



State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-2386/P1

TJD:kjf:rs

RMR

P2

In: 11/11/11

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

Regen

1 AN ACT *to create* 628.02 (1) (b) 9. and 632.975 of the statutes; relating to:  
2 portable electronics insurance.

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*Analysis by the Legislative Reference Bureau*

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

3 SECTION 1. 628.02 (1) (b) 9. of the statutes is created to read:  
4 628.02 (1) (b) 9. An employee or authorized representative of a vendor selling  
5 portable electronics insurance under a limited lines license to sell or offer portable  
6 electronics insurance under s. 632.975.

7 SECTION 2. 632.975 of the statutes is created to read:  
8 **632.975 Portable electronics insurance.** (1) DEFINITIONS. In this section:  
9 (a) "Customer" means a person who purchases a portable electronic device.

Internet

1 (b) "Enrolled customer" means a customer who elects coverage under a portable  
2 electronics insurance policy issued to a vendor of portable electronics.

3 (c) "Location" means any physical location in the state or any Web site, call  
4 center site, or similar location directed to residents of the state.

5 (d) "Portable electronics" or "portable electronic devices" means electronic  
6 devices that are portable in nature, including accessories and services related to the  
7 use of the device.

8 (e) 1. "Portable electronics insurance" means insurance providing coverage for  
9 the repair or replacement of portable electronics that may provide coverage for a  
10 portable electronic device against any of the following causes of loss:

- 11 a. Loss.
- 12 b. Theft.
- 13 c. Inoperability due to mechanical failure.
- 14 d. Malfunction.
- 15 e. Damage.
- 16 f. Other similar causes of loss.

17 2. "Portable electronics insurance" does not include any of the following:

18 a. A service contract or extended warranty providing coverage limited to the  
19 repair, replacement, or maintenance of property for the operational or structural  
20 failure of property due to a defect in materials, workmanship, accidental damage  
21 from handling, power surges, or normal wear and tear.

22 b. A policy of insurance covering a vendor's or a manufacturer's obligations  
23 under a warranty.

24 c. A homeowner's, renter's, private passenger automobile, commercial  
25 multi-peril, or similar insurance policy.

Insert 3-3

1 (f) "Portable electronics transaction" means the sale or lease of a portable  
2 electronic device by a vendor to a customer.

3 h e (g) "Vendor" means a person in the business of engaging in portable electronics  
4 transactions directly or indirectly.

\*\*\*\*NOTE: I do not completely understand how a "vendor" as that term is used in this draft could apply to someone involved in the transaction indirectly. Please consider whether the phrase "directly or indirectly" is needed here or whether it adds confusion and ambiguity to the definition.

5 (2) LICENSURE. (a) *License required.* An employee or authorized representative  
6 of a vendor may sell or offer portable electronics insurance to customers without  
7 holding a certificate of authority under s. 601.04 or a license as an intermediary if  
8 all of the following apply:

9 1. The vendor obtains a limited lines license under par. (c) to authorize its  
10 employees or authorized representatives to sell or offer portable electronics  
11 insurance under this section.

12 2. The insurer issuing the portable electronics insurance either directly  
13 supervises, or appoints a supervising entity to supervise, the administration of the  
14 sale of portable electronics insurance, including development of a training program,  
15 as described under sub. (4), for employees and authorized representatives of the  
16 vendors.

Insert 3-17  
\*\*\*\*NOTE: The requested language refers to a "program." Since I don't refer to the sale of portable electronics insurance elsewhere in the draft as a program, I removed the reference here and substituted other language. Is that okay?

17 4 e (3) The employees and authorized representatives who intend to sell or offer  
18 portable electronics insurance to customers shall complete a training program under  
19 sub. (4).

20 (b) *Prohibited representations.* No employee or authorized representative of a  
21 vendor of portable electronics may advertise, represent, or otherwise hold himself or

1 herself <sup>OUT</sup> as a licensed insurance intermediary other than a limited lines insurance  
2 agent, if the employee or authorized representative does not hold another license as  
3 an intermediary in this state.

4 (c) *License application; issuance.* 1. An applicant for a limited lines license to  
5 sell or offer portable electronics insurance shall make the application on forms  
6 prescribed and furnished by the commissioner and shall file the application with the  
7 commissioner. The commissioner shall issue a limited lines license to sell or offer  
8 portable electronic insurance to applicants that comply with the requirements under  
9 this subsection.

\*\*\*\*NOTE: I added the last sentence to dictate to the commissioner who receives a  
license under this section and require him to issue licenses. Please advise if you would  
like this worded differently or deleted.

10 2. The application required under subd. 1. shall contain all of the following:

11 a. ~~If the vendor derives 50 percent or less of its revenue from the sale of portable~~  
12 ~~electronic devices,~~ the name, residence address, and other information required by  
13 the commissioner for an employee or officer of the vendor that is designated by the  
14 applicant as the person responsible for ensuring the vendor's compliance with this  
15 section.

