



**House Bill No. 5023**

**Public Act No. 14-64**

***AN ACT CONCERNING PORTABLE ELECTRONICS INSURANCE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective October 1, 2014*) (a) As used in this section:

(1) "Portable electronics insurance" means insurance coverage for the repair or replacement of a portable electronic device because of loss, theft, inoperability due to mechanical failure, malfunction, damage or other similar causes of loss. "Portable electronics insurance" does not include (A) an extended warranty, as defined in section 42-260 of the general statutes, as amended by this act, (B) an insurance policy covering a seller's or manufacturer's obligations under a warranty, or (C) a homeowners, renter's or other insurance policy that includes coverage similar to portable electronics insurance;

(2) "Portable electronic device" means any self-contained, easily carried electronic equipment for personal use for communicating, viewing, listening, recording, playing video games, computing or global positioning, including a cellular or satellite telephone, paging device, personal global positioning system unit, portable computer, audio listening or audio recording device, video viewing or video recording device, digital camera, portable video game system,

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telephone answering machine, docking or charging station for any portable electronic device, and other similar device. "Portable electronic device" includes accessories for and services related to the use of such devices;

(3) "Buyer" means a person who leases or purchases a portable electronic device;

(4) "Enrolled buyer" means a buyer who elects coverage under a portable electronics insurance policy;

(5) "Insurance producer" has the same meaning as provided in section 38a-702a of the general statutes;

(6) "Insurer" has the same meaning as provided in section 38a-1 of the general statutes;

(7) "Location" means any physical location in this state or any Internet web site or call center site directed at residents of this state;

(8) "Portable electronics transaction" means the lease or sale of a portable electronic device by a seller to a buyer;

(9) "Seller" means a person in the business of direct or indirect portable electronics transactions; and

(10) "Supervising entity" means a business entity licensed as an insurer in this state and authorized to write personal or commercial risk insurance business in this state or an insurance producer licensed in this state, appointed by an insurer to supervise such insurer's portable electronics insurance program.

(b) (1) No seller shall offer or sell portable electronics insurance in this state without obtaining a portable electronics insurance license from the Insurance Commissioner as set forth in this subsection, except that a seller offering or selling portable electronics insurance in this state

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prior to October 1, 2014, may continue to offer or sell such insurance while the application from the Insurance Commissioner is pending and during the application process. Such license shall authorize any employee or authorized representative of such seller to offer or sell portable electronics insurance at each location where the seller engages in portable electronics transactions.

(2) No such employee or authorized representative shall be required to be licensed under chapter 701a of the general statutes, provided:

(A) The seller obtains and maintains such portable electronics insurance license;

(B) The insurer issuing a portable electronics insurance policy to the seller or a supervising entity of such insurer supervises the administration of the seller's portable electronics insurance program; and

(C) No such employee or authorized representative holds himself or herself out as a licensed insurance producer.

(3) (A) (i) Any seller seeking to obtain a portable electronics insurance license shall submit an initial sworn application to the Insurance Department on a form prescribed by the Insurance Commissioner. Such application shall include (I) the name, residence address and other information as said commissioner may require for an employee or an officer of the seller that is designated by such seller as the individual responsible for the seller's compliance with this section. If the seller derives more than fifty per cent of its revenue from the sale of portable electronics insurance, the seller shall include the name, residence address and other information as said commissioner may require of all the seller's shareholders who are directly or indirectly the beneficial owner of ten per cent or more of any class of security of such seller, and of all its officers and directors, and (II) the

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address of the applicant's home office. Such application shall be accompanied by the fees set forth in section 38a-11 of the general statutes, as amended by this act. Each portable electronics insurance license shall be valid for two years.

(ii) Any seller seeking to renew a portable electronics insurance license shall submit to the Insurance Department any changes to the initial application and any other information the Insurance Commissioner may require and the renewal fee set forth in section 38a-11 of the general statutes, as amended by this act.

(B) Any seller offering or selling portable electronics insurance in this state prior to October 1, 2014, shall apply for a portable electronics insurance license not later than ninety days after the Insurance Commissioner makes the application for such license available. On and after October 1, 2014, a seller seeking to offer or sell portable electronics insurance in this state shall obtain such license prior to offering or selling such insurance in this state.

