

**17:22A-49 to 17:22A-57**  
**LEGISLATIVE HISTORY CHECKLIST**  
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**LAWS OF:** 2012                      **CHAPTER:** 56

**NJSA:** 17:22A-49 to 17:22A-57 (Concerns the sale of portable electronics insurance and licensing of limited lines insurance producers for that purpose)

**BILL NO:** A2594                   (Substituted for S1439)

**SPONSOR(S)** Wisniewski and others

**DATE INTRODUCED:** February 21, 2012

**COMMITTEE:**                      **ASSEMBLY:** Financial Institutions and Insurance

**SENATE:** ---

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**                      **ASSEMBLY:** June 21, 2012

**SENATE:** June 28, 2012

**DATE OF APPROVAL:** September 19, 2012

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

**FINAL TEXT OF BILL** (First reprint of bill enacted)

**A2594**

<b>SPONSOR'S STATEMENT:</b>	(Begins on page 7 of original bill)	Yes
<b>COMMITTEE STATEMENT:</b>	<b>ASSEMBLY:</b>	Yes
	<b>SENATE:</b>	No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, **may possibly** be found at [www.njleg.state.nj.us](http://www.njleg.state.nj.us))

<b>FLOOR AMENDMENT STATEMENT:</b>	No
<b>LEGISLATIVE FISCAL ESTIMATE:</b>	No

**S1439**

<b>SPONSOR'S STATEMENT:</b>	(Begins on page 7 of original bill)	Yes
<b>COMMITTEE STATEMENT:</b>	<b>ASSEMBLY:</b>	No
	<b>SENATE:</b>	Yes
<b>FLOOR AMENDMENT STATEMENT:</b>		No
<b>LEGISLATIVE FISCAL ESTIMATE:</b>		No

(continued)

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** No

LAW/RWH

P.L.2012, CHAPTER 56, *approved September 19, 2012*  
Assembly, No. 2594 (*First Reprint*)

1 AN ACT concerning portable electronics insurance and  
2 supplementing Title 17 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. As used in this act:

8 “Commissioner” means the Commissioner of Banking and  
9 Insurance.

10 “Consumer” means a person who purchases portable electronics  
11 or related services.

12 “Department” means the Department of Banking and Insurance.

13 “Enrolled consumer” means a consumer who elects coverage  
14 under a portable electronics insurance policy issued to a vendor of  
15 portable electronics.

16 “Location” means any physical location in the State of New  
17 Jersey or any website, call center site, or similar location directed to  
18 residents of the State of New Jersey.

19 “Portable electronics” means electronic devices that are portable  
20 in nature, and accessories and services related to the use of the  
21 devices.

22 “Portable electronics insurance” means insurance providing  
23 coverage for the repair or replacement of portable electronics which  
24 may provide coverage for portable electronics against any one or  
25 more of the following causes of loss: loss; theft; inoperability due to  
26 mechanical failure; malfunction; damage; or other similar causes of  
27 loss.

28 “Portable electronics insurance” shall not include:

29 (1) A service contract or extended warranty providing coverage  
30 limited to the repair, replacement or maintenance of property for the  
31 operational or structural failure of property due to a defect in  
32 materials, workmanship, accidental damage from handling, power  
33 surges or normal wear and tear;

34 (2) A policy of insurance covering a seller’s or a manufacturer’s  
35 obligations under a warranty; or

36 (3) A homeowner’s, renter’s, private passenger automobile,  
37 commercial multi-peril, or similar policy of insurance.

38 “Portable electronics transaction” means:

**EXPLANATION** – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly AFI committee amendments adopted June 7, 2012.

1 (1) the sale or lease of portable electronics by a vendor to a  
2 consumer; or

3 (2) the sale of a service related to the use of portable electronics  
4 by a vendor to a consumer.

5 “Supervising entity” means a business entity that is a licensed  
6 insurer or insurance producer that is appointed by an insurer to  
7 supervise the administration of a portable electronics insurance  
8 program.

9 “Vendor” means a person engaged, directly or indirectly, in the  
10 business of portable electronics transactions.

11

12 2. a. A vendor shall not sell, or offer to sell, coverage under a  
13 policy of portable electronics insurance unless licensed as a limited  
14 lines insurance producer ‘**[purisuant]** pursuant<sup>1</sup> to the provisions of  
15 the “New Jersey Insurance Producer Licensing Act of 2001,”  
16 P.L.2001, c.210 (C.17:22A-26 et seq.) and this act. To hold a  
17 limited lines insurance producer license pursuant to this section, a  
18 vendor shall meet all the requirements to be a business entity  
19 producer pursuant to P.L.2001, c.210 (C.17:22A-26 et seq.), unless  
20 a provision of this act conflicts with a provision of P.L.2001, c.210  
21 (C.17:22A-26 et seq.) in which case the provision of this act shall  
22 control.

23 b. Notwithstanding any other provision of law, a limited lines  
24 insurance producer license issued to a vendor shall authorize the  
25 licensee and its employees or authorized representatives to engage  
26 in those activities permitted pursuant to that license and the  
27 provisions of this act.

28 c. An employee or authorized representative of a vendor of  
29 portable electronics shall not advertise, represent or otherwise hold  
30 himself out as an insurance producer for any purposes other than as  
31 a licensed limited lines insurance producer.

32

33 3. The employees and authorized representatives of a vendor  
34 holding a limited lines insurance producer license may sell or offer  
35 to sell portable electronics insurance to consumers as permitted by  
36 section 2 of this act and shall not be subject to individual licensure  
37 as an insurance producer under P.L.2001, c.210 (C.17:22A-26 et  
38 seq.) or this act as a result of those activities so long as:

39 a. The vendor obtains a limited lines license to authorize its  
40 employees or authorized representatives to sell or offer portable  
41 electronics insurance pursuant to this act; and

42 b. The insurer issuing the portable electronics insurance either  
43 directly supervises or appoints a supervising entity to supervise the  
44 administration of the program, including development of a training  
45 program for employees and authorized representatives of the  
46 vendors. The training required by this subsection:

1 (1) shall be delivered to employees and authorized  
2 representatives of a vendor who are directly engaged in the activity  
3 of selling or offering portable electronics insurance;

4 (2) may be provided in electronic form; however, if conducted  
5 in electronic form the supervising entity shall implement a  
6 supplemental education program regarding the portable electronics  
7 insurance that is conducted and overseen by licensed employees of  
8 the supervising entity; and

9 (3) shall include basic instruction about the portable electronics  
10 insurance offered to consumers and the disclosures required under  
11 section '~~7~~ 6' of this act.

12

13 4. Notwithstanding the provisions of the "New Jersey  
14 Insurance Producer Licensing Act of 2001," P.L.2001, c.210  
15 (C.17:22A-26 et seq.):

16 a. A sworn application for a limited lines insurance producer  
17 license under this act shall be made to and filed with the department  
18 on forms prescribed and furnished by the commissioner.

