

1.1 A bill for an act

1.2 relating to insurance; regulating portable electronics insurance; appropriating
1.3 money; amending Minnesota Statutes 2008, sections 60K.36, subdivision 2;
1.4 60K.38, subdivision 1; Minnesota Statutes 2009 Supplement, section 60K.55,
1.5 subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 60K.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2008, section 60K.36, subdivision 2, is amended to read:

1.8 Subd. 2. **Examination not required.** A resident individual applying for a limited
1.9 lines credit insurance, title insurance, travel baggage insurance, ~~mobile telephone~~
1.10 ~~insurance~~, or bail bonds license is not required to take a written examination.

1.11 Sec. 2. Minnesota Statutes 2008, section 60K.38, subdivision 1, is amended to read:

1.12 Subdivision 1. **Issuance.** (a) Unless denied a license under section 60K.43, a person
1.13 who has met the requirements of sections 60K.36 and 60K.37 must be issued an insurance
1.14 producer license. An insurance producer may receive qualification for a license in one or
1.15 more of the lines of authority in paragraphs (b) and (c).

1.16 (b) An individual insurance producer may receive qualification for a license in
1.17 one or more of the following major lines:

1.18 (1) life insurance: coverage on human lives including benefits of endowment and
1.19 annuities, and may include benefits in the event of death or dismemberment by accident
1.20 and benefits for disability income;

1.21 (2) accident and health or sickness insurance: coverage for sickness, bodily injury,
1.22 or accidental death, and may include benefits for disability income;

1.23 (3) property insurance: coverage for the direct or consequential loss or damage to
1.24 property of every kind;

2.1 (4) casualty insurance: coverage against legal liability, including that for death,
2.2 injury, or disability, or damage to real or personal property;

2.3 (5) variable life and variable annuity products insurance: coverage provided under
2.4 variable life insurance contracts and variable annuities; and

2.5 (6) personal lines: property and casualty insurance coverage sold to individuals and
2.6 families for primarily noncommercial purposes.

2.7 (c) An individual insurance producer may receive qualification for a license in
2.8 one or more of the following limited lines:

2.9 (1) limited line credit insurance;

2.10 (2) farm property and liability insurance;

2.11 (3) title insurance;

2.12 (4) travel baggage insurance; and

2.13 ~~(5) mobile telephone insurance; and~~

2.14 ~~(6) (5) bail bonds.~~

2.15 Sec. 3. [60K.381] SALE OF PORTABLE ELECTRONICS INSURANCE.

2.16 Subdivision 1. Definitions. For purposes of this section, the following terms have
2.17 the following meanings:

2.18 (a) "Customer" means a person who purchases portable electronics or services.

2.19 (b) "Covered customer" means a customer who elects coverage under a portable
2.20 electronics insurance policy issued to a vendor of portable electronics.

2.21 (c) "Portable electronics" means electronic devices that are portable in nature, their
2.22 accessories, and services related to the use of the device.

2.23 (d)(1) "Portable electronics insurance" means insurance providing coverage for
2.24 the repair or replacement of portable electronics, which may cover portable electronics
2.25 against any one or more of the following causes of loss: loss, theft, mechanical failure,
2.26 malfunction, damage, or other applicable perils.

2.27 (2) "Portable electronics insurance" does not include:

2.28 (i) a service contract governed by chapter 59B;

2.29 (ii) a policy of insurance covering a seller's or a manufacturer's obligations under
2.30 a warranty; or

2.31 (iii) a homeowner's, renter's, private passenger automobile, commercial multiperil,
2.32 or similar policy that covers loss or theft of portable electronics.

2.33 (e) "Portable electronics transaction" means:

2.34 (1) the sale or lease of portable electronics by a vendor to a customer; or

3.1 (2) the sale of a service related to the use of portable electronics by a vendor to a
3.2 customer.

3.3 (f) "Supervising agency" means a business entity that is a licensed insurance
3.4 producer.

3.5 (g) "Vendor" means a person in the business of engaging in portable electronics
3.6 transactions, directly or indirectly.

3.7 Subd. 2. **Licensure of vendors.** (a) A vendor is required to hold a limited lines
3.8 license to sell or offer coverage under a policy of portable electronics insurance in
3.9 connection with, and incidental to, a portable electronics transaction with a customer.