(c) At each location where a seller offers or sells portable electronics insurance to buyers, such seller shall make available to prospective buyers brochures or other written materials that contain all of the following:

(1) A disclosure that portable electronics insurance may duplicate insurance coverage already provided by a buyer's homeowners, renter's or other insurance policy;

(2) A statement that enrollment in portable electronics insurance is not required for a buyer to lease or purchase a portable electronics device;

(3) (A) The identity of the insurer issuing the portable electronics insurance policy, (B) the identity of the supervising entity of such insurer, if any, (C) the amount of any applicable deductible and a

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summary of how such deductible is to be paid, (D) a summary of the insurance policy benefits, and (E) a summary of key terms and conditions of such insurance policy, including, but not limited to, whether, under such insurance policy, portable electronic devices may be repaired or replaced with similar make and model reconditioned or nonoriginal manufacturer parts or equipment;

(4) A summary of the process for filing a claim, including a description of how to return portable electronic devices and the maximum fee applicable if the buyer fails to comply with any equipment return requirements; and

(5) A statement that a buyer enrolled in a portable electronics insurance policy may cancel the insurance certificate at any time and that the person paying the premium will receive a refund of or a credit for any applicable unearned premium.

(d) (1) If portable electronics insurance is included at no additional charge with the lease or purchase of a portable electronic device, the seller shall clearly and conspicuously disclose, in writing, to the buyer that such insurance is included at no additional charge with the lease or purchase of a portable electronic device.

(2) A seller may bill for and collect premium payments for portable electronics insurance policies, provided:

(A) Any premium payment that is not included in the cost of the lease or purchase of a portable electronic device is itemized separately on the enrolled buyer's invoice; and

(B) The seller remits such premium payment to the insurer issuing such insurance policy not later than sixty days after the seller receives such payment. Such insurer shall not cancel an enrolled buyer's certificate on the basis of nonpayment of premium if such enrolled buyer timely pays such premium to the seller.

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(3) A seller shall not be required to maintain premium payments collected pursuant to this subsection in a segregated account if such insurer authorizes the seller to commingle such payments. All such premium payments collected shall be held by the seller in a fiduciary capacity for the benefit of such insurer.

(4) A seller may receive compensation from such insurer for such billing and collection services, as agreed to by such insurer and such seller.

(e) (1) A portable electronics insurance policy shall not be issued, sold or offered for sale unless such insurance policy is issued by an insurer authorized to write such line of business in this state. Such insurance policy may be issued as a group policy or a master commercial inland marine policy to a seller for its enrolled buyers. An insurer authorized to issue a portable electronics insurance policy in this state shall file a copy of the form for such policy in accordance with subsection (c) of section 38a-676 of the general statutes, as amended by this act.

(2) An insurer that issues portable electronics insurance policies and does not directly supervise the administration of a seller's portable electronics insurance program shall appoint a supervising entity and shall provide the name and contact information of such supervising entity to the Insurance Commissioner and to any seller that offers or sells such insurance policy to buyers.

(3) The supervising entity shall maintain a registry of seller locations in this state that are authorized to offer or sell such insurer's portable electronics insurance policies in this state. Upon request by the Insurance Commissioner with at least ten days' notice, such supervising entity shall make such registry available during the regular business hours of such supervising entity to said commissioner or said commissioner's designee for inspection and examination.

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(f) (1) An enrolled buyer may cancel a portable electronics insurance certificate at any time. Such cancellation may be (A) oral to the seller at the location where such enrolled buyer elected such coverage or to a telephone number specified for such purpose, or (B) in writing, which writing shall be sent by United States mail or electronic means to (i) the insurer that issued such insurance policy if such enrolled buyer pays the premium to such insurer, or (ii) the seller if such seller collects the premium payment for such insurance policy. Not later than three days after a seller receives a cancellation, such seller shall notify, or forward such cancellation to, the supervising entity or the insurer that issued such insurance policy if such insurer has not appointed a supervising entity. The supervising entity shall notify, or forward such cancellation to, the insurer that issued such insurance policy. Such insurer shall refund or arrange for credit any applicable unearned premium to be provided, not later than sixty days after receiving such notice or cancellation, to the person who paid the premium.

(2) (A) An insurer may cancel, terminate or change the terms and conditions of a portable electronics insurance policy only upon providing at least thirty days' written notice, sent by United States mail or electronic means, to the seller policyholder and enrolled buyers. If the insurer changes the terms and conditions of such insurance policy, such insurer shall provide the seller policyholder with a revised insurance policy or endorsement and each enrolled buyer with a revised certificate, endorsement, updated brochure or other materials that indicate a change in the terms and conditions of such insurance policy and a summary of the material changes.

