

Testimony in Support of SB 319

Good afternoon. My name is Matthew Nowels. I am here testifying on behalf of Asurion in support of SB 319. Asurion is a leading provider of portable consumer electronic insurance programs around the country and has joined forces with leading wireless carriers throughout the world to bring this valuable product to consumers. The programs protect a consumer's investment in their wireless communications device by insuring it against loss, theft, and damage. This bill provides for an entity level license to vendors offering portable electronics insurance and provides for key consumer protections related to such coverage. It also provides for an efficient and expedient method for handling claims.

As wireless devices have become an integral part of our everyday lives their functionalities have expanded exponentially and with these developments the costs of these devices has also risen. Portable electronics insurance not only ensures that a consumer's investment in such a device is protected, but also ensures that a consumer has very little down time when a problem does occur by getting a pre-programmed phone or other portable electronics device in the consumer's hands often times the very next day after a claim has been made. Staying connected in today's world is crucial and Asurion's products ensure that its customers stay connected.

SB 319, sponsored by Senator Crisco, is a bill that creates a licensing framework specifically applicable to the sale of portable electronics insurance in Connecticut. The instant legislation would provide for the sale of this product by creating a licensing framework under which the retailer itself holds the license authorizing its employees to sell this insurance product on their behalf. This approach ensures a balanced regulatory structure that would avoid the need to license every individual on the floor of every retailer in Connecticut that offers this insurance to consumers while also providing crucial consumer protection and disclosures. As you can imagine, licensing of every sales floor representative of a large retailer would be impractical and overly burdensome on both the Department and businesses. There is no state in the country that currently requires such a licensing scenario.

This model is consistent with the national trend that we have seen with respect to the regulation of this product as it creates an efficient and fair licensing framework for the entities offering this product to consumers and gives regulators the authority they need to effectively oversee these activities. Laws similar to SB 319 have been enacted into law in approximately half of the United States including Minnesota, Maryland, Nevada, New York, Oklahoma, California, Texas, Florida, Washington, Georgia, and Virginia.

In addition to the licensing framework created by this bill, it also provides significant consumer protection measures in the form of required disclosures to consumers regarding the insurance coverage that is being sold as well as required training for those individual salespeople acting under the retailer's license.

In regards to claims, this bill provides for an efficient and fast process so that consumers are provided their replacement phone, or other product, as rapidly as possible. In contrast to complex insurance claims that require the application of individual analysis and judgment in determining a claim's outcome, portable electronics insurance claims are much more simplified.

The covered property is a single portable electronic device, such as a cell phone, and an approved claim results in the delivery of a replacement device within 24 to 48 hours. There is little or no calculation as to the value of the device or extent of loss. In fact, claims related information can readily be handled by an automated claims adjudication system which is designed to take in the claim information and automatically resolve the vast majority of claims through a single interaction with the customer that typically takes less than ten minutes. This process is a key component in allowing unprecedented speed of claim completion through one call claim resolution in a low cost highly customer service focused environment.

Given this unique type of portable consumer electronics insurance and extremely simplified claim resolution process, it is appropriate for a customer service representative to perform the administrative function of taking the claimant's information and entering such information into an automated adjudication system without needing to be licensed as an adjuster. SB 319 creates a framework under which a fully licensed supervisor oversees this customer service representative and handles any elevated claims. This model is consistent with the national trend that we have seen with respect to allowing for adjuster exemptions for individuals who perform clerical functions, while maintaining an efficient and fair licensing framework for the supervisors who oversee these individuals and gives regulators the authority they need to effectively regulate these activities. It is important to note that due to the unique nature of this claims process, this bill won't impact local adjusters.

In summary, this bill is a good bill not only for the retailers of Connecticut but also for the consumers of Connecticut in that the bill creates a balanced regulatory structure for this product that ensures full disclosure to the consumer of the terms and conditions of this insurance coverage while also providing the Department of Insurance with the regulatory authority to ensure that the product is sold to Connecticut consumers in the right way. It also codifies a unique claims process that ensures replacement products reach consumer as quickly as possible. SB 319 strikes an effective balance between the interests of consumers and industry and we would ask that you favorably consider this bill.