16 ~~b. If the vendor derives more than 50 percent of its revenue from the sale of~~  
17 ~~portable electronic devices, the name, residence address, and other information~~  
18 ~~required by the commissioner for all officers, directors, and shareholders of record~~  
19 ~~for the vendor having beneficial ownership of 10 percent or more of any class of~~  
20 ~~securities registered under federal securities law.~~

21 b e c A statement appointing the commissioner as the applicant's registered agent  
22 to receive services of all legal process issued against it in any civil action or  
23 proceeding in this state in connection with portable electronics insurance coverage

1 and agreeing that process so served shall be valid and binding against the applicant.  
 2 The appointment shall be irrevocable, shall bind the company and any successor in  
 3 interest to the assets or liabilities of the applicant, and shall remain in effect as long  
 4 as the applicant's license to sell or offer portable electronics insurance remains in  
 5 force in this state.

\*\*\*\*NOTE: "Attorney" did not seem the appropriate term under this provision; "registered agent" seemed more appropriate. Is that okay?

6 <sup>c</sup> d. The location of the applicant's home office.

7 e. A list of all locations in the state in which the vendor expects to sell or offer  
 8 portable electronics insurance.

9 3. With an application for renewal, a vendor shall supply the list described in  
 10 subd. 2. e.

\*\*\*\*NOTE: Is there additional information that should be supplied with an application to renew? Do you want the vendor to be required to update the commissioner if the information provided in the application changes upon a change in that information?

11 <sup>3</sup> 4. For vendors who are selling portable electronics insurance as of the effective  
 12 date of this subdivision ... [LRB inserts date], the vendor shall make an application  
 13 for licensure under this subsection within 90 days of the application form being made  
 14 available by the commissioner.

15 (d) *License expiration.* Initial licenses issued under this subsection are valid  
 16 not less than 24 months but not more than 36 months from the date of issue of the  
 17 license and expire on January 1 of the renewal year designated by the commissioner.

\*\*\*\*NOTE: If the licenses are exactly 24 months, the licenses cannot all expire on the same day of the year unless they are all issued on the same day exactly 24 months earlier. This draft requires that the initial license be valid for at least 2 years but not more than 3 years with all of the licenses expiring on January 1. There was no date for license renewal in the draft; please advise if you would like a different date than January 1 or if you would like each license to last 24 months exactly with different licenses renewing on different dates.

1 (e) *License fee.* Each vendor of portable electronics shall pay to the  
2 commissioner a fee to obtain a license to sell or offer portable electronics insurance.  
3 The commissioner shall determine the fee for an initial license and for a renewal of  
4 a license subject to all of the following:

5 1. For a vendor that expects to engage in portable electronics insurance  
6 transactions at more than 10 locations in the state, the initial license fee may not  
7 exceed \$1,000 and the renewal fee may not exceed \$500.

8 2. For a vendor that expects to engage in portable electronics insurance  
9 transactions at 10 or fewer locations in the state, the initial license fee may not  
10 exceed \$100 and the renewal fee may not exceed \$100.

11 (f) *Scope of license.* 1. A limited lines license to sell or offer portable electronics  
12 insurance under this section shall authorize any employee or authorized  
13 representative of a vendor to sell or offer coverage under a policy of portable  
14 electronics insurance to a customer at each location at which the vendor engages in  
15 portable electronics transactions.

16 2. A license issued under this section shall authorize the vendor and its  
17 employees and authorized representatives to engage in those activities that are  
18 permitted under this section.

19 (3) **SUSPENSION OR REVOCATION OF LICENSE.** If a vendor of portable electronics or  
20 an employee or authorized representative of a vendor violate any provision of this  
21 section, the commissioner may do any of the following:

22 (a) After notice and hearing, impose forfeitures not to exceed \$500 per violation  
23 or \$5,000 in the aggregate for each violation.<sup>S</sup>

24 (b) After notice and hearing, impose any of the following penalties:

insurer or supervising entity shall develop and administer the

- 1            1. Suspending the privilege of selling or offering portable electronics insurance
- 2            at the specific business location where the violation occurred.
- 3            2. Suspending or revoking the ability of an individual employee or authorized
- 4            representative of a vendor to act under the vendor's license.

\*\*\*\*NOTE: Do you want the vendor to provide a list of those employees and authorized representatives that have been trained and are expected to sell or offer portable electronics insurance? This draft does not require such disclosure. I don't know if there would be a way for anyone to keep track of the specific individuals authorized to sell the insurance. Also, this provision does not prevent the employee or representative from switching vendors under which he or she sells insurance since there is no list of individuals authorized to or prevented from selling the insurance.

5            (4) TRAINING. The training program required under sub. (2) (a) <sup>4</sup> shall comply <sup>that</sup> <sup>ies</sup>

6            with all of the following:

7            (a) The insurer or supervising entity shall deliver training to employees and

8            authorized representatives of a vendor who are directly engaged in selling or offering

9            portable electronics insurance.

10           (b) The insurer or supervising entity may provide the training in electronic

11           form. If the training is in electronic form, the insurer or supervising entity shall

12           implement a supplemental education program regarding portable electronics

13           insurance that is conducted and overseen by licensed employees of the insurer or

14           supervising entity.

15           (c) The insurer or supervising entity shall provide to every employee and

16           authorized representative of a vendor basic instruction about the portable

17           electronics insurance offered to customers and the disclosures required under sub.

18           (6).

19           (5) COMPENSATION. (a) A vendor of portable electronics may not compensate an

20           employee or authorized representative based on the number of customers enrolled

21           in portable electronics insurance coverage but the vendor may compensate an

1 employee or authorized representative for activities under the limited lines license  
2 that is incidental to his or her overall compensation.