19 b. The application shall provide:

20 (1) the name, residence address, and other information required  
21 by the commissioner for an employee or officer of the vendor that is  
22 designated by the applicant as the person responsible for the  
23 vendor's compliance with the requirements of this act. However, if  
24 the vendor derives more than 50% of its revenue from the sale of  
25 portable electronics insurance, the information required shall be  
26 provided for all officers, directors, and shareholders of record  
27 having beneficial ownership of 10% or more of any class of  
28 securities registered under the federal securities law; and

29 (2) the location of the applicant's home office.

30 c. Any vendor engaging in portable electronics insurance  
31 transactions on or before the effective date of this act shall apply for  
32 a limited lines insurance producer license within 90 days of the  
33 application being made available by the commissioner. Any vendor  
34 wishing to commence operations after the effective date of this act  
35 shall obtain a limited lines insurance producer license prior to  
36 offering portable electronics insurance.

37 d. Limited lines insurance producer licenses issued pursuant to  
38 this act shall renew biennially in accordance with regulations  
39 promulgated by the commissioner.

40 e. Each vendor of portable electronics licensed under this act  
41 shall pay to the commissioner a fee as prescribed by the  
42 commissioner but in no event shall the fee exceed \$1,000 for an  
43 initial portable electronics insurance limited lines producer license  
44 and \$500 for each renewal thereof. However, for a vendor that is  
45 engaged in portable electronics transactions at 10 or fewer locations  
46 in the State, the fee shall not exceed \$100 for an initial license and  
47 for each renewal thereof.

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

5       b. Eligibility and underwriting standards for consumers  
6 electing to enroll in coverage shall be established for each portable  
7 electronics insurance program.

8       <sup>1</sup>[6. The vendor or supervising entity, as the case may be, shall  
9 maintain a list of all locations in this State at which the vendor  
10 offers portable electronics insurance coverage and shall submit that  
11 list to the commissioner upon request.]<sup>1</sup>

12  
13       <sup>1</sup>[7.] 6.<sup>1</sup> At every location at which portable electronics  
14 insurance is offered to consumers, the limited lines insurance  
15 producer licensed to sell that insurance shall make available to  
16 prospective consumers brochures or other written materials which:

17       a. disclose that portable electronics insurance may provide a  
18 duplication of coverage already provided by a consumer's  
19 homeowner's insurance policy, renter's insurance policy or other  
20 source of coverage;

21       b. state that enrollment by the consumer in a portable  
22 electronics insurance program is not required in order to purchase  
23 or lease portable electronics or services;

24       c. summarize the material terms of the insurance coverage,  
25 including:

26       (1) the identity of the insurer;

27       (2) the identity of the supervising entity;

28       (3) the amount of any applicable deductible and how it is to be  
29 paid;

30       (4) benefits of the coverage; and

31       (5) key terms and conditions of coverage, such as whether  
32 portable electronics may be repaired or replaced with similar make  
33 and model reconditioned or non-original manufacturer parts or  
34 equipment;

35       d. summarize the process for filing a claim, including a  
36 description of how to return portable electronics and the maximum  
37 fee applicable in the event that the enrolled consumer fails to  
38 comply with any equipment return requirements; and

39       e. state that an enrolled consumer may cancel enrollment for  
40 coverage under a portable electronics insurance policy at any time  
41 and the person paying the premium shall receive a refund <sup>1</sup>or credit<sup>1</sup>  
42 of any applicable unearned premium.

43  
44       <sup>1</sup>[8.] 7.<sup>1</sup> a. The charges for portable electronics insurance  
45 coverage may be billed and collected by the vendor of portable  
46 electronics. Any charge to the enrolled consumer for coverage that  
47 is not included in the cost associated with the purchase or lease of

1 portable electronics or related services shall be separately itemized  
2 on the enrolled consumer's bill. If the portable electronics  
3 insurance coverage is included with the purchase or lease of  
4 portable electronics or related services, the vendor shall clearly and  
5 conspicuously disclose to the enrolled consumer that the portable  
6 electronics insurance coverage is included with the purchase <sup>1</sup>or  
7 lease<sup>1</sup> of portable electronics or related services.

8 b. A vendor that bills and collects charges for portable  
9 electronics insurance coverage shall not be required to maintain  
10 funds received in a segregated account, provided that the vendor is  
11 authorized by the insurer to hold those funds in an alternative  
12 manner and remits those amounts to the supervising entity within  
13 60 days of receipt.

14 c. All funds received by a vendor from an enrolled consumer  
15 for the sale of portable electronics insurance shall be considered  
16 funds held in trust by the vendor in a fiduciary capacity for the  
17 benefit of the insurer. A vendor may receive compensation for  
18 billing and collection services.

19

20 <sup>1</sup>[9.] 8.<sup>1</sup> Notwithstanding any other provision of law:

21 a. An insurer may terminate or otherwise change the terms and  
22 conditions of a policy of portable electronics insurance only upon  
23 providing the policyholder and enrolled consumers with at least 30  
24 days notice.

25 b. If the insurer changes the terms and conditions, then the  
26 insurer shall provide the vendor policyholder with a revised policy  
27 or endorsement and each enrolled consumer with a revised  
28 certificate, endorsement, updated brochure, or other evidence  
29 indicating a change in the terms and conditions has occurred and a  
30 summary of material changes.

31 c. Notwithstanding subsection a. of this section, an insurer may  
32 terminate an enrolled consumer's enrollment under a portable  
33 electronics insurance policy upon 15 days notice if the insurer  
34 discovers fraud or material misrepresentation in obtaining coverage  
35 or in the presentation of a claim thereunder.

36 d. Notwithstanding subsection a. of this section, an insurer may  
37 immediately terminate an enrolled consumer's enrollment under a  
38 portable electronics insurance policy:

39 (1) For nonpayment of premium;

40 (2) If the enrolled consumer ceases to have an active service  
41 with the vendor for one or more portable electronics covered under  
42 the policy, if applicable; or

43 (3) If an enrolled consumer exhausts the aggregate limit of  
44 liability, if any, under the terms of the portable electronics  
45 insurance policy and the insurer sends notice of termination to the  
46 enrolled consumer within 30 calendar days after exhaustion of the  
47 limit. However, if notice is not timely sent, enrollment shall

1 continue notwithstanding the aggregate limit of liability, until the  
2 insurer sends notice of termination to the enrolled consumer.

3 e. If a policyholder terminates a portable electronics insurance  
4 policy, the policyholder shall mail or deliver written notice to each  
5 enrolled consumer advising the enrolled consumer of the  
6 termination of the policy and the effective date of termination. The  
7 written notice shall be mailed or delivered to the enrolled consumer  
8 at least 30 days prior to the termination.

