

1 **SENATE FLOOR VERSION**

2 February 13, 2012

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 1012

By: Jolley of the Senate

and

Ownbey of the House

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

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

SECTION 1. AMENDATORY 36 O.S. 2011, Section 6671, is  
amended to read as follows:

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

1 B. A limited lines license issued pursuant to this section  
2 shall authorize any employee or authorized representative of the  
3 vendor to sell or offer coverage under a policy of portable  
4 electronics insurance to a customer at each location at which the  
5 vendor engages in portable electronics transactions.

6 C. ~~In connection with a vendor's application for licensure and~~  
7 ~~on a quarterly basis thereafter, the vendor shall provide a list to~~  
8 ~~the Insurance Commissioner of all locations in this state at which~~  
9 ~~it offers coverage~~ The supervising entity shall maintain a registry  
10 of vendor locations which are authorized to sell or solicit portable  
11 electronics insurance coverage in this state. Upon request by the  
12 Insurance Commissioner and with ten (10) days' notice to the  
13 supervising entity, the registry shall be open to inspection and  
14 examination by the Insurance Commissioner during regular business  
15 hours of the supervising entity.

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

20 SECTION 2. AMENDATORY 36 O.S. 2011, Section 6672, is  
21 amended to read as follows:

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

1 1. Disclose that portable electronics insurance may provide a  
2 duplication of coverage already provided by a customer's homeowner's  
3 insurance policy, renter's insurance policy or other source of  
4 coverage;

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

8 3. Summarize the material terms of the insurance coverage,  
9 including:

- 10 a. the identity of the insurer,
- 11 b. the identity of the supervising entity,
- 12 c. the amount of any applicable deductible and how it is  
13 to be paid,
- 14 d. benefits of the coverage, and
- 15 e. key terms and conditions of coverage such as whether  
16 portable electronics may be repaired or replaced with  
17 similar make and model reconditioned or non-original  
18 manufacturer parts or equipment;

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

23 5. State that the enrolled customer may cancel enrollment for  
24 coverage under a portable electronics insurance policy at any time

1 and the person paying the premium shall receive a refund or credit  
2 of any applicable unearned premium refund.

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

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

10 SECTION 3. AMENDATORY 36 O.S. 2011, Section 6675, is  
11 amended to read as follows:

12 Section 6675. Notwithstanding any other provision of law:

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

17 2. If the insurer changes the terms and conditions of the  
18 policy, then the insurer shall provide the vendor policyholder with  
19 a revised policy or endorsement and each enrolled customer with a  
20 revised certificate, endorsement, updated brochure, or other  
21 evidence indicating a change in the terms and conditions has  
22 occurred and a summary of material changes;

23 3. Notwithstanding paragraph 1 of this section, an insurer may  
24 terminate an enrolled customer's enrollment under a portable

1 electronics insurance policy upon fifteen (15) days' notice for  
2 discovery of fraud or material misrepresentation in obtaining  
3 coverage or in the presentation of a claim thereunder;

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

7 a. for nonpayment of premium,

8 b. if the enrolled customer ceases to have an active  
9 service with the vendor of portable electronics, or

10 c. if an enrolled customer exhausts the aggregate limit  
11 of liability, if any, under the terms of the portable  
12 electronics insurance policy and the insurer sends  
13 notice of termination to the enrolled customer within  
14 thirty (30) calendar days after exhaustion of the  
15 limit. If notice is not timely sent, enrollment shall  
16 continue notwithstanding the aggregate limit of  
17 liability until the insurer sends notice of  
18 termination to the enrolled customer;

19 5. When a portable electronics insurance policy is terminated  
20 by a policyholder, the policyholder shall mail or deliver written  
21 notice to each enrolled customer advising the enrolled customer of  
22 the termination of the policy and the effective date of termination.  
23 The written notice shall be mailed or delivered to the enrolled  
24 customer at least thirty (30) days prior to the termination; ~~and~~