3 (b) 1. A vendor of portable electronics may bill and collect the charges for  
4 portable electronics insurance coverage.

5 2. The vendor shall separately itemize on the enrolled customer's bill any  
6 charge to the enrolled customer for coverage that is not included in the cost  
7 associated with the purchase or lease of the portable electronics.

8 3. If the portable electronics insurance coverage is included with the purchase  
9 or lease of a portable electronic device, the vendor shall clearly and conspicuously  
10 disclose to the enrolled customer that the coverage is included with the purchase or  
11 lease of the portable electronic device.

12 4. A vendor that bills and collects charges from an enrolled customer is not  
13 required to maintain those moneys in a segregated account if the insurer authorizes  
14 the vendor to hold those moneys in a manner other than a segregated account and  
15 if the vendor remits the moneys to the insurer or supervising entity within 60 days  
16 of receiving those moneys. The vendor shall consider all moneys received by that  
17 vendor from an enrolled customer for the sale of portable electronics insurance to be  
18 held in trust by that vendor in a fiduciary capacity for the benefit of the insurer.

19 5. The insurer or supervising entity may compensate the vendor for billing and  
20 collection services.

21 (6) DISCLOSURES. At every location where portable electronics insurance is  
22 offered to customers, a vendor shall make available to prospective customers  
23 brochures or other written materials that contain all of the following:

1 (a) A disclosure that portable electronics insurance may provide a duplication  
2 of coverage already provided by a customer's homeowner's insurance policy, renter's  
3 insurance policy, or other source of insurance coverage.

4 (b) A statement that a customer is not required to enroll in portable electronics  
5 insurance as a condition of purchasing or leasing a portable electronic device.

6 (c) A summary of the material terms of the portable electronics insurance  
7 coverage including all of the following:

8 1. The identity of the insurer.

9 2. The identity of the supervising entity, if any.

10 3. The amount of any applicable deductible and how to pay that deductible.

11 4. The benefits of coverage.

12 5. The key terms and conditions of coverage such as whether a portable  
13 electronic device covered under the policy may be repaired or replaced with parts or  
14 equipment of a similar make and model that are reconditioned or are nonoriginal  
15 manufacturer parts or equipment.

16 (d) A summary of the process for filing a claim, including a description of how  
17 to return a portable electronic device and the maximum fee applicable in the event  
18 the enrolled customer fails to comply with any equipment return requirement.

19 (e) A statement that the enrolled customer may cancel enrollment for coverage  
20 under a portable electronics insurance policy at any time and that upon cancellation  
21 the person paying the premium receives a refund of any applicable unearned  
22 premium.

23 (7) PERMITTED OFFERING. A vendor may offer portable electronics insurance on  
24 a month to month or other periodic basis as a group or master commercial inland

for each portable electronics insurance program offered by a vendor to its customers.

1 marine policy that is issued to a vendor of portable electronics for its enrolled  
2 customers.

3 (8) UNDERWRITING. An insurer shall establish eligibility and underwriting  
4 standards for customers electing to enroll in coverage.

\*\*\*\*NOTE: The requested language was written "Eligibility and underwriting standards...shall be established for each portable electronics insurance program." This does not indicate who is required to establish the standards and does not describe what constitutes a "program." Please carefully review the language to ensure it complies with your intent.

5 after (9) TERMINATION OF INSURANCE. (a) An insurer may terminate or otherwise  
6 change the terms and conditions of a policy of portable electronics insurance only  
7 upon providing the policyholder and all enrolled customers at least 30 days notice  
8 before terminating the coverage or making the change.

9 (b) If the insurance changes the terms and conditions in accordance with par.  
10 (a), the insurance shall provide the vendor policyholder with a revised policy or  
11 endorsement and shall provide each enrolled customer a revised certificate,  
12 endorsement, updated brochure, or other evidence indicating that a change in the  
13 terms and conditions has occurred and summarizing the material changes.

(END)

INSERT 10-14

→ ~~\*\*\*~~ NOTE: Please see the note under SECTION 2 sub. (1) regarding the word "program."

changes to policy

Except as provided in par. (c)

(CS) (2) (1) (g)

2011-2012 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-2386/P2ins  
TJD:.....

1 INSERT 3-3

2 (g) "Supervising entity" means a business entity that is a licensed insurer or  
3 licensed intermediary that is appointed by an insurer to supervise the  
4 administration of a portable electronics insurance program offered by a vendor to its  
5 customers.

\*\*\*\*NOTE: The language added to "portable electronics insurance program" does not help explain what a program is. Isn't a customer just purchasing insurance? As I stated before, I believe that the phrase "portable electronics insurance program" needs to be defined or replaced by clearer language.

(END INSERT 3-3)

6 INSERT 3-17

7 3. The supervising entity, if any, maintains a registry of vendor locations which  
8 are authorized to sell or offer portable electronics insurance in this state. Upon  
9 request by the commissioner after providing 10 days' notice to the supervising entity,  
10 <sup>the</sup> supervising entity shall make available the registry for inspection and examination  
11 by the commissioner.

\*\*\*\*NOTE: I changed "director" to "commissioner." I did not know to what director the provision was referring.