3.10 (b) A limited lines license issued under this subdivision shall authorize any
3.11 employee or authorized representative of the vendor to sell or offer coverage under a
3.12 policy of portable electronics insurance to a customer in connection with, and incidental
3.13 to, a portable electronics transaction at each location at which the vendor engages in
3.14 portable electronics transactions. The application for such a limited lines license shall
3.15 set forth each location at which the vendor offers coverage under a policy of portable
3.16 electronics insurance. The vendor shall notify the commissioner within 30 days of adding
3.17 or eliminating such a location.

3.18 (c) Notwithstanding any other provision of law, a license issued pursuant to this
3.19 section shall authorize the licensee and its employees or authorized representatives to
3.20 engage only in those activities that are expressly permitted in this section.

3.21 Subd. 3. **Requirements for sale of portable electronics insurance.** (a) At every
3.22 location where portable electronics insurance is offered to customers, brochures or other
3.23 written materials must be made available to a prospective customer which:

3.24 (1) disclose that portable electronics insurance may provide a duplication of
3.25 coverage already provided by a customer's homeowner's insurance policy, renter's
3.26 insurance policy, or other source of coverage;

3.27 (2) state that the enrollment by the customer in a portable electronics insurance
3.28 program is not required in order to purchase or lease portable electronics or services;

3.29 (3) summarize the material terms of the insurance coverage, including:

3.30 (i) the identity of the insurer;

3.31 (ii) the identity of the supervising agency;

3.32 (iii) the amount of any applicable deductible and how it is to be paid;

3.33 (iv) benefits of the coverage;

3.34 (v) the terms for terminating or modifying coverage as set forth in the policy of
3.35 portable electronics insurance; and

4.1 (vi) any material exclusions, conditions, or other limitations of coverage including
4.2 whether portable electronics may be repaired or replaced with similar make and model
4.3 reconditioned or nonoriginal manufacturer parts or equipment;

4.4 (4) describe the process for filing a claim, including a description of any
4.5 requirements:

4.6 (i) to return portable electronics and the maximum fee applicable in the event the
4.7 customer fails to comply with any equipment return requirements; and

4.8 (ii) any proof of loss requirements; and

4.9 (5) state that the customer may cancel enrollment for coverage under a portable
4.10 electronics insurance policy at any time and any unearned premium will be refunded
4.11 on a pro rata basis.

4.12 (b) Portable electronics insurance may be offered on a month to month or other
4.13 periodic basis as a group or master commercial inland marine policy issued to a vendor of
4.14 portable electronics under which individual customers may elect to enroll for coverage.

4.15 (c) Notwithstanding any other provision of Minnesota law regarding the termination
4.16 or modification of coverage under a policy of insurance, the terms for the termination
4.17 or modification of coverage under a policy of portable electronics insurance issued in
4.18 compliance with this chapter shall be as set forth in the policy.

4.19 (d) Eligibility and underwriting standards for customers electing to enroll in
4.20 coverage shall be established for each portable electronics insurance program.

4.21 Subd. 4. **Authority of vendors of portable electronics.** (a) The employees and
4.22 authorized representatives of vendors may sell or offer portable electronics insurance to
4.23 customers and shall not be subject to licensure as an insurance producer under this chapter
4.24 provided that:

4.25 (1) the vendor obtains a limited lines license to authorize its employees or authorized
4.26 representatives to sell or offer portable electronics insurance pursuant to this section;

4.27 (2) the insurer issuing the portable electronics insurance appoints a supervising
4.28 agency to supervise the administration of the program including development of a training
4.29 program for employees and authorized representatives of the vendors. The training
4.30 required by this subdivision shall comply with the following:

4.31 (i) the training shall be delivered to all employees and authorized representatives of
4.32 the vendors who sell or offer portable electronics insurance;

4.33 (ii) the training may be provided in electronic form. However, if conducted in
4.34 an electronic form, the supervising agency shall implement a program of in-person
4.35 training conducted by licensed employees of the supervising agency to supplement the
4.36 electronic training; and

5.1 (iii) each employee and authorized representative shall receive basic instruction
5.2 about the portable electronics insurance offered to customers and the disclosures required
5.3 under subdivision 3; and

5.4 (3) no employee or authorized representative of a vendor of portable electronics
5.5 shall advertise, represent, or otherwise hold himself or herself out as a nonlimited lines
5.6 licensed insurance producer.