9 f. Whenever notice or correspondence with respect to a policy  
10 of portable electronics insurance is required pursuant to this section  
11 or is otherwise required by law, it shall be in writing and sent  
12 within the notice period, if any, specified within the statute or  
13 regulation requiring the notice or correspondence.  
14 ~~'[Notwithstanding any other provision of law, notices and~~  
15 ~~correspondence may be sent either by mail or by electronic means~~  
16 ~~as set forth in this subsection. If the]~~ The<sup>1</sup> notice or  
17 correspondence <sup>1</sup>~~'[is mailed, it]'~~ shall be sent to the vendor at the  
18 vendor's mailing address specified for that purpose and to its  
19 affected enrolled consumers' last known mailing addresses on file  
20 with the insurer. The insurer or vendor, as the case may be, shall  
21 maintain proof of mailing in a form authorized or accepted by the  
22 United States Postal Service or other commercial mail delivery  
23 service. <sup>1</sup>~~'[If the notice or correspondence is sent by electronic~~  
24 ~~means, it shall be sent to the vendor at the vendor's electronic mail~~  
25 ~~address specified for that purpose and to its affected enrolled~~  
26 ~~consumers' last known electronic mail address as provided by each~~  
27 ~~enrolled consumer to the insurer or vendor, as the case may be. The~~  
28 ~~insurer or vendor, as the case may be, shall maintain proof that the~~  
29 ~~notice or correspondence was sent.]'~~<sup>1</sup>

30 g. Notice or correspondence required pursuant to this section or  
31 otherwise required by law may be sent on behalf of an insurer or  
32 vendor, as the case may be, by the supervising entity appointed by  
33 the insurer.

34

35 ~~'[10.]~~ 9.<sup>1</sup> If a vendor of portable electronics or its employee or  
36 authorized representative violates any provision of this act or any  
37 provision of P.L.2001, c.210 (C.17:22A-26 et seq.), the  
38 commissioner may do any of the following:

39 a. Impose fines in accordance with P.L.2001, c.210 (C.17:22A-  
40 26 et seq.). However, fines assessed against a vendor licensed under  
41 this act shall not exceed \$50,000 in the aggregate for multiple  
42 violations that involve the same conduct, action, or practice.

43 b. Impose other penalties that the commissioner deems  
44 necessary and reasonable to carry out the purpose of this act,  
45 including:



1 (1) suspending the privilege of transacting portable electronics  
2 insurance pursuant to this section at specific business locations  
3 where violations have occurred; and

4 (2) suspending or revoking the ability of individual employees  
5 or authorized representatives to act under the license.

6

7 ~~'[11.] 10.'~~ This act shall take effect ~~'[on the first day of the~~  
8 ~~sixth month next following enactment]~~ immediately<sup>1</sup>.

9

10

11

12

13 \_\_\_\_\_  
14 Concerns the sale of portable electronics insurance and licensing  
of limited lines insurance producers for that purpose.

# ASSEMBLY, No. 2594

## STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED FEBRUARY 21, 2012

**Sponsored by:**

**Assemblyman JOHN S. WISNIEWSKI**

**District 19 (Middlesex)**

**Assemblywoman ANNETTE QUIJANO**

**District 20 (Union)**

**SYNOPSIS**

Concerns the sale of portable electronics insurance and licensing of limited lines insurance producers for that purpose.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 3/6/2012)

1 AN ACT concerning portable electronics insurance and  
2 supplementing Title 17 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. As used in this act:

8 “Commissioner” means the Commissioner of Banking and  
9 Insurance.

10 “Consumer” means a person who purchases portable electronics  
11 or related services.

12 “Department” means the Department of Banking and Insurance.

13 “Enrolled consumer” means a consumer who elects coverage  
14 under a portable electronics insurance policy issued to a vendor of  
15 portable electronics.

16 “Location” means any physical location in the State of New  
17 Jersey or any website, call center site, or similar location directed to  
18 residents of the State of New Jersey.

19 “Portable electronics” means electronic devices that are portable  
20 in nature, and accessories and services related to the use of the  
21 devices.

22 “Portable electronics insurance” means insurance providing  
23 coverage for the repair or replacement of portable electronics which  
24 may provide coverage for portable electronics against any one or  
25 more of the following causes of loss: loss; theft; inoperability due to  
26 mechanical failure; malfunction; damage; or other similar causes of  
27 loss.

28 “Portable electronics insurance” shall not include:

29 (1) A service contract or extended warranty providing coverage  
30 limited to the repair, replacement or maintenance of property for the  
31 operational or structural failure of property due to a defect in  
32 materials, workmanship, accidental damage from handling, power  
33 surges or normal wear and tear;

34 (2) A policy of insurance covering a seller’s or a manufacturer’s  
35 obligations under a warranty; or

36 (3) A homeowner’s, renter’s, private passenger automobile,  
37 commercial multi-peril, or similar policy of insurance.

38 “Portable electronics transaction” means:

39 (1) the sale or lease of portable electronics by a vendor to a  
40 consumer; or

41 (2) the sale of a service related to the use of portable electronics  
42 by a vendor to a consumer.

43 “Supervising entity” means a business entity that is a licensed  
44 insurer or insurance producer that is appointed by an insurer to  
45 supervise the administration of a portable electronics insurance  
46 program.

47 “Vendor” means a person engaged, directly or indirectly, in the  
48 business of portable electronics transactions.

1       2. a. A vendor shall not sell, or offer to sell, coverage under a  
2 policy of portable electronics insurance unless licensed as a limited  
3 lines insurance producer pursuant to the provisions of the “New  
4 Jersey Insurance Producer Licensing Act of 2001,” P.L.2001, c.210  
5 (C.17:22A-26 et seq.) and this act. To hold a limited lines insurance  
6 producer license pursuant to this section, a vendor shall meet all the  
7 requirements to be a business entity producer pursuant to P.L.2001,  
8 c.210 (C.17:22A-26 et seq.), unless a provision of this act conflicts  
9 with a provision of P.L.2001, c.210 (C.17:22A-26 et seq.) in which  
10 case the provision of this act shall control.

11       b. Notwithstanding any other provision of law, a limited lines  
12 insurance producer license issued to a vendor shall authorize the  
13 licensee and its employees or authorized representatives to engage  
14 in those activities permitted pursuant to that license and the  
15 provisions of this act.

16       c. An employee or authorized representative of a vendor of  
17 portable electronics shall not advertise, represent or otherwise hold  
18 himself out as an insurance producer for any purposes other than as  
19 a licensed limited lines insurance producer.

20

21       3. The employees and authorized representatives of a vendor  
22 holding a limited lines insurance producer license may sell or offer  
23 to sell portable electronics insurance to consumers as permitted by  
24 section 2 of this act and shall not be subject to individual licensure  
25 as an insurance producer under P.L.2001, c.210 (C.17:22A-26 et  
26 seq.) or this act as a result of those activities so long as:

27       a. The vendor obtains a limited lines license to authorize its  
28 employees or authorized representatives to sell or offer portable  
29 electronics insurance pursuant to this act; and

30       b. The insurer issuing the portable electronics insurance either  
31 directly supervises or appoints a supervising entity to supervise the  
32 administration of the program, including development of a training  
33 program for employees and authorized representatives of the  
34 vendors. The training required by this subsection:

35       (1) shall be delivered to employees and authorized  
36 representatives of a vendor who are directly engaged in the activity  
37 of selling or offering portable electronics insurance;

38       (2) may be provided in electronic form; however, if conducted  
39 in electronic form the supervising entity shall implement a  
40 supplemental education program regarding the portable electronics  
41 insurance that is conducted and overseen by licensed employees of  
42 the supervising entity; and

43       (3) shall include basic instruction about the portable electronics  
44 insurance offered to consumers and the disclosures required under  
45 section 7 of this act.