(END INSERT 3-17)

*that the enrolled customer committed*

12 INSERT 10-14

*made a*

13 (c) 1. An insurer may terminate the enrollment of an enrolled customer under  
14 a portable electronics insurance policy after providing 15 days' notice if the insurer  
15 discovers <sup>^</sup>fraud or <sup>^</sup>material misrepresentation in obtaining coverage or in the  
16 presentation of a claim under the portable electronics insurance policy.

1           2. An insurer may immediately terminate the enrollment of an enrolled  
2 customer under a portable electronics insurance policy for any of the following  
3 reasons:

4           a. The enrolled customer fails to pay the premium for the portable electronics  
5 insurance policy.

6           b. The enrolled customer ceases to have an active service with the vendor of  
7 portable electronics.

8           3. An insurer may terminate the enrollment of an enrolled customer under a  
9 portable electronics insurance policy if the enrolled customer exhausts any  
10 aggregate limit of liability under the terms of the portable electronics insurance  
11 policy and the insurer sends notice of termination to the enrolled customer within  
12 30 days after exhaustion of the limit. If the insurer does not send the notice within  
13 30 days after exhaustion of the limit, the insurer shall continue the coverage  
14 notwithstanding the aggregate limit of liability under the insurer sends notice of  
15 termination to the enrolled customer. *until*

16           (d) If a portable electronics insurance policy is terminated by a vendor that  
17 owns the policy, the vendor shall mail or deliver, at least 30 days before the  
18 termination, written notice to each enrolled customer advising of the termination of  
19 the portable electronics insurance policy and the effective date of termination.

20           (e) Any notice or correspondence with respect to coverage under a policy of  
21 portable electronics insurance that is required under this section or is otherwise  
22 required by law shall be in writing and may be mailed to the vendor at the mailing  
23 address of the vendor and to the enrolled customers at their last known mailing  
24 addresses on file with the insurer or delivered by electronics means to the vendor and  
25 enrolled customers. If the notice or correspondence is mailed, the insurer, or vendor,

U.S.

1 that mailed the notice or correspondence, shall maintain proof of mailing in a form  
2 authorized or accepted by the United States postal service or other commercial mail  
3 delivery service. If delivery of the notice or correspondence is by electronic means,  
4 the insurer shall use the electronic mail address specified by the vendor for that  
5 purpose and the insurer, or vendor, shall use the last known electronic mail  
6 addresses provided by each enrolled customer. An enrolled customer who provides  
7 an electronic mail address to the insurer or vendor consents to receive notices and  
8 correspondence by electronic means. If delivery is by electronic means, the insurer  
9 or vendor, whichever delivers the notice or correspondence, shall maintain proof of  
10 delivery.

11 (f) A supervising entity may send any notice or correspondence required by this  
12 section or otherwise required by law. An insurer or vendor is not required to provide  
13 the notice or correspondence if it is provided by a supervising entity in a manner that  
14 complies with this section.

(END INSERT 10-14)

## Dodge, Tamara

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**From:** Dodge, Tamara  
**Sent:** Friday, December 09, 2011 9:36 AM  
**To:** Froelich, Brooke  
**Subject:** RE: New Definition

Brooke,

I will need my question answered about whether a "program" is a collection of coverage options. I just want to make sure that the definitions reads as they intend. If it is true that "program" is a collection of coverage options, then I will word the definition as follows:

"Portable electronics insurance program" means the coverage options made available to customers of a vendor who elect to enroll for coverage of a portable electronics device under a policy of portable electronics insurance.

I will add that definition to the beginning of the section where the rest of the definitions are. If you don't think there will be many more changes, I can add the definition, add an analysis, and get you a /1.

Thanks,  
Tami

### Tamara J. Dodge

Attorney  
Wisconsin Legislative Reference Bureau  
P.O. Box 2037  
Madison, WI 53701-2037  
(608) 267 - 7380  
tamara.dodge@legis.wisconsin.gov

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**From:** Froelich, Brooke  
**Sent:** Friday, December 09, 2011 9:27 AM  
**To:** Dodge, Tamara  
**Subject:** RE: New Definition

Tami,

Tony is asking for the language you would write it in and then thinks we would be good. Thanks!

*Brooke Froelich*

Legislative Assistant  
Office of State Representative John Nygren  
89th Assembly District  
Phone: 608.266.2343  
Email: brooke.froelich@legis.wi.gov

*Note: Please remember that all communications conducted through state resources are subject to Wisconsin's Open Records Law established in Wisconsin State Statute 19.35(1)*

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**From:** Dodge, Tamara  
**Sent:** Friday, December 09, 2011 8:50 AM  
**To:** Froelich, Brooke  
**Subject:** RE: New Definition

Insert 31

Brooke,

I think it is better than the previous, and since it seems to be what they want to give me, we'll go with it. To clarify, a "program" is a collection of coverage options. If that is correct, then I think it will work.

Tami

**Tamara J. Dodge**

Attorney

Wisconsin Legislative Reference Bureau

P.O. Box 2037

Madison, WI 53701-2037

(608) 267 - 7380

tamara.dodge@legis.wisconsin.gov

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**From:** Froelich, Brooke

**Sent:** Friday, December 09, 2011 8:42 AM

**To:** Dodge, Tamara

**Subject:** New Definition

Tami,

Tony just sent me this revised definition. If this works for you we can skip the 10 am conference call. Let me know what you think. Thanks.

