STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

COMMITTEE SUBSTITUTE
FOR
SENATE BILL 1012 By: Jolley

COMMITTEE SUBSTITUTE

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

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

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

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

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

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

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

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

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

a. the identity of the insurer,

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

Section 6675. Notwithstanding any other provision of law:

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

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

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

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

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

a. for nonpayment of premium,

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

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

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

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

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

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

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

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

B. The application shall:

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

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

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

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

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

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

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

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

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

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