1 4. Notwithstanding the provisions of the “New Jersey  
2 Insurance Producer Licensing Act of 2001,” P.L.2001, c.210  
3 (C.17:22A-26 et seq.):

4 a. A sworn application for a limited lines insurance producer  
5 license under this act shall be made to and filed with the department  
6 on forms prescribed and furnished by the commissioner.

7 b. The application shall provide:

8 (1) the name, residence address, and other information required  
9 by the commissioner for an employee or officer of the vendor that is  
10 designated by the applicant as the person responsible for the  
11 vendor’s compliance with the requirements of this act. However, if  
12 the vendor derives more than 50% of its revenue from the sale of  
13 portable electronics insurance, the information required shall be  
14 provided for all officers, directors, and shareholders of record  
15 having beneficial ownership of 10% or more of any class of  
16 securities registered under the federal securities law; and

17 (2) the location of the applicant’s home office.

18 c. Any vendor engaging in portable electronics insurance  
19 transactions on or before the effective date of this act shall apply for  
20 a limited lines insurance producer license within 90 days of the  
21 application being made available by the commissioner. Any vendor  
22 wishing to commence operations after the effective date of this act  
23 shall obtain a limited lines insurance producer license prior to  
24 offering portable electronics insurance.

25 d. Limited lines insurance producer licenses issued pursuant to  
26 this act shall renew biennially in accordance with regulations  
27 promulgated by the commissioner.

28 e. Each vendor of portable electronics licensed under this act  
29 shall pay to the commissioner a fee as prescribed by the  
30 commissioner but in no event shall the fee exceed \$1,000 for an  
31 initial portable electronics insurance limited lines producer license  
32 and \$500 for each renewal thereof. However, for a vendor that is  
33 engaged in portable electronics transactions at 10 or fewer locations  
34 in the State, the fee shall not exceed \$100 for an initial license and  
35 for each renewal thereof.

36  
37 5. a. Portable electronics insurance may be offered on a month  
38 to month or other periodic basis as a group or master commercial  
39 inland marine policy issued to a vendor of portable electronics for  
40 its enrolled consumers.

41 b. Eligibility and underwriting standards for consumers  
42 electing to enroll in coverage shall be established for each portable  
43 electronics insurance program.

44  
45 6. The vendor or supervising entity, as the case may be, shall  
46 maintain a list of all locations in this State at which the vendor  
47 offers portable electronics insurance coverage and shall submit that  
48 list to the commissioner upon request.

1       7. At every location at which portable electronics insurance is  
2 offered to consumers, the limited lines insurance producer licensed  
3 to sell that insurance shall make available to prospective consumers  
4 brochures or other written materials which:

5       a. disclose that portable electronics insurance may provide a  
6 duplication of coverage already provided by a consumer's  
7 homeowner's insurance policy, renter's insurance policy or other  
8 source of coverage;

9       b. state that enrollment by the consumer in a portable  
10 electronics insurance program is not required in order to purchase  
11 or lease portable electronics or services;

12       c. summarize the material terms of the insurance coverage,  
13 including:

14       (1) the identity of the insurer;

15       (2) the identity of the supervising entity;

16       (3) the amount of any applicable deductible and how it is to be  
17 paid;

18       (4) benefits of the coverage; and

19       (5) key terms and conditions of coverage, such as whether  
20 portable electronics may be repaired or replaced with similar make  
21 and model reconditioned or non-original manufacturer parts or  
22 equipment;

23       d. summarize the process for filing a claim, including a  
24 description of how to return portable electronics and the maximum  
25 fee applicable in the event that the enrolled consumer fails to  
26 comply with any equipment return requirements; and

27       e. state that an enrolled consumer may cancel enrollment for  
28 coverage under a portable electronics insurance policy at any time  
29 and the person paying the premium shall receive a refund of any  
30 applicable unearned premium.

31

32       8. a. The charges for portable electronics insurance coverage  
33 may be billed and collected by the vendor of portable electronics.  
34 Any charge to the enrolled consumer for coverage that is not  
35 included in the cost associated with the purchase or lease of  
36 portable electronics or related services shall be separately itemized  
37 on the enrolled consumer's bill. If the portable electronics  
38 insurance coverage is included with the purchase or lease of  
39 portable electronics or related services, the vendor shall clearly and  
40 conspicuously disclose to the enrolled consumer that the portable  
41 electronics insurance coverage is included with the purchase of  
42 portable electronics or related services.

43       b. A vendor that bills and collects charges for portable  
44 electronics insurance coverage shall not be required to maintain  
45 funds received in a segregated account, provided that the vendor is  
46 authorized by the insurer to hold those funds in an alternative  
47 manner and remits those amounts to the supervising entity within  
48 60 days of receipt.

1 c. All funds received by a vendor from an enrolled consumer  
2 for the sale of portable electronics insurance shall be considered  
3 funds held in trust by the vendor in a fiduciary capacity for the  
4 benefit of the insurer. A vendor may receive compensation for  
5 billing and collection services.

6

7 9. Notwithstanding any other provision of law:

8 a. An insurer may terminate or otherwise change the terms and  
9 conditions of a policy of portable electronics insurance only upon  
10 providing the policyholder and enrolled consumers with at least 30  
11 days notice.

12 b. If the insurer changes the terms and conditions, then the  
13 insurer shall provide the vendor policyholder with a revised policy  
14 or endorsement and each enrolled consumer with a revised  
15 certificate, endorsement, updated brochure, or other evidence  
16 indicating a change in the terms and conditions has occurred and a  
17 summary of material changes.

18 c. Notwithstanding subsection a. of this section, an insurer may  
19 terminate an enrolled consumer's enrollment under a portable  
20 electronics insurance policy upon 15 days notice if the insurer  
21 discovers fraud or material misrepresentation in obtaining coverage  
22 or in the presentation of a claim thereunder.

23 d. Notwithstanding subsection a. of this section, an insurer may  
24 immediately terminate an enrolled consumer's enrollment under a  
25 portable electronics insurance policy:

26 (1) For nonpayment of premium;

27 (2) If the enrolled consumer ceases to have an active service  
28 with the vendor for one or more portable electronics covered under  
29 the policy, if applicable; or

30 (3) If an enrolled consumer exhausts the aggregate limit of  
31 liability, if any, under the terms of the portable electronics  
32 insurance policy and the insurer sends notice of termination to the  
33 enrolled consumer within 30 calendar days after exhaustion of the  
34 limit. However, if notice is not timely sent, enrollment shall  
35 continue notwithstanding the aggregate limit of liability, until the  
36 insurer sends notice of termination to the enrolled consumer.