"Portable electronics insurance program" means the coverage options made available to a vendor's customers electing to enroll for coverage of a portable electronics device under a policy of portable electronics insurance.

*Brooke Froelich*

Legislative Assistant

Office of State Representative John Nygren

89th Assembly District

Phone: 608.266.2343

Email: brooke.froelich@legis.wi.gov

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## Dodge, Tamara

---

**From:** Froelich, Brooke  
**Sent:** Wednesday, November 30, 2011 9:29 AM  
**To:** Dodge, Tamara  
**Subject:** Portable Electronics

Tami,

I have been asked to send you the following definition to see if it will take care of your question. Let me know. Thanks for all your work on this.

**“Portable electronics insurance program” means a program designed to provide portable electronics insurance to the customers of a vendor.**

Hope you had a good Thanksgiving.

*Brooke Froelich*

Legislative Assistant  
Office of State Representative John Nygren  
89th Assembly District  
Phone: 608.266.2343  
Email: brooke.froelich@legis.wi.gov

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State of Wisconsin  
2011 - 2012 LEGISLATURE



LRB-2386/P2  
TJD:kjf:ph

In: 12/13/11 <sup>soon</sup>

RMR

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

Regen

1 AN ACT *to create* 628.02 (1) (b) 9. and 632.975 of the statutes; relating to:  
2 portable electronics insurance.

Insert Analysis

*Analysis by the Legislative Reference Bureau*

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

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4 628.02 (1) (b) 9. An employee or authorized representative of a vendor selling  
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1           (b) "Enrolled customer" means a customer who elects coverage under a portable  
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3           (c) "Location" means any physical location in the state or any Internet site, call  
4 center site, or similar location directed to residents of the state.

5           (d) "Portable electronics" or "portable electronic devices" means electronic  
6 devices that are portable in nature, including accessories and services related to the  
7 use of the device.

8           (e) 1. "Portable electronics insurance" means insurance providing coverage for  
9 the repair or replacement of portable electronics that may provide coverage for a  
10 portable electronic device against any of the following causes of loss:

- 11           a. Loss.
- 12           b. Theft.
- 13           c. Inoperability due to mechanical failure.
- 14           d. Malfunction.
- 15           e. Damage.
- 16           f. Other similar causes of loss.

17           2. "Portable electronics insurance" does not include any of the following:

18           a. A service contract or extended warranty providing coverage limited to the  
19 repair, replacement, or maintenance of property for the operational or structural  
20 failure of property due to a defect in materials, workmanship, accidental damage  
21 from handling, power surges, or normal wear and tear.

22           b. A policy of insurance covering a vendor's or a manufacturer's obligations  
23 under a warranty.

24           c. A homeowner's, renter's, private passenger automobile, commercial  
25 multi-peril, or similar insurance policy.

Insert 3-1

1 (g) ~~e~~ (f) "Portable electronics transaction" means the sale or lease of a portable  
2 electronic device to a customer.

3 (h) ~~e~~ (g) "Supervising entity" means a business entity that is a licensed insurer or  
4 licensed intermediary that is appointed by an insurer to supervise the  
5 administration of a portable electronics insurance program offered by a vendor to its  
6 customers.

\*\*\*\*NOTE: The language added to "portable electronics insurance program" does not help explain what a program is. Isn't a customer just purchasing insurance? As I stated before, I believe that the phrase "portable electronics insurance program" needs to be defined or replaced by clearer language.

7 (i) ~~e~~ (h) "Vendor" means a person in the business of engaging in portable electronics  
8 transactions directly or indirectly.

9 (2) LICENSURE. (a) *License required.* An employee or authorized representative  
10 of a vendor may sell or offer portable electronics insurance to customers without  
11 holding a certificate of authority under s. 601.04 or a license as an intermediary if  
12 all of the following apply:

13 1. The vendor obtains a limited lines license under par. (c) to authorize its  
14 employees or authorized representatives to sell or offer portable electronics  
15 insurance under this section.

16 2. The insurer issuing the portable electronics insurance either directly  
17 supervises, or appoints a supervising entity to supervise, the administration of the  
18 sale of portable electronics insurance, including development of a training program,  
19 as described under sub. (4), for employees and authorized representatives of the  
20 vendors.

21 3. The supervising entity, if any, maintains a registry of vendor locations <sup>that</sup> which  
22 are authorized to sell or offer portable electronics insurance in this state. Upon  
23 request by the commissioner after providing 10 days' notice to the supervising entity,

1 the supervising entity shall make available the registry for inspection and  
2 examination by the commissioner.

\*\*\*\*NOTE: I changed "director" to "commissioner." I did not know to what director  
the provision was referring.

3 4. <sup>Any</sup> ~~The~~ employees <sup>or</sup> ~~and~~ authorized representatives who intend to sell or offer  
4 portable electronics insurance to customers shall complete a training program under  
5 sub. (4).

6 (b) *Prohibited representations.* No employee or authorized representative of a  
7 vendor of portable electronics may advertise, represent, or otherwise hold himself or  
8 herself out as a licensed insurance intermediary other than a limited lines insurance  
9 agent, if the employee or authorized representative does not hold another license as  
10 an intermediary in this state.

