Department of Financial Regulation
Vermont Insurance Division

BUSINESS ENTITY LIMITED LINES PRODUCER LICENSE FOR PORTABLE ELECTRONICS INSURANCE

REGULATION I-2012-01

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Section 1. Authority

This regulation is promulgated under the authority granted to the Commissioner by Title 8 V.S.A., §§ 15, 4261, 4813a(6) and 4813f(b).

Section 2. Purpose

The purpose of this regulation is to establish a business entity limited lines producer license for the sale of portable electronics insurance and to set forth requirements for the sale of portable electronics insurance by a vendor, its employees and authorized representatives as well as establishing standards for the adjusting of claims under a policy of portable electronics insurance by a supervising entity.

Section 3. Scope

This regulation governs the sale of portable electronics insurance by a vendor and its employees and authorized representatives.

Section 4. Definitions

As used in this regulation:

A. "Automated Claims Adjudication System" means a preprogrammed computer system designed for the collection, data entry, calculation and final resolution of portable electronics insurance claims which:

1. May only be utilized by a licensed adjuster, licensed insurance producer, or supervised individuals operating pursuant to this regulation;

2. Must comply with all claims payment requirements of Title 8 V.S.A.; and

3. Must be certified as compliant with this regulation by a licensed adjuster that is an officer of the entity which employs the individuals operating pursuant to section 10 of this regulation.

B. "Customer" means a person who purchases portable electronics or services;

C. "Enrolled Customer" means a customer who elects coverage under a portable electronics insurance policy issued to a vendor of portable electronics;

D. "Location" means any physical location in the State of Vermont or any website, call center site or similar location directed to residents of the State of Vermont;

E. "Portable Electronics" shall have the same meaning as given in Title 8 V.S.A. § 4257(1);

F. "Portable Electronics Insurance" shall have the same meaning as given in Title 8 V.S.A. § 4257(2).

G. "Portable Electronics Insurance Producer" means any portable electronics vendor that is licensed to offer, sell or solicit portable electronics insurance pursuant to this regulation.

H. "Portable Electronics Transaction" means:

1. the sale or lease of portable electronics by a vendor to a customer; or

2. the sale of a service related to the use of portable electronics by a vendor to a customer.

I. "Supervising Entity" means a business entity that is a licensed insurer or insurance producer that is appointed by an insurer to supervise the administration of a portable electronics insurance program;

J. "Portable Electronics Vendor" shall have the same meaning as given in Title 8 V.S.A. § 4257(3).

Section 5. General Rules

A. No portable electronics vendor, and no officer, director, employee or authorized representative of a portable electronics vendor, shall offer, sell, or solicit the purchase of portable electronics insurance unless that portable electronics vendor is licensed in compliance with the requirements of this regulation.

B. The Commissioner shall issue to a portable electronics vendor that has complied with the requirements of this regulation, a business entity limited lines producer license that authorizes any employee or authorized representative of the portable electronics vendor to sell or offer coverage under a policy of portable electronics insurance to a customer at each location at which the portable electronics vendor engages in portable electronics transactions.

Section 6. Licensing

A. In order for a portable electronics vendor to obtain a business entity limited lines producer license for the sale of portable electronics insurance, it must:

1. Submit an application and fees for licensure as required under Title 8 V.S.A., Chapter 131. Such application must provide the name, residence address, and other information required by the Commissioner for an employee or officer of the portable electronics vendor that is designated by the applicant as the person responsible for the portable electronics vendor's compliance with the requirements of this Chapter;

2. Have designated a licensed producer who is a natural person and appointed by the insurer in subdivision 4 of this subsection, to be responsible for the business entity's compliance with the insurance laws and regulations of this state. The producer designated by a portable electronics vendor pursuant to this subsection shall not be required to be an officer, director, or employee of the portable electronics vendor;

3. Submit a certificate by an appointing insurer, stating that the insurer has satisfied itself that the named applicant is trustworthy and competent to act as its portable electronics insurance agent; that the insurer has reviewed the training requirements for conformity with the requirements set forth in section 7A.2. of this regulation, and that the insurer will appoint the applicant to act as its portable electronics insurance agent. An officer of the insurer shall execute the certification; and

4. Be appointed by an insurer to act as its agent.

B. Portable electronics vendors applying for licensure pursuant to this regulation shall be exempt from any written examination requirement under Title 8 V.S.A., Chapter 131.

