten or fewer locations in the state the fee shall  
19 not exceed One Hundred Dollars (\$100.00) for an initial license and  
20 for each renewal thereof.

21 SECTION 6. This act shall become effective November 1, 2012.  
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