11 (c) *License application; issuance.* 1. An applicant for a limited lines license to  
12 sell or offer portable electronics insurance shall make the application on forms  
13 prescribed and furnished by the commissioner and shall file the application with the  
14 commissioner. The commissioner shall issue a limited lines license to sell or offer  
15 portable electronic insurance to applicants that comply with the requirements under  
16 this subsection.

17 2. The application required under subd. 1. shall contain all of the following:

18 a. The name, residence address, and other information required by the  
19 commissioner for an employee or officer of the vendor that is designated by the  
20 applicant as the person responsible for ensuring the vendor's compliance with this  
21 section.

22 b. A statement appointing the commissioner as the applicant's registered agent  
23 to receive service of all legal process issued against it in any civil action or proceeding

1 in this state in connection with portable electronics insurance coverage and agreeing  
2 that process so served is valid and binding against the applicant. The appointment  
3 is irrevocable, binds the company and any successor in interest to the assets or  
4 liabilities of the applicant, and remains in effect as long as the applicant's license to  
5 sell or offer portable electronics insurance remains in force in this state.

6 c. The location of the applicant's home office.

7 3. For vendors who are selling portable electronics insurance as of the effective  
8 date of this subdivision .... [LRB inserts date], the vendor shall make an application  
9 for licensure under this subsection within 90 days of the application form being made  
10 available by the commissioner.

11 (d) *License expiration.* Initial licenses issued under this subsection are valid  
12 not less than 24 months but not more than 36 months from the date of issue of the  
13 license and expire on January 1 of the renewal year designated by the commissioner.

14 (e) *License fee.* Each vendor of portable electronics shall pay to the  
15 commissioner a fee to obtain a license to sell or offer portable electronics insurance.  
16 The commissioner shall determine the fee for an initial license and for a renewal of  
17 a license subject to all of the following:

18 1. For a vendor that expects to engage in portable electronics insurance  
19 transactions at more than 10 locations in the state, the initial license fee may not  
20 exceed \$1,000 and the renewal fee may not exceed \$500.

21 2. For a vendor that expects to engage in portable electronics insurance  
22 transactions at 10 or fewer locations in the state, the initial license fee may not  
23 exceed \$100 and the renewal fee may not exceed \$100.

24 (f) *Scope of license.* 1. A limited lines license to sell or offer portable electronics  
25 insurance under this section shall authorize any employee or authorized

1 representative of a vendor to sell or offer coverage under a policy of portable  
2 electronics insurance to a customer at each location at which the vendor engages in  
3 portable electronics transactions.

4 2. A license issued under this section shall authorize the vendor and its  
5 employees and authorized representatives to engage in those activities that are  
6 permitted under this section.

7 (3) **SUSPENSION OR REVOCATION OF LICENSE.** If a vendor of portable electronics or  
8 an employee or authorized representative of a vendor violate any provision of this  
9 section, the commissioner may do any of the following:

10 (a) After notice and hearing, impose forfeitures not to exceed \$500 per violation  
11 or \$5,000 in the aggregate for violations.

12 (b) After notice and hearing, impose any of the following penalties:

13 1. Suspending the privilege of selling or offering portable electronics insurance  
14 at the specific business location where the violation occurred.

15 2. Suspending or revoking the ability of an individual employee or authorized  
16 representative of a vendor to act under the vendor's license.

17 (4) **TRAINING.** The insurer or supervising entity shall develop and administer  
18 the training program required under sub. (2) (a) 4. that complies with all of the  
19 following:

20 (a) The insurer or supervising entity shall deliver training to employees and  
21 authorized representatives of a vendor who are directly engaged in selling or offering  
22 portable electronics insurance.

23 (b) The insurer or supervising entity may provide the training in electronic  
24 form. If the training is in electronic form, the insurer or supervising entity shall  
25 implement a supplemental education program regarding portable electronics

1 insurance that is conducted and overseen by licensed employees of the insurer or  
2 supervising entity.

3 (c) The insurer or supervising entity shall provide to every employee and  
4 authorized representative of a vendor basic instruction about the portable  
5 electronics insurance offered to customers and the disclosures required under sub.  
6 (6).

7 (5) COMPENSATION. (a) A vendor of portable electronics may not compensate an  
8 employee or authorized representative based on the number of customers enrolled  
9 in portable electronics insurance coverage but the vendor may compensate an  
10 employee or authorized representative for activities under the limited lines license  
11 that is incidental to his or her overall compensation.

12 (b) 1. A vendor of portable electronics may bill and collect the charges for  
13 portable electronics insurance coverage.

14 2. The vendor shall separately itemize on the enrolled customer's bill any  
15 charge to the enrolled customer for coverage that is not included in the cost  
16 associated with the purchase or lease of the portable electronics.

17 3. If the portable electronics insurance coverage is included with the purchase  
18 or lease of a portable electronic device, the vendor shall clearly and conspicuously  
19 disclose to the enrolled customer that the coverage is included with the purchase or  
20 lease of the portable electronic device.

21 4. A vendor that bills and collects charges from an enrolled customer is not  
22 required to maintain those moneys in a segregated account if the insurer authorizes  
23 the vendor to hold those moneys in a manner other than a segregated account and  
24 if the vendor remits the moneys to the insurer or supervising entity within 60 days  
25 of receiving those moneys. The vendor shall consider all moneys received by that

1 vendor from an enrolled customer for the sale of portable electronics insurance to be  
2 held in trust by that vendor in a fiduciary capacity for the benefit of the insurer.

