

# FINAL BILL REPORT

## SSB 6242

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Synopsis as Enacted

**Brief Description:** Addressing specialty producer licenses.

**Sponsors:** Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Hobbs and Litzow).

**Senate Committee on Financial Institutions, Housing & Insurance**  
**House Committee on Business & Financial Services**

**Background:** The Office of Insurance Commissioner (OIC) licenses and regulates insurance producers, including specialty producer licenses. In 2002 the Legislature authorized the OIC to implement a regulatory scheme governing the insurance marketing practices of specified communications equipment retailers. To market insurance products in the state, a vendor of communications equipment must obtain a specialty producer license from the OIC. The license allows the vendor, and its employees or authorized representatives to market insurance covering communications equipment. Communication equipment includes cell phones, pagers, portable computers, and other devices designed to originate or receive communication signals.

Prior to a license being issued to a vendor, the vendor must be appointed as the agent of an authorized insurer. The operation of the communication equipment insurance program requires that the vendor affiliate with a state licensed insurance agent, who must supervise a training program for the vendor's employees.

**Summary:** Terms and Definitions. Various terms and definitions are amended. The term communication equipment is removed and replaced with portable electronics. Portable electronics is defined as personal, self-contained, easily carried by an individual, battery-operated, electronic communication, viewing, listening, recording, gaming, computing or global positioning devices and other similar devices and their accessories, and service related to the use of such devices.

Other amendments are made to incorporate the new terminology.

Scope of the Specialty Producer License. A vendor, its employees, and authorized representatives may sell insurance covering portable electronics on either a master, corporate, group, or individual policy at each location where the vendor engages in portable electronics transactions. A registry which identifies in-state vendor locations authorized to sell or solicit

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portable electronics insurance must be maintained and provided to OIC within ten days of the request for such information. An employee or authorized representative may sell or offer portable electronics insurance without being licensed if the vendor is licensed and in compliance with state law and the rules adopted by OIC.

Individuals employed by a licensed independent adjuster to collect claim information for electronics equipment shall also be exempt from the specialty producers licensure requirement under specified circumstances. The activity must be exclusive to claims originating from policies of insurance issued through a portable equipment program, and the individual must be employed and supervised by a licensed independent adjuster. The licensed independent adjuster must keep and maintain records of employees engaged in the claims collection activity, and is liable for any unlawful conduct its employees engage in while collecting claims.

Training Program. A training program must be provided for the employees of the licensed vendor who are directly engaged in selling or offering portable electronics insurance. Employees and authorized representatives must receive basic instruction about portable electronics insurance and the disclosures that must be made to customers. No employees or authorized representatives of a vendor of portable electronics may identify themselves as a nonlimited lines licensed insurance producer. A licensed independent adjuster must also provide approved training to employees engaged in claims collection for electronics equipment.

**Votes on Final Passage:**

Senate	48	0	
House	96	0	(House amended)
Senate	46	0	(Senate concurred)

**Effective:** June 7, 2012