

Portable Electronics Insurance Regulation

House File 3251

1. Portable electronics, from mobile telephones, smart phones, laptop computers to handheld GPS devices, are becoming an integral part of people's business and personal lives. These devices, though, are easily lost, stolen or damaged and can be expensive to repair or replace.
2. Consumers are now looking to insurance to help repair, replace or pay for the cost of lost, stolen, malfunctioning or damaged portable electronic devices. Insurance covering these devices is typically offered at the point of sale of the electronics device as opposed to the usually insurance distribution channels.
3. The current insurance regulatory model is based upon a traditional insurance distribution system which does not accommodate the point of sale purchase of insurance in conjunction with the purchase of portable electronics. Asking a portable electronics salesperson to become licensed as a property and casualty insurance agent to sell insurance covering these products, as currently required, frustrates consumers by rendering the sale of this insurance impractical if not impossible.
4. House File 3251 modernizes Minnesota's insurance regulation to provide for a limited lines license allowing point of sale salespersons to sell insurance covering portable electronics devices, subject to a number of important consumer protections:
 - a. Requires the appointment of a supervising licensed agency to supervise administration of a vendor's portable electronics insurance program.
 - b. Requires a program of training of employees selling the insurance.
 - c. Requires materials to be available at locations selling portable electronics providing disclosures regarding the coverage, including:
 - i. Coverage may result in duplication of coverage under other insurance;
 - ii. Disclosing the material coverage terms;
 - iii. Setting forth any material exclusions; and
 - iv. Describing the claim filing process.
 - d. Requires that coverage may be cancelled at any time by the consumer with premiums paid returned to the consumer on pro rata basis.
 - e. Requires licensure of portable electronics vendors for each location where the vendor sells portable electronics insurance.
5. If enacted, Minnesota will join several states leading in the modernization of their regulatory structures to accommodate the sale of portable electronics insurance, including California, New York, Texas, Florida, Georgia, Maryland, New Mexico and Washington State.