3 5. The insurer or supervising entity may compensate the vendor for billing and  
4 collection services.

5 (6) DISCLOSURES. At every location where portable electronics insurance is  
6 offered to customers, a vendor shall make available to prospective customers  
7 brochures or other written materials that contain all of the following:

8 (a) A disclosure that portable electronics insurance may provide a duplication  
9 of coverage already provided by a customer's homeowner's insurance policy, renter's  
10 insurance policy, or other source of insurance coverage.

11 (b) A statement that a customer is not required to enroll in portable electronics  
12 insurance as a condition of purchasing or leasing a portable electronic device.

13 (c) A summary of the material terms of the portable electronics insurance  
14 coverage including all of the following:

15 1. The identity of the insurer.

16 2. The identity of the supervising entity, if any.

17 3. The amount of any applicable deductible and how to pay that deductible.

18 4. The benefits of coverage.

19 5. The key terms and conditions of coverage such as whether a portable  
20 electronic device covered under the policy may be repaired or replaced with parts or  
21 equipment of a similar make and model that are reconditioned or are nonoriginal  
22 manufacturer parts or equipment.

23 (d) A summary of the process for filing a claim, including a description of how  
24 to return a portable electronic device and the maximum fee applicable in the event  
25 the enrolled customer fails to comply with any equipment return requirement.

1 (e) A statement that the enrolled customer may cancel enrollment for coverage  
2 under a portable electronics insurance policy at any time and that upon cancellation  
3 the person paying the premium receives a refund of any applicable unearned  
4 premium.

5 (7) PERMITTED OFFERING. A vendor may offer portable electronics insurance on  
6 a month to month or other periodic basis as a group or master commercial inland  
7 marine policy that is issued to a vendor of portable electronics for its enrolled  
8 customers.

9 (8) UNDERWRITING. An insurer shall establish eligibility and underwriting  
10 standards for customers electing to enroll in coverage for each portable electronics  
11 insurance program offered by a vendor to its customers.

\*\*\*\*NOTE: Please see the note under sub. (1) (g) regarding the word "program."

12 (9) TERMINATION OF INSURANCE; CHANGES TO POLICY. (a) Except as provided in  
13 par. (c), an insurer may terminate or otherwise change the terms and conditions of  
14 a policy of portable electronics insurance only after providing the policyholder and  
15 all enrolled customers at least 30 days' notice before terminating the coverage or  
16 making the change.

17 (b) If the insurer changes the terms and conditions in accordance with par. (a),  
18 the insurer shall provide the vendor policyholder with a revised policy or  
19 endorsement and shall provide each enrolled customer a revised certificate,  
20 endorsement, updated brochure, or other evidence indicating that a change in the  
21 terms and conditions has occurred and a summary of the material changes.

22 (c) 1. An insurer may terminate the enrollment of an enrolled customer under  
23 a portable electronics insurance policy after providing 15 days' notice if the insurer  
24 discovers that the enrolled customer committed fraud or made a material

1 misrepresentation in obtaining coverage or in the presentation of a claim under the  
2 portable electronics insurance policy.

3 2. An insurer may immediately terminate the enrollment of an enrolled  
4 customer under a portable electronics insurance policy for any of the following  
5 reasons:

6 a. The enrolled customer fails to pay the premium for the portable electronics  
7 insurance policy.

8 b. The enrolled customer ceases to have an active service with the vendor of  
9 portable electronics.

10 3. An insurer may terminate the enrollment of an enrolled customer under a  
11 portable electronics insurance policy if the enrolled customer exhausts any  
12 aggregate limit of liability under the terms of the portable electronics insurance  
13 policy and the insurer sends notice of termination to the enrolled customer within  
14 30 days after exhaustion of the limit. If the insurer does not send the notice within  
15 30 days after exhaustion of the limit, the insurer shall continue the coverage  
16 notwithstanding the aggregate limit of liability until the insurer sends notice of  
17 termination to the enrolled customer.

18 (d) If a portable electronics insurance policy is terminated by a vendor that  
19 owns the policy, the vendor shall mail or deliver, at least 30 days before the  
20 termination, written notice to each enrolled customer advising of the termination of  
21 the portable electronics insurance policy and the effective date of termination.

22 (e) Any notice or correspondence with respect to coverage under a policy of  
23 portable electronics insurance that is required under this section or is otherwise  
24 required by law shall be in writing and may be mailed to the vendor at the mailing  
25 address of the vendor and to the enrolled customers at their last known mailing

1 addresses on file with the insurer or delivered by electronics means to the vendor and  
2 enrolled customers. If the notice or correspondence is mailed, the insurer, or vendor,  
3 that mailed the notice or correspondence, shall maintain proof of mailing in a form  
4 authorized or accepted by the U.S. postal service or other commercial mail delivery  
5 service. If delivery of the notice or correspondence is by electronic means, the insurer  
6 shall use the electronic mail address specified by the vendor for that purpose and the  
7 insurer, or vendor, shall use the last known electronic mail address provided by each  
8 enrolled customer. An enrolled customer who provides an electronic mail address to  
9 the insurer or vendor consents to receive notices and correspondence by electronic  
10 means. If delivery is by electronic means, the insurer or vendor, whichever delivers  
11 the notice or correspondence, shall maintain proof of delivery.