Section 7. Portable Electronics Insurance Producer Employees and Authorized Representatives

A. The employees and authorized representatives of portable electronics insurance producers may sell or offer portable electronics insurance to customers and shall not be subject to licensure as an insurance producer provided that:

1. The portable electronics insurance vendor obtains a limited lines license to authorize its employees or representatives to sell or offer portable electronics insurance pursuant to this section;

2. The insurer issuing the portable electronics insurance either directly supervises or appoints a supervising entity to supervise the administration of the program including development of a training program for employees and authorized representatives of the

portable electronics insurance producer. The training required by this subdivision shall comply with the following:

(i) The training shall be delivered to employees and authorized representatives of a portable electronics insurance producer who are directly engaged in the activity of selling or offering portable electronics insurance;

(ii) The training may be provided in electronic form. However, if conducted in an electronic form the supervising entity shall implement a supplemental education program regarding the portable electronics insurance product that is conducted and overseen by licensed employees of the supervising entity;

(iii) Each employee and authorized representative shall receive basic instruction about the portable electronics insurance offered to customers, the disclosures required under section 8 of this regulation and ethical sales practices; and,

(iv) All training material used shall be made available to the Commissioner upon request.

Section 8. Requirements for the Sale of Portable Electronics Insurance

A. At every location where portable electronics insurance is offered to customers, brochures or other written materials must be made available to a prospective customer which:

1. Disclose that portable electronics insurance may provide a duplication of coverage already provided by a customer's homeowner's insurance policy, renter's insurance policy or other source of coverage;

2. State that the enrollment by the customer in a portable electronics insurance program is not required in order to purchase or lease portable electronics or services;

3. Summarize the material terms of the insurance coverage, including:

(i) The identity of the insurer;

(ii) The identity of the supervising entity;

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

(iv) Benefits of the coverage; and

(v) Key terms and conditions of coverage such as whether portable electronics may be repaired or replaced with similar make and model reconditioned or non-original manufacturer parts or equipment.

4. Summarize the process for filing a claim, including a description of how to return portable electronics and the maximum fee applicable in the event the customer fails to comply with any equipment return requirements.

5. State that an enrolled customer may cancel enrollment for coverage under a portable electronics insurance policy at any time and the person paying the premium shall receive a refund or credit of any applicable unearned premium.

B. Eligibility and underwriting standards for customers electing to enroll in coverage shall be established for each portable electronics insurance program.

Section 9. Portable Electronics Insurance Producer Prohibitions

A portable electronics insurance producer shall not:

A. Offer, sell, or solicit the purchase of insurance except in conjunction with and incidental to portable electronics transactions;

B. Advertise, represent, or otherwise portray itself or any of its employees or representatives as non-limited lines licensed producers, unless so licensed;

C. Make any statement or engage in any conduct, express or implied, that would lead a consumer to believe:

1. That the insurance coverage offered by the portable electronics insurance producer does not provide a duplication of coverage already provided by a customer's personal homeowner's insurance policy, renter's insurance policy, or by another source of coverage;

2. That the purchase by the customer of portable electronics insurance is required in order to purchase or lease portable electronics from the portable electronics insurance producer; and

3. That the portable electronics insurance producer or the portable electronics insurance producer's employees or authorized representatives are qualified to evaluate the adequacy of the customer's existing insurance coverage.

Section 10. Portable Electronics Insurance Claims

A license as an adjuster shall not be required of an individual who collects claim information from, or furnishes claim information to, insureds or claimants, and who conducts data entry including entering data into an automated claims adjudication system, provided that no more than twenty five such persons are under the supervision of one licensed adjuster or licensed insurance producer. A licensed insurance producer who is functioning as a supervising entity pursuant to this regulation may also negotiate and resolve outstanding portable electronic insurance claims.

Section 11. Severability

If any provision of this regulation or its application to any person or circumstance is for any reason held to be invalid, the remainder of the Regulation and the application of the provision to other persons or circumstances shall not be affected.

Section 12. Effective Date

This regulation shall take effect on April 15, 2013.