

SENATE BILL REPORT

SHB 1032

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, March 19, 2013

Title: An act relating to portable electronics insurance.

Brief Description: Addressing portable electronics insurance.

Sponsors: House Committee on Business & Financial Services (originally sponsored by Representatives Kirby, Chandler, Ryu and Hudgins).

Brief History: Passed House: 3/04/13, 98-0.

Committee Activity: Financial Institutions, Housing & Insurance: 3/14/13, 3/19/13 [DPA].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass as amended.

Signed by Senators Hobbs, Chair; Mullet, Vice Chair; Benton, Ranking Member; Fain, Hatfield, Nelson and Roach.

Staff: Edward Redmond (786-7471)

Background: The Office of Insurance Commissioner (OIC) licenses and regulates insurance producers, including specialty producer licenses. Holders of specialty producer licenses are authorized to market insurance covering portable electronics in the state. Portable electronics are defined as personal, self-contained, easily carried by an individual, battery-operated, electronic communication, viewing, listening, recording, gaming, computing or global positioning devices and other similar devices and their accessories, and service related to the use of such devices.

An insurer offering portable electronics coverage must follow specified rate filing and notification requirements regulated by OIC. Under current law, with limited exception, no insurance policy may be issued, delivered, or used unless it has been filed with or approved by OIC. An insurer must provide an enrolled customer with at least 45 days written notice and explanation for cancellation or nonrenewal of the policy. If termination is due to nonpayment of premiums, the customer must receive at least ten days written notice. Such notification must be delivered to the customer by prepaid postage through the United States Postal Service.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill (Recommended Amendments): A master, corporate, or group policy for personal electronics insurance is classified as commercial inland marine insurance. An insurer of a portable electronics program with insufficient loss experience to support its proposed rates may submit to OIC a complete and logical explanation of how it developed its proposed rates, including the insurer's analysis of any relevant information and why the proposed rates are reasonable.

Written materials for prospective customers at vendor locations detailing the insurance program are not subject to the review or approval of OIC.

Premiums may be collected on a month-to-month or other periodic basis. An insurer may not increase premiums or deductions nor restrict benefits more than once in a six-month period. Any change to rates or benefits must adhere to specified notification requirements.

Notification requirements for modification or cancellation of portable electronics insurance are amended. Policyholders and enrolled customers must receive at least 30 days' notice along with written material evidencing a change in the terms and conditions of insurance coverage, and a summary of the significant changes. A policy may be terminated within 15 days' notice for discovery of fraud or misrepresentation. A policy may be terminated immediately for nonpayment of premiums; inactivity of service; or exhaustion of the aggregate limit of liability, if any, under the terms of the portable electronics insurance policy if the insurer sends notice of termination to the enrolled customer within 30 calendar days after exhaustion of such limits.

Notice of such modification or cancellation of portable electronics insurance must be delivered using either regular mail or, if authorized by the enrolled customer, an electronic delivery method.

Written disclosure materials made available to prospective customers must also disclose what circumstances and subject to what limitations an insurer may cancel, terminate, modify, or otherwise change the terms and conditions of a policy of portable electronics insurance. The written disclosure materials are not required to be filed for the review or approval of OIC.

Until July 1, 2015, a vendor must deliver materials to enrolled customers that disclose what circumstances and subject to what limitations an insurer may cancel, terminate, modify, or otherwise change the terms and conditions of a policy of portable electronics insurance.

If an insurer changes the terms and conditions, then the insurer must provide the vendor policyholder with a revised policy or endorsement. The insurer must also provide each enrolled customer with evidence indicating that a change in the terms and conditions has occurred, and a summary of the material changes.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, HOUSING & INSURANCE COMMITTEE (Recommended Amendments): Technical correction changing the word deductions to deductibles under section 8(3).

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute House Bill: PRO: This bill is the same as the Senate companion that this committee heard and passed. The technical amendment is a purely non-substantive change to correct a scrivener's error. This committee made the same correction to the Senate version, which the House missed before sending their companion over. We urge the committee's passage of this bill.

Persons Testifying: PRO: Mel Sorenson, Asurion.