(B) An insurer may cancel, with at least fifteen days' written notice, sent by United States mail or electronic means to the seller policyholder and enrolled buyers:

(i) A portable electronics insurance policy for nonpayment of premium by the seller policyholder or a portable electronics insurance

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certificate for nonpayment of premium by an enrolled buyer. Such seller policyholder or enrolled buyer may continue the coverage and avoid the effect of the cancellation by payment in full at any time prior to the effective date of cancellation. If an enrolled buyer timely made a payment to the seller pursuant to subdivision (2) of subsection (d) of this section, such insurer shall not cancel such enrolled buyer's certificate for nonpayment of premium; or

(ii) A portable electronics insurance certificate for fraud or material misrepresentation by the enrolled buyer in obtaining such insurance coverage or in the presenting of a claim thereunder.

(C) An insurer may cancel a portable electronics insurance certificate, effective immediately, (i) if an enrolled buyer ceases to have an active service with the seller, or (ii) for exhaustion of the aggregate limit of liability, if any, of such insurance coverage, provided the insurer sends written notice of such cancellation by United States mail or electronic means to such enrolled buyer not later than thirty days after such buyer exhausts such limit. If such notice is not timely sent, coverage shall continue notwithstanding the aggregate limit of liability until the insurer sends such notice of cancellation to such enrolled buyer.

(3) A seller may terminate a portable electronics insurance policy at any time, provided such seller provides at least thirty days' written notice prior to such termination, by United States mail or electronic means, to the insurer issuing such insurance policy or to the supervising entity of such insurer and to each enrolled buyer, of such termination and the effective date of such termination.

(4) (A) Any written notices or correspondence sent pursuant to this subsection or otherwise required by law shall be sent to, as applicable, (i) the enrolled buyer at such enrolled buyer's last known mailing address or electronic mail address on file with the insurer or the seller,

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(ii) the insurer at such insurer's mailing address or electronic mail address specified for such purpose, or (iii) the seller at such seller's mailing address or electronic mail address specified for such purpose. For purposes of this subsection, the provision of an enrolled buyer's electronic mail address by such enrolled buyer to the insurer or the seller shall be deemed consent by such enrolled buyer to receive such notices or correspondence by electronic mail.

(B) Each insurer or seller that sends a written notice or correspondence pursuant to this subsection shall maintain proof that such notice or correspondence was sent for not less than three years after such notice or correspondence was sent.

(C) A supervising entity may send a written notice or correspondence pursuant to this subsection on behalf of the insurer or a seller for which the insurer has issued a portable electronics insurance policy. Such supervising entity shall maintain proof that such notice or correspondence was sent for not less than three years after such notice or correspondence was sent.

(g) The Insurance Commissioner may:

(1) Refuse to issue or renew, for cause, after notice and hearing, a portable electronics insurance license. Any person aggrieved by the action of the commissioner in disapproving or refusing to renew a portable electronics license may appeal therefrom in accordance with the provisions of section 4-183 of the general statutes, except venue for such appeal shall be in the judicial district of New Britain; and

(2) Suspend or revoke a portable electronics insurance license and impose a fine in addition to or in lieu of suspension or revocation, in accordance with section 38a-774 of the general statutes. In addition, in lieu of suspension or revocation, the commissioner may issue a cease and desist order suspending the privilege of offering or selling

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portable electronics insurance at specific locations of a seller or by specific employees or authorized representatives of such seller.

Sec. 2. Section 38a-792 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) (1) No person may act as an adjuster of casualty claims for any insurance company or firm or corporation engaged in the adjustment of casualty claims unless such person has first secured a license from the commissioner, and has paid the license fee specified in section 38a-11, as amended by this act, for each two-year period or fraction thereof. Application for such license shall be made as provided in section 38a-769. [The commissioner may waive the requirement for examination in the case of any applicant for a casualty claims adjuster's license who is a nonresident of this state and who holds an equivalent license from any other state.] Any such license issued by the commissioner shall be in force until [the thirtieth day of] June thirtieth in each odd-numbered year unless sooner revoked or suspended. The [license] person may, [in] at the discretion of the commissioner, [be renewed] renew the license biennially upon payment of the fee specified in section 38a-11, as amended by this act. [The commissioner may waive the examination required under section 38a-769, in the case of an applicant who at any time within two years next preceding the date of application has been licensed in this state under a license of the same type as the license applied for.]

(2) The commissioner may waive the examination required under section 38a-769, in the case of any applicant for a casualty claims adjuster's license that (A) is a nonresident of this state or has its principal place of business in another state, and holds an equivalent license from any other state, or (B) at any time within two years next preceding the date of application has been licensed in this state under a license of the same type as the license applied for.

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(b) The commissioner may prescribe reasonable regulations, in accordance with the provisions of chapter 54, governing the licensing of casualty claims adjusters and the adjustment of casualty claims.