5.7 (b) The charges for insurance coverage may be billed and collected by the vendor of
5.8 portable electronics. If billed and collected by the vendor, the charges shall be separately
5.9 itemized from the charges for the purchase or lease of portable electronics or services.
5.10 Vendors billing and collecting such charges shall not be required to maintain such funds
5.11 in a segregated account provided that the vendor is authorized by the insurer to hold
5.12 such funds in an alternative manner and remits such amounts to the supervising agency
5.13 within 60 days of receipt. All funds received by a vendor from a customer for the sale of
5.14 portable electronics insurance shall be considered funds held by the vendor in a fiduciary
5.15 capacity for the benefit of the insurer. Vendors may receive compensation for billing
5.16 and collection services.

5.17 Sec. 4. Minnesota Statutes 2009 Supplement, section 60K.55, subdivision 2, is
5.18 amended to read:

5.19 Subd. 2. **Licensing fees.** (a) In addition to fees provided for examinations and the
5.20 technology surcharge required under paragraph (d), each insurance producer licensed
5.21 under this chapter shall pay to the commissioner a fee of:

5.22 (1) \$50 for an initial life, accident and health, property, or casualty license issued to
5.23 an individual insurance producer, and a fee of \$50 for each renewal;

5.24 (2) \$50 for an initial variable life and variable annuity license issued to an individual
5.25 insurance producer, and a fee of \$50 for each renewal;

5.26 (3) \$50 for an initial personal lines license issued to an individual insurance
5.27 producer, and a fee of \$50 for each renewal;

5.28 (4) \$50 for an initial limited lines license issued to an individual insurance producer,
5.29 and a fee of \$50 for each renewal;

5.30 (5) \$200 for an initial license issued to a business entity, and a fee of \$200 for each
5.31 renewal; ~~and~~

5.32 (6) \$500 for an initial surplus lines license, and a fee of \$500 for each renewal;

5.33 (7) \$100 per location for the initial and renewal of a portable electronics insurance
5.34 limited lines license issued to a vendor, as defined in section 60K.381, subdivision 1,
5.35 paragraph (g), engaged in portable electronics transactions at ten or fewer locations in

6.1 this state as set forth in its application and any subsequent notice under section 60K.381,
6.2 subdivision 2, paragraph (b); and

6.3 (8) \$6,500 for the initial and renewal of a portable electronics insurance limited lines
6.4 license issued to a vendor, as defined in section 60K.381, subdivision 1, paragraph (g),
6.5 engaged in portable electronics transactions at more than ten locations in this state as set
6.6 forth in its application and any subsequent notice under section 60K.381, subdivision 2,
6.7 paragraph (b).

6.8 (b) Initial licenses issued to a business entity under this chapter are valid for a period
6.9 not to exceed 24 months and expire on October 31 of the renewal year assigned by the
6.10 commissioner. Initial licenses issued to an individual insurance producer under this
6.11 chapter before August 1, 2010, are valid for a period not to exceed 24 months and expire
6.12 on October 31 of the renewal year assigned by the commissioner. Each individual license
6.13 initially issued or renewed on or after August 1, 2010, expires on the last day of the birth
6.14 month of the producer in the year that will result in the term of the license being at least
6.15 12 months, but no more than 24 months. Beginning with the first license expiration on
6.16 the last day of the birth month of an individual producer as set forth in this paragraph, all
6.17 such licenses must after this date expire biennially on the last day of the birth month of the
6.18 individual producer that is two years subsequent to the preceding expiration date. Each
6.19 renewal insurance producer license is valid for a period of 24 months.

6.20 (c) All fees are nonreturnable, except that an overpayment of any fee may be
6.21 refunded upon proper application.

6.22 (d) In addition to the fees required under paragraph (a), individual insurance
6.23 producers shall pay, for each initial license and renewal, a technology surcharge of up to
6.24 \$40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted
6.25 under that section.

6.26 Sec. 5. **APPROPRIATION.**

6.27 \$39,000 in fiscal year 2011 is appropriated from the general fund to the commissioner
6.28 of commerce for implementing this act. The base appropriation for this program is
6.29 \$40,000 in fiscal year 2012 and \$41,000 in fiscal year 2013.