1       6. Whenever notice or correspondence with respect to coverage  
2 under a policy of portable electronics insurance is required  
3 pursuant to this section, or is otherwise required by law, it shall  
4 be in writing and ~~may be mailed or delivered~~ sent within the notice  
5 period, if any, specified within the statute or regulation requiring  
6 the notice or correspondence. Notwithstanding any other provision  
7 of law, notices and correspondence may be sent by mail or by  
8 electronic means as set forth in this paragraph. If the notice or  
9 correspondence is mailed, it shall be sent to the vendor of portable  
10 electronics at the vendor's mailing address specified for such  
11 purpose and to its affected enrolled customers' last known mailing  
12 addresses on file with the insurer. ~~If notice is mailed, the~~ The  
13 insurer or vendor of portable electronics, as the case may be, shall  
14 maintain proof of mailing in a form authorized or accepted by the  
15 United States Postal Service or other commercial mail delivery  
16 service. ~~Alternatively, an insurer or vendor policyholder may~~  
17 ~~comply with any notice required by this section by providing~~  
18 ~~electronic notice to a vendor or its affected enrolled customers, as~~  
19 ~~the case may be, by electronic means.~~ ~~If notice is accomplished~~  
20 ~~through electronic means the~~ If the notice or correspondence is sent  
21 by electronic means, it shall be sent to the vendor of portable  
22 electronics at the vendor's electronic mail address specified for  
23 such purpose and to its affected enrolled customers' last known  
24 electronic mail addresses as provided by each enrolled customer to

1 the insurer or vendor of portable electronics, as the case may be.  
2 For purposes of this paragraph, an enrolled customer's provision of  
3 an electronic mail address to the insurer or vendor of portable  
4 electronics, as the case may be, shall be deemed consent to receive  
5 notices and correspondence by electronic means. The insurer or  
6 vendor of portable electronics, as the case may be, shall maintain  
7 proof that the notice or correspondence was sent; and

8 7. Notice or correspondence required by this section or  
9 otherwise required by law may be sent on behalf of an insurer or  
10 vendor, as the case may be, by the supervising entity appointed by  
11 the insurer.

12 SECTION 4. AMENDATORY 36 O.S. 2011, Section 6676, is  
13 amended to read as follows:

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

18 B. The application shall:

19 1. Provide the name, residence address, and other information  
20 required by the Insurance Commissioner for an employee or officer of  
21 the vendor that is designated by the applicant as the person  
22 responsible for the vendor's compliance with the requirements of  
23 Sections ~~4~~ 6670 through ~~7~~ 6676 of this ~~act~~ title and update such  
24 information within thirty (30) days of a change in the same. If the

1 vendor derives more than fifty percent (50%) of its revenue from the  
2 sale of portable electronics insurance, the information ~~noted above~~  
3 required in this subparagraph shall be provided for all officers,  
4 directors, and shareholders of record having beneficial ownership of  
5 ten percent (10%) or more of any class of securities registered  
6 under the federal securities law;

7 2. Appoint the Insurance Commissioner as the applicant's  
8 attorney to receive service of all legal process issued against it  
9 in any civil action or proceeding in this state and agreeing that  
10 process so served shall be valid and binding against the applicant.  
11 The appointment shall be irrevocable, shall bind the company and any  
12 successor in interest as the assets or liabilities of the applicant,  
13 and shall remain in effect as long as the applicant's license  
14 remains in force in this state; and

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

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

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

22 E. Each vendor of portable electronics licensed pursuant to  
23 Sections ~~1~~ 6670 through ~~7~~ 6676 of this ~~act~~ title shall pay to the  
24 Insurance Commissioner a fee as prescribed by the Insurance

1 Commissioner but in no event shall the fee exceed One Thousand  
2 Dollars (\$1,000.00) for an initial portable electronics limited  
3 lines license and Five Hundred Dollars (\$500.00) for each renewal  
4 thereof. For a vendor that is engaged in portable electronics  
5 transactions at ten or fewer locations in the state the fee shall  
6 not exceed One Hundred Dollars (\$100.00) for an initial license and  
7 for each renewal thereof.

8 SECTION 5. This act shall become effective November 1, 2012.

9 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated  
10 2-9-12 - DO PASS, As Amended and Coauthored.

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