37 e. If a policyholder terminates a portable electronics insurance  
38 policy, the policyholder shall mail or deliver written notice to each  
39 enrolled consumer advising the enrolled consumer of the  
40 termination of the policy and the effective date of termination. The  
41 written notice shall be mailed or delivered to the enrolled consumer  
42 at least 30 days prior to the termination.

43 f. Whenever notice or correspondence with respect to a policy  
44 of portable electronics insurance is required pursuant to this section  
45 or is otherwise required by law, it shall be in writing and sent  
46 within the notice period, if any, specified within the statute or  
47 regulation requiring the notice or correspondence. Notwithstanding  
48 any other provision of law, notices and correspondence may be sent

1 either by mail or by electronic means as set forth in this subsection.  
2 If the notice or correspondence is mailed, it shall be sent to the  
3 vendor at the vendor's mailing address specified for that purpose  
4 and to its affected enrolled consumers' last known mailing  
5 addresses on file with the insurer. The insurer or vendor, as the  
6 case may be, shall maintain proof of mailing in a form authorized or  
7 accepted by the United States Postal Service or other commercial  
8 mail delivery service. If the notice or correspondence is sent by  
9 electronic means, it shall be sent to the vendor at the vendor's  
10 electronic mail address specified for that purpose and to its affected  
11 enrolled consumers' last known electronic mail address as provided  
12 by each enrolled consumer to the insurer or vendor, as the case may  
13 be. The insurer or vendor, as the case may be, shall maintain proof  
14 that the notice or correspondence was sent.

15 g. Notice or correspondence required pursuant to this section or  
16 otherwise required by law may be sent on behalf of an insurer or  
17 vendor, as the case may be, by the supervising entity appointed by  
18 the insurer.  
19

20 10. If a vendor of portable electronics or its employee or  
21 authorized representative violates any provision of this act or any  
22 provision of P.L.2001, c.210 (C.17:22A-26 et seq.), the  
23 commissioner may do any of the following:

24 a. Impose fines in accordance with P.L.2001, c.210 (C.17:22A-  
25 26 et seq.). However, fines assessed against a vendor licensed under  
26 this act shall not exceed \$50,000 in the aggregate for multiple  
27 violations that involve the same conduct, action, or practice.

28 b. Impose other penalties that the commissioner deems  
29 necessary and reasonable to carry out the purpose of this act,  
30 including:

31 (1) suspending the privilege of transacting portable electronics  
32 insurance pursuant to this section at specific business locations  
33 where violations have occurred; and

34 (2) suspending or revoking the ability of individual employees  
35 or authorized representatives to act under the license.  
36

37 11. This act shall take effect on the first day of the sixth month  
38 next following enactment.  
39  
40

41 STATEMENT  
42

43 This bill regulates the sale of portable electronics insurance,  
44 which is defined as insurance providing coverage for the repair or  
45 replacement of portable electronics against loss, theft, inoperability  
46 due to mechanical failure, malfunction, damage, or other similar  
47 causes of loss.



1 The bill requires vendors selling portable electronics insurance to  
2 be licensed as a limited lines insurance producer pursuant to the  
3 “New Jersey Insurance Producer Licensing Act of 2001,” P.L.2001,  
4 c.210 (C.17:22A-26 et seq.) and the provisions of the bill. The bill  
5 specifies that if there is a conflict between any provision of the bill  
6 and the “New Jersey Insurance Producer Licensing Act of 2001,”  
7 the provisions of the bill will control.

8 The bill establishes separate license requirements and fees for  
9 licensure as a portable electronics insurance limited lines producer.  
10 The bill specifies that a license issued to a vendor selling portable  
11 electronics also authorizes employees and authorized  
12 representatives of the vendor to sell the insurance under that license  
13 provided certain conditions are met. The bill requires vendors to  
14 provide training for their employees and authorized representatives.  
15 The bill requires a list of all locations at which the vendor offers  
16 portable electronics insurance to be maintained by the licensee, and  
17 requires the list to be made available to the Commissioner of  
18 Banking and Insurance on request.

19 The bill regulates the sale of the portable electronics insurance  
20 product, allowing it to be sold on a monthly or other periodic basis  
21 and requiring the establishment of eligibility and underwriting  
22 standards. The bill requires a limited lines insurance producer  
23 licensed to sell portable electronics insurance to disclose to  
24 prospective consumers the material terms of the coverage and to  
25 disclose to prospective consumers that personal electronics  
26 insurance coverage may be duplicative of some of the coverage  
27 offered separately under certain other insurance policies or service  
28 contracts. The bill establishes certain billing practices and  
29 establishes the relationship between the vendor as insurance  
30 producer and the insurer issuing the policy regarding the collection  
31 of premiums. The bill prescribes certain terms and conditions  
32 related to the modification of contracts and the termination of  
33 policies.

34 The bill provides that the penalties available to the  
35 Commissioner of Banking and Insurance under the bill also apply to  
36 violations of, and must be in accordance with, the “New Jersey  
37 Insurance Producer Licensing Act of 2001.” The bill specifies that  
38 the fines assessed under the bill against a vendor must not exceed  
39 \$50,000 in the aggregate for multiple violations that involve the  
40 same conduct, action, or practice. The bill specifies that the  
41 commissioner may suspend the transaction of portable electronics  
42 insurance at specific business locations where violations have  
43 occurred, and may suspend or revoke the ability of individual  
44 employees or authorized representatives to act under the license.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 2594**

with committee amendments

**STATE OF NEW JERSEY**

DATED: JUNE 7, 2012

The Assembly Financial Institutions and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 2594.

This bill, as amended, regulates the sale of portable electronics insurance, which is defined as insurance providing coverage for the repair or replacement of portable electronics against loss, theft, inoperability due to mechanical failure, malfunction, damage, or other similar causes of loss.

The bill requires vendors selling portable electronics insurance to be licensed as a limited lines insurance producer pursuant to the “New Jersey Insurance Producer Licensing Act of 2001,” P.L.2001, c.210 (C.17:22A-26 et seq.) and the provisions of the bill. The bill specifies that if there is a conflict between any provision of the bill and the “New Jersey Insurance Producer Licensing Act of 2001,” the provision of the bill will control.

The bill establishes separate license requirements and fees for licensure as a portable electronics insurance limited lines producer. The bill specifies that a license issued to a vendor selling portable electronics also authorizes employees and authorized representatives of the vendor to sell the insurance under that license provided certain conditions are met. The bill requires vendors to provide training for their employees and authorized representatives.