(c) Any person who violates any provision of this section shall be fined not more than two thousand dollars or imprisoned not more than one year or both.

(d) The provisions of this section shall not apply to any: [member]

(1) (A) Individual who, for purposes of claims for portable electronics insurance, as defined in section 1 of this act, only (i) collects claim information from or furnishes claim information to insureds or claimants, and (ii) conducts data entry, including data entry into an automated claims adjudication system, provided (I) such individual is an employee of a casualty insurance company licensed in this state, an employee of a casualty claims adjuster licensed in this state or an employee of an affiliate of such insurance company or adjuster, and (II) not more than twenty-five such individuals are under the supervision of a casualty claims adjuster licensed in this state or an insurance producer who adjusts portable electronics insurance claims and is licensed in this state. A licensed insurance producer who adjusts portable electronics insurance claims or supervises individuals pursuant to this subparagraph shall not be required to be licensed as a casualty claims adjuster.

(B) For purposes of this subdivision, "automated claims adjudication system" means a preprogrammed computer system, designed for the collection, data entry, calculation and final resolution of portable electronics insurance claims, that (i) is used only by a supervised individual, a casualty claims adjuster licensed in this state or an insurance producer licensed in this state, in accordance with subparagraph (A) of this subdivision, and (ii) complies with all applicable claims payment requirements under this title; or

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(2) Member of the bar of this state in good standing who is engaged in the general practice of the law.

Sec. 3. Subsection (a) of section 38a-11 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) The commissioner shall demand and receive the following fees: (1) For the annual fee for each license issued to a domestic insurance company, two hundred dollars; (2) for receiving and filing annual reports of domestic insurance companies, fifty dollars; (3) for filing all documents prerequisite to the issuance of a license to an insurance company, two hundred twenty dollars, except that the fee for such filings by any health care center, as defined in section 38a-175, shall be one thousand three hundred fifty dollars; (4) for filing any additional paper required by law, thirty dollars; (5) for each certificate of valuation, organization, reciprocity or compliance, forty dollars; (6) for each certified copy of a license to a company, forty dollars; (7) for each certified copy of a report or certificate of condition of a company to be filed in any other state, forty dollars; (8) for amending a certificate of authority, two hundred dollars; (9) for each license issued to a rating organization, two hundred dollars. In addition, insurance companies shall pay any fees imposed under section 12-211; (10) a filing fee of fifty dollars for each initial application for a license made pursuant to section 38a-769; (11) with respect to insurance agents' appointments: (A) A filing fee of fifty dollars for each request for any agent appointment, except that no filing fee shall be payable for a request for agent appointment by an insurance company domiciled in a state or foreign country which does not require any filing fee for a request for agent appointment for a Connecticut insurance company; (B) a fee of one hundred dollars for each appointment issued to an agent of a domestic insurance company or for each appointment continued; and (C) a fee of eighty dollars for each appointment issued to an agent of

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any other insurance company or for each appointment continued, except that (i) no fee shall be payable for an appointment issued to an agent of an insurance company domiciled in a state or foreign country which does not require any fee for an appointment issued to an agent of a Connecticut insurance company, and (ii) the fee shall be twenty dollars for each appointment issued or continued to an agent of an insurance company domiciled in a state or foreign country with a premium tax rate below Connecticut's premium tax rate; (12) with respect to insurance producers: (A) An examination fee of fifteen dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of fifteen dollars to the commissioner for each examination taken by an applicant; (B) a fee of eighty dollars for each license issued; (C) a fee of eighty dollars per year, or any portion thereof, for each license renewed; and (D) a fee of eighty dollars for any license renewed under the transitional process established in section 38a-784; (13) with respect to public adjusters: (A) An examination fee of fifteen dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of fifteen dollars to the commissioner for each examination taken by an applicant; and (B) a fee of two hundred fifty dollars for each license issued or renewed; (14) with respect to casualty claims adjusters: (A) An examination fee of twenty dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of twenty dollars to the commissioner for each examination taken by an applicant; (B) a fee of eighty dollars for each license issued or renewed; and (C) the expense of any examination administered outside the state shall be the responsibility of the entity making the request and such entity shall pay to the commissioner two hundred dollars for such examination and the actual traveling expenses of the examination administrator to administer such examination; (15) with respect to motor vehicle physical damage appraisers: (A) An examination fee of eighty dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of