The bill regulates the sale of the portable electronics insurance product, allowing it to be sold on a monthly or other periodic basis and requiring the establishment of eligibility and underwriting standards. The bill requires a limited lines insurance producer licensed to sell portable electronics insurance to disclose to prospective consumers the material terms of the coverage and to disclose to prospective consumers that personal electronics insurance coverage may be duplicative of some of the coverage offered separately under certain other insurance policies or service contracts. The bill establishes certain billing practices and establishes the relationship between the vendor as insurance producer and the insurer issuing the policy

regarding the collection of premiums. The bill prescribes certain terms and conditions related to the modification of contracts and the termination of policies.

The bill provides that the penalties available to the Commissioner of Banking and Insurance under the bill also apply to violations of, and must be in accordance with, the “New Jersey Insurance Producer Licensing Act of 2001.” The bill specifies that the fines assessed under the bill against a vendor must not exceed \$50,000 in the aggregate for multiple violations that involve the same conduct, action, or practice. The bill specifies that the commissioner may suspend the transaction of portable electronics insurance at specific business locations where violations have occurred, and may suspend or revoke the ability of individual employees or authorized representatives to act under the license.

#### COMMITTEE AMENDMENTS

The committee amended the bill to:

(1) remove the requirement that a vendor provide the Department of Banking and Insurance with a list of all locations at which the vendor offers portable electronics insurance;

(2) delete language allowing vendors to use email to send required notices about portable electronics insurance;

(3) revise the bill’s effective date so that the bill takes effect immediately upon enactment, instead of on the first day of the sixth month following enactment; and

(4) make certain technical changes.

**SENATE, No. 1439**

**STATE OF NEW JERSEY**  
**215th LEGISLATURE**

INTRODUCED FEBRUARY 6, 2012

**Sponsored by:**  
**Senator BARBARA BUONO**  
**District 18 (Middlesex)**

**SYNOPSIS**

Concerns the sale of portable electronics insurance and licensing of limited lines insurance producers for that purpose.

**CURRENT VERSION OF TEXT**

As introduced.



S1439 BUONO

2

1 AN ACT concerning portable electronics insurance and  
2 supplementing Title 17 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. As used in this act:

8 “Commissioner” means the Commissioner of Banking and  
9 Insurance.

10 “Consumer” means a person who purchases portable electronics  
11 or related services.

12 “Department” means the Department of Banking and Insurance.

13 “Enrolled consumer” means a consumer who elects coverage  
14 under a portable electronics insurance policy issued to a vendor of  
15 portable electronics.

16 “Location” means any physical location in the State of New  
17 Jersey or any website, call center site, or similar location directed to  
18 residents of the State of New Jersey.

19 “Portable electronics” means electronic devices that are portable  
20 in nature, and accessories and services related to the use of the  
21 devices.

22 “Portable electronics insurance” means insurance providing  
23 coverage for the repair or replacement of portable electronics which  
24 may provide coverage for portable electronics against any one or  
25 more of the following causes of loss: loss; theft; inoperability due to  
26 mechanical failure; malfunction; damage; or other similar causes of  
27 loss.

28 “Portable electronics insurance” shall not include:

29 (1) A service contract or extended warranty providing coverage  
30 limited to the repair, replacement or maintenance of property for the  
31 operational or structural failure of property due to a defect in  
32 materials, workmanship, accidental damage from handling, power  
33 surges or normal wear and tear;

34 (2) A policy of insurance covering a seller’s or a manufacturer’s  
35 obligations under a warranty; or

36 (3) A homeowner’s, renter’s, private passenger automobile,  
37 commercial multi-peril, or similar policy of insurance.

38 “Portable electronics transaction” means:

39 (1) the sale or lease of portable electronics by a vendor to a  
40 consumer; or

41 (2) the sale of a service related to the use of portable electronics  
42 by a vendor to a consumer.

43 “Supervising entity” means a business entity that is a licensed  
44 insurer or insurance producer that is appointed by an insurer to  
45 supervise the administration of a portable electronics insurance  
46 program.

47 “Vendor” means a person engaged, directly or indirectly, in the  
48 business of portable electronics transactions.

1       2. a. A vendor shall not sell, or offer to sell, coverage under a  
2 policy of portable electronics insurance unless licensed as a limited  
3 lines insurance producer pursuant to the provisions of the “New  
4 Jersey Insurance Producer Licensing Act of 2001,” P.L.2001, c.210  
5 (C.17:22A-26 et seq.) and this act. To hold a limited lines insurance  
6 producer license pursuant to this section, a vendor shall meet all the  
7 requirements to be a business entity producer pursuant to P.L.2001,  
8 c.210 (C.17:22A-26 et seq.), unless a provision of this act conflicts  
9 with a provision of P.L.2001, c.210 (C.17:22A-26 et seq.) in which  
10 case the provision of this act shall control.

11       b. Notwithstanding any other provision of law, a limited lines  
12 insurance producer license issued to a vendor shall authorize the  
13 licensee and its employees or authorized representatives to engage  
14 in those activities permitted pursuant to that license and the  
15 provisions of this act.

16       c. An employee or authorized representative of a vendor of  
17 portable electronics shall not advertise, represent or otherwise hold  
18 himself out as an insurance producer for any purposes other than as  
19 a licensed limited lines insurance producer.

20

21       3. The employees and authorized representatives of a vendor  
22 holding a limited lines insurance producer license may sell or offer  
23 to sell portable electronics insurance to consumers as permitted by  
24 section 2 of this act and shall not be subject to individual licensure  
25 as an insurance producer under P.L.2001, c.210 (C.17:22A-26 et  
26 seq.) or this act as a result of those activities so long as:

27       a. The vendor obtains a limited lines license to authorize its  
28 employees or authorized representatives to sell or offer portable  
29 electronics insurance pursuant to this act; and

30       b. The insurer issuing the portable electronics insurance either  
31 directly supervises or appoints a supervising entity to supervise the  
32 administration of the program, including development of a training  
33 program for employees and authorized representatives of the  
34 vendors. The training required by this subsection:

35       (1) shall be delivered to employees and authorized  
36 representatives of a vendor who are directly engaged in the activity  
37 of selling or offering portable electronics insurance;

38       (2) may be provided in electronic form; however, if conducted  
39 in electronic form the supervising entity shall implement a  
40 supplemental education program regarding the portable electronics  
41 insurance that is conducted and overseen by licensed employees of  
42 the supervising entity; and

43       (3) shall include basic instruction about the portable electronics  
44 insurance offered to consumers and the disclosures required under  
45 section 7 of this act.

**S1439 BUONO**

4

1 4. Notwithstanding the provisions of the “New Jersey  
2 Insurance Producer Licensing Act of 2001,” P.L.2001, c.210  
3 (C.17:22A-26 et seq.):

4 a. A sworn application for a limited lines insurance producer  
5 license under this act shall be made to and filed with the department  
6 on forms prescribed and furnished by the commissioner.

7 b. The application shall provide:

8 (1) the name, residence address, and other information required  
9 by the commissioner for an employee or officer of the vendor that is  
10 designated by the applicant as the person responsible for the  
11 vendor’s compliance with the requirements of this act. However, if  
12 the vendor derives more than 50% of its revenue from the sale of  
13 portable electronics insurance, the information required shall be  
14 provided for all officers, directors, and shareholders of record  
15 having beneficial ownership of 10% or more of any class of  
16 securities registered under the federal securities law; and

17 (2) the location of the applicant’s home office.

18 c. Any vendor engaging in portable electronics insurance  
19 transactions on or before the effective date of this act shall apply for  
20 a limited lines insurance producer license within 90 days of the  
21 application being made available by the commissioner. Any vendor  
22 wishing to commence operations after the effective date of this act  
23 shall obtain a limited lines insurance producer license prior to  
24 offering portable electronics insurance.

25 d. Limited lines insurance producer licenses issued pursuant to  
26 this act shall renew biennially in accordance with regulations  
27 promulgated by the commissioner.

28 e. Each vendor of portable electronics licensed under this act  
29 shall pay to the commissioner a fee as prescribed by the  
30 commissioner but in no event shall the fee exceed \$1,000 for an  
31 initial portable electronics insurance limited lines producer license  
32 and \$500 for each renewal thereof. However, for a vendor that is  
33 engaged in portable electronics transactions at 10 or fewer locations  
34 in the State, the fee shall not exceed \$100 for an initial license and  
35 for each renewal thereof.

36

37 5. a. Portable electronics insurance may be offered on a month  
38 to month or other periodic basis as a group or master commercial  
39 inland marine policy issued to a vendor of portable electronics for  
40 its enrolled consumers.

41 b. Eligibility and underwriting standards for consumers  
42 electing to enroll in coverage shall be established for each portable  
43 electronics insurance program.

44

45 6. The vendor or supervising entity, as the case may be, shall  
46 maintain a list of all locations in this State at which the vendor  
47 offers portable electronics insurance coverage and shall submit that  
48 list to the commissioner upon request.

1       7. At every location at which portable electronics insurance is  
2 offered to consumers, the limited lines insurance producer licensed  
3 to sell that insurance shall make available to prospective consumers  
4 brochures or other written materials which:

5       a. disclose that portable electronics insurance may provide a  
6 duplication of coverage already provided by a consumer's  
7 homeowner's insurance policy, renter's insurance policy or other  
8 source of coverage;

9       b. state that enrollment by the consumer in a portable  
10 electronics insurance program is not required in order to purchase  
11 or lease portable electronics or services;

12       c. summarize the material terms of the insurance coverage,  
13 including:

14       (1) the identity of the insurer;

15       (2) the identity of the supervising entity;

16       (3) the amount of any applicable deductible and how it is to be  
17 paid;

18       (4) benefits of the coverage; and

19       (5) key terms and conditions of coverage, such as whether  
20 portable electronics may be repaired or replaced with similar make  
21 and model reconditioned or non-original manufacturer parts or  
22 equipment;

23       d. summarize the process for filing a claim, including a  
24 description of how to return portable electronics and the maximum  
25 fee applicable in the event that the enrolled consumer fails to  
26 comply with any equipment return requirements; and

27       e. state that an enrolled consumer may cancel enrollment for  
28 coverage under a portable electronics insurance policy at any time  
29 and the person paying the premium shall receive a refund of any  
30 applicable unearned premium.

31

32       8. a. The charges for portable electronics insurance coverage  
33 may be billed and collected by the vendor of portable electronics.  
34 Any charge to the enrolled consumer for coverage that is not  
35 included in the cost associated with the purchase or lease of  
36 portable electronics or related services shall be separately itemized  
37 on the enrolled consumer's bill. If the portable electronics  
38 insurance coverage is included with the purchase or lease of  
39 portable electronics or related services, the vendor shall clearly and  
40 conspicuously disclose to the enrolled consumer that the portable  
41 electronics insurance coverage is included with the purchase of  
42 portable electronics or related services.

43       b. A vendor that bills and collects charges for portable  
44 electronics insurance coverage shall not be required to maintain  
45 funds received in a segregated account, provided that the vendor is  
46 authorized by the insurer to hold those funds in an alternative  
47 manner and remits those amounts to the supervising entity within  
48 60 days of receipt.



1 c. All funds received by a vendor from an enrolled consumer  
2 for the sale of portable electronics insurance shall be considered  
3 funds held in trust by the vendor in a fiduciary capacity for the  
4 benefit of the insurer. A vendor may receive compensation for  
5 billing and collection services.

6

7 9. Notwithstanding any other provision of law:

8 a. An insurer may terminate or otherwise change the terms and  
9 conditions of a policy of portable electronics insurance only upon  
10 providing the policyholder and enrolled consumers with at least 30  
11 days notice.

12 b. If the insurer changes the terms and conditions, then the  
13 insurer shall provide the vendor policyholder with a revised policy  
14 or endorsement and each enrolled consumer with a revised  
15 certificate, endorsement, updated brochure, or other evidence  
16 indicating a change in the terms and conditions has occurred and a  
17 summary of material changes.

18 c. Notwithstanding subsection a. of this section, an insurer may  
19 terminate an enrolled consumer's enrollment under a portable  
20 electronics insurance policy upon 15 days notice if the insurer  
21 discovers fraud or material misrepresentation in obtaining coverage  
22 or in the presentation of a claim thereunder.

23 d. Notwithstanding subsection a. of this section, an insurer may  
24 immediately terminate an enrolled consumer's enrollment under a  
25 portable electronics insurance policy:

26 (1) For nonpayment of premium;

27 (2) If the enrolled consumer ceases to have an active service  
28 with the vendor for one or more portable electronics covered under  
29 the policy, if applicable; or

30 (3) If an enrolled consumer exhausts the aggregate limit of  
31 liability, if any, under the terms of the portable electronics  
32 insurance policy and the insurer sends notice of termination to the  
33 enrolled consumer within 30 calendar days after exhaustion of the  
34 limit. However, if notice is not timely sent, enrollment shall  
35 continue notwithstanding the aggregate limit of liability, until the  
36 insurer sends notice of termination to the enrolled consumer.

37 e. If a policyholder terminates a portable electronics insurance  
38 policy, the policyholder shall mail or deliver written notice to each  
39 enrolled consumer advising the enrolled consumer of the  
40 termination of the policy and the effective date of termination. The  
41 written notice shall be mailed or delivered to the enrolled consumer  
42 at least 30 days prior to the termination.

43 f. Whenever notice or correspondence with respect to a policy  
44 of portable electronics insurance is required pursuant to this section  
45 or is otherwise required by law, it shall be in writing and sent  
46 within the notice period, if any, specified within the statute or  
47 regulation requiring the notice or correspondence. Notwithstanding  
48 any other provision of law, notices and correspondence may be sent

1 either by mail or by electronic means as set forth in this subsection.  
2 If the notice or correspondence is mailed, it shall be sent to the  
3 vendor at the vendor's mailing address specified for that purpose  
4 and to its affected enrolled consumers' last known mailing  
5 addresses on file with the insurer. The insurer or vendor, as the  
6 case may be, shall maintain proof of mailing in a form authorized or  
7 accepted by the United States Postal Service or other commercial  
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9 electronic means, it shall be sent to the vendor at the vendor's  
10 electronic mail address specified for that purpose and to its affected  
11 enrolled consumers' last known electronic mail address as provided  
12 by each enrolled consumer to the insurer or vendor, as the case may  
13 be. The insurer or vendor, as the case may be, shall maintain proof  
14 that the notice or correspondence was sent.