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eighty dollars to the commissioner for each examination taken by an applicant; (B) a fee of eighty dollars for each license issued or renewed; and (C) the expense of any examination administered outside the state shall be the responsibility of the entity making the request and such entity shall pay to the commissioner two hundred dollars for such examination and the actual traveling expenses of the examination administrator to administer such examination; (16) with respect to certified insurance consultants: (A) An examination fee of twenty-six dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of twenty-six dollars to the commissioner for each examination taken by an applicant; (B) a fee of two hundred fifty dollars for each license issued; and (C) a fee of two hundred fifty dollars for each license renewed; (17) with respect to surplus lines brokers: (A) An examination fee of twenty dollars for each examination taken, except when a testing service is used, the testing service shall pay a fee of twenty dollars to the commissioner for each examination taken by an applicant; and (B) a fee of six hundred twenty-five dollars for each license issued or renewed; (18) with respect to fraternal agents, a fee of eighty dollars for each license issued or renewed; (19) a fee of twenty-six dollars for each license certificate requested, whether or not a license has been issued; (20) with respect to domestic and foreign benefit societies shall pay: (A) For service of process, fifty dollars for each person or insurer to be served; (B) for filing a certified copy of its charter or articles of association, fifteen dollars; (C) for filing the annual report, twenty dollars; and (D) for filing any additional paper required by law, fifteen dollars; (21) with respect to foreign benefit societies: (A) For each certificate of organization or compliance, fifteen dollars; (B) for each certified copy of permit, fifteen dollars; and (C) for each copy of a report or certificate of condition of a society to be filed in any other state, fifteen dollars; (22) with respect to reinsurance intermediaries, a fee of six hundred twenty-five dollars for each license issued or renewed; (23) with respect to life settlement providers: (A) A filing fee of twenty-six

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dollars for each initial application for a license made pursuant to section 38a-465a; and (B) a fee of forty dollars for each license issued or renewed; (24) with respect to life settlement brokers: (A) A filing fee of twenty-six dollars for each initial application for a license made pursuant to section 38a-465a; and (B) a fee of forty dollars for each license issued or renewed; (25) with respect to preferred provider networks, a fee of two thousand seven hundred fifty dollars for each license issued or renewed; (26) with respect to rental companies, as defined in section 38a-799, a fee of eighty dollars for each permit issued or renewed; (27) with respect to medical discount plan organizations licensed under section 38a-479rr, a fee of six hundred twenty-five dollars for each license issued or renewed; (28) with respect to pharmacy benefits managers, an application fee of one hundred dollars for each registration issued or renewed; (29) with respect to captive insurance companies, as defined in section 38a-91aa, a fee of three hundred seventy-five dollars for each license issued or renewed; (30) with respect to each duplicate license issued a fee of fifty dollars for each license issued; (31) with respect to surety bail bond agents, as defined in section 38a-660, (A) a filing fee of one hundred fifty dollars for each initial application for a license, and (B) a fee of one hundred dollars for each license issued or renewed; [and] (32) with respect to third-party administrators, as defined in section 38a-720, (A) a fee of five hundred dollars for each license issued, (B) a fee of three hundred fifty dollars for each license renewed, and (C) a fee of one hundred dollars for each annual report filed pursuant to section 38a-720; and (33) with respect to portable electronics insurance licenses under section 1 of this act, (A) a filing fee of one hundred dollars for each initial application for a license, (B) a fee of five hundred dollars for each license issued, and (C) a fee of four hundred fifty dollars for each license renewed.

Sec. 4. Subdivision (1) of subsection (a) of section 42-260 of the general statutes is repealed and the following is substituted in lieu

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thereof (*Effective October 1, 2014*):

(1) "Extended warranty" means a contract or agreement to either perform or provide indemnification for the repair, replacement or maintenance of a product because of operational or structural failure of such product due to a defect in materials, skill or workmanship or normal wear and tear given for consideration over and above the lease or purchase price of a product. "Extended warranty" does not include portable electronics insurance, as defined in section 1 of this act.

Sec. 5. Subsection (c) of section 38a-676 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(c) The form of any insurance policy or contract (1) the rates for which are subject to the provisions of sections 38a-663 to 38a-696, inclusive, other than fidelity, surety or guaranty bonds, or (2) subject to section 1 of this act, and the form of any endorsement modifying such insurance policy or contract under subdivision (1) or (2) of this subsection, shall be filed with the Insurance Commissioner prior to its issuance. The commissioner shall adopt regulations, in accordance with the provisions of chapter 54, establishing a procedure for review of such policy or contract. If at any time the commissioner finds that any such policy, contract or endorsement is not in accordance with such provisions or any other provision of law, the commissioner shall issue an order disapproving the issuance of such form and stating the reasons for disapproval. The provisions of section 38a-19 shall apply to any such order issued by the commissioner.

Approved May 28, 2014