15 g. Notice or correspondence required pursuant to this section or  
16 otherwise required by law may be sent on behalf of an insurer or  
17 vendor, as the case may be, by the supervising entity appointed by  
18 the insurer.  
19

20 10. If a vendor of portable electronics or its employee or  
21 authorized representative violates any provision of this act or any  
22 provision of P.L.2001, c.210 (C.17:22A-26 et seq.), the  
23 commissioner may do any of the following:

24 a. Impose fines in accordance with P.L.2001, c.210 (C.17:22A-  
25 26 et seq.). However, fines assessed against a vendor licensed under  
26 this act shall not exceed \$50,000 in the aggregate for multiple  
27 violations that involve the same conduct, action, or practice.

28 b. Impose other penalties that the commissioner deems  
29 necessary and reasonable to carry out the purpose of this act,  
30 including:

31 (1) suspending the privilege of transacting portable electronics  
32 insurance pursuant to this section at specific business locations  
33 where violations have occurred; and

34 (2) suspending or revoking the ability of individual employees  
35 or authorized representatives to act under the license.  
36

37 11. This act shall take effect on the first day of the sixth month  
38 next following enactment.  
39  
40

41 STATEMENT  
42

43 This bill regulates the sale of portable electronics insurance,  
44 which is defined as insurance providing coverage for the repair or  
45 replacement of portable electronics against loss, theft, inoperability  
46 due to mechanical failure, malfunction, damage, or other similar  
47 causes of loss.

1 The bill requires vendors selling portable electronics insurance to  
2 be licensed as a limited lines insurance producer pursuant to the  
3 “New Jersey Insurance Producer Licensing Act of 2001,” P.L.2001,  
4 c.210 (C.17:22A-26 et seq.) and the provisions of the bill. The bill  
5 specifies that if there is a conflict between any provision of the bill  
6 and the “New Jersey Insurance Producer Licensing Act of 2001,”  
7 the provisions of the bill will control.

8 The bill establishes separate license requirements and fees for  
9 licensure as a portable electronics insurance limited lines producer.  
10 The bill specifies that a license issued to a vendor selling portable  
11 electronics also authorizes employees and authorized  
12 representatives of the vendor to sell the insurance under that license  
13 provided certain conditions are met. The bill requires vendors to  
14 provide training for their employees and authorized representatives.  
15 The bill requires a list of all locations at which the vendor offers  
16 portable electronics insurance to be maintained by the licensee, and  
17 requires the list to be made available to the Commissioner of  
18 Banking and Insurance on request.

19 The bill regulates the sale of the portable electronics insurance  
20 product, allowing it to be sold on a monthly or other periodic basis  
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22 standards. The bill requires a limited lines insurance producer  
23 licensed to sell portable electronics insurance to disclose to  
24 prospective consumers the material terms of the coverage and to  
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26 insurance coverage may be duplicative of some of the coverage  
27 offered separately under certain other insurance policies or service  
28 contracts. The bill establishes certain billing practices and  
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30 producer and the insurer issuing the policy regarding the collection  
31 of premiums. The bill prescribes certain terms and conditions  
32 related to the modification of contracts and the termination of  
33 policies.

34 The bill provides that the penalties available to the  
35 Commissioner of Banking and Insurance under the bill also apply to  
36 violations of, and must be in accordance with, the “New Jersey  
37 Insurance Producer Licensing Act of 2001.” The bill specifies that  
38 the fines assessed under the bill against a vendor must not exceed  
39 \$50,000 in the aggregate for multiple violations that involve the  
40 same conduct, action, or practice. The bill specifies that the  
41 commissioner may suspend the transaction of portable electronics  
42 insurance at specific business locations where violations have  
43 occurred, and may suspend or revoke the ability of individual  
44 employees or authorized representatives to act under the license.

# SENATE COMMERCE COMMITTEE

## STATEMENT TO

### **SENATE, No. 1439**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 18, 2012

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 1439.

This bill, as amended, regulates the sale of portable electronics insurance, which is defined as insurance providing coverage for the repair or replacement of portable electronics against loss, theft, inoperability due to mechanical failure, malfunction, damage, or other similar causes of loss.

The bill requires vendors selling portable electronics insurance to be licensed as a limited lines insurance producer pursuant to the “New Jersey Insurance Producer Licensing Act of 2001,” P.L.2001, c.210 (C.17:22A-26 et seq.) and the provisions of the bill. The bill specifies that if there is a conflict between any provision of the bill and the “New Jersey Insurance Producer Licensing Act of 2001,” the provision of the bill will control.

The bill establishes separate license requirements and fees for licensure as a portable electronics insurance limited lines producer. The bill specifies that a license issued to a vendor selling portable electronics also authorizes employees and authorized representatives of the vendor to sell the insurance under that license provided certain conditions are met. The bill requires vendors to provide training for their employees and authorized representatives.

The bill regulates the sale of the portable electronics insurance product, allowing it to be sold on a monthly or other periodic basis and requiring the establishment of eligibility and underwriting standards. The bill requires a limited lines insurance producer licensed to sell portable electronics insurance to disclose to prospective consumers the material terms of the coverage and to disclose to prospective consumers that personal electronics insurance coverage may be duplicative of some of the coverage offered separately under certain other insurance policies or service contracts. The bill establishes certain billing practices and establishes the relationship between the vendor as insurance producer and the insurer issuing the policy regarding the collection of premiums. The bill prescribes certain terms and conditions related to the modification of contracts and the termination of policies.

The bill provides that the penalties available to the Commissioner of Banking and Insurance under the bill also apply to violations of, and must be in accordance with, the “New Jersey Insurance Producer Licensing Act of 2001.” The bill specifies that the fines assessed under the bill against a vendor must not exceed \$50,000 in the aggregate for multiple violations that involve the same conduct, action, or practice. The bill specifies that the commissioner may suspend the transaction of portable electronics insurance at specific business locations where violations have occurred, and may suspend or revoke the ability of individual employees or authorized representatives to act under the license.

As requested, this bill is identical to Assembly Bill No. 2594 (1R).

#### COMMITTEE AMENDMENTS

The committee amended the bill to:

(1) remove the requirement that a vendor provide the Department of Banking and Insurance with a list of all locations at which the vendor offers portable electronics insurance;

(2) delete language allowing vendors to use email to send required notices about portable electronics insurance;

(3) revise the bill’s effective date so that the bill takes effect immediately upon enactment, instead of on the first day of the sixth month following enactment; and

(4) make certain technical changes.