12 (f) A supervising entity may send any notice or correspondence required by this  
13 section or otherwise required by law. An insurer or vendor is not required to provide  
14 the notice or correspondence if it is provided by a supervising entity in a manner that  
15 complies with this section.

16 (END)

may cancel enrollment for coverage under a portable electronics insurance policy at any time and that upon cancellation the person paying the premium receives a refund of any applicable unearned premium.

Under the bill, the insurer is required to establish eligibility and underwriting standards for customers electing to enroll in coverage for each portable electronics insurance program. An insurer may terminate or otherwise change the terms and conditions of a portable electronics insurance policy only after providing the policyholder and all enrolled customers at least 30 days' notice before the termination or change except that an insurer may terminate enrollment of a customer after providing 15 days' notice when the enrolled customer committed fraud or made a material misrepresentation in obtaining coverage or presenting a claim and an insurer may terminate immediately the enrollment of a customer for nonpayment of the premium or if the customer ceases to have active service with the vendor. The bill allows an insurer to terminate the enrollment of a customer under a portable electronics insurance policy if the customer exhausts the aggregate limit of liability under the policy's terms and if the insurer sends notice of the termination within 30 days after exhaustion of the limit. If the insurer does not send the notice in a timely manner, the insurer must continue coverage, notwithstanding the aggregate limit of liability, until the insurer sends the notice. If the vendor of portable electronics terminates the insurance policy, the vendor shall provide written notice to each enrolled customer advising of the termination at least 30 days before the termination. The bill also sets requirements for providing notice or correspondence that is required under the provisions of the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

(END INSERT ANALYSIS)

1  
2  
3  
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INSERT 3-1

(f) "Portable electronics insurance program" means the coverage options made available to customers of a vendor who elect to enroll for coverage of a portable electronic device under a policy of portable electronics insurance.

(END INSERT 3-1)

1

INSERT ANALYSIS

This bill establishes criteria for obtaining a license to sell portable electronics insurance and sets other requirements regarding the sale of portable electronics insurance. Under current law, a person may not solicit, negotiate, or place insurance or advise others about insurance needs and coverage without a certificate of authority or a license as an insurance intermediary, either as an agent or a broker. The bill allows an employee or authorized representative of a vendor of portable electronics to sell or offer portable electronics insurance without a certificate of authority or a license as an intermediary if (1) the vendor obtains a limited lines license to sell or offer portable electronics insurance; 2) the insurer issuing the portable electronics insurance supervises, or hires an entity to supervise, the administration of the sale of portable electronics insurance; 3) any supervising entity that is appointed by an insurer to supervise the administration of a portable insurance program maintains a registry of the vendor locations that are authorized to sell portable electronics insurance; and 4) the employee or authorized representative intending to sell or offer portable electronics insurance completes a training program as described in the bill.

The commissioner of insurance is required by the bill to issue a limited lines license to sell or offer portable electronics insurance to vendor applicants that provide certain information, comply with the requirements for licensure, and pay a licensing fee. The limited lines license to sell or offer portable electronics insurance must authorize any employee or authorized representative of a vendor to sell or offer coverage under a policy of portable electronics insurance at each location in which the vendor sells or leases portable electronics and must authorize the vendor and its employees and authorized representatives to engage in the activities permitted by this bill.

A vendor of portable electronics is prohibited under the bill from compensating an employee or authorized representative based on the number of customers enrolled in portable electronics insurance coverage, but the vendor may compensate an employee or authorized representative for activities under the limited lines license that is incidental to his or her overall compensation. A vendor of portable electronics may bill and collect the charges for portable electronics insurance coverage under the requirements set in the bill. The insurer, or supervising entity hired by the insurer, may compensate the vendor for its billing and collection services.

The bill requires the vendor to make available for customers a brochure or other written material that discloses all of the following: that portable electronics insurance may duplicate coverage already provided by a customer's other insurance; that a customer is not required to enroll in portable electronics insurance as a condition of purchasing or leasing a portable electronics device; a summary of the material terms of the portable electronics coverage including the identity of the insurer, the identity of any supervising entity, the amount of the deductible and how to pay that deductible, the benefits of coverage, and the key terms and conditions of coverage; a summary of the process for filing a claim; and that the enrolled customer

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## Dodge, Tamara

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**From:** Froelich, Brooke  
**Sent:** Tuesday, December 20, 2011 8:50 AM  
**To:** Dodge, Tamara  
**Subject:** Portable Electronics

**Attachments:** Leg Counsel Draft Removing Licensing 12 18 11.doc

Hi Tami,

I hope this is the last revision. I have attached the bill with some changes we would like to make. They are highlighted with the show editing function from word. Let me know if there is a problem. Thank you.



Leg Counsel Draft  
Removing Lic...

*Brooke Froelich*

Legislative Assistant  
Office of State Representative John Nygren  
89th Assembly District  
Phone: 608.266.2343  
Email: brooke.froelich@legis.wi.gov

*Note: Please remember that all communications conducted through state resources are subject to Wisconsin's Open Records Law established in Wisconsin State Statute 19.35(1)*



## 2011 BILL

1 AN ACT to create 628.02(1) (b) 9. and 632.975 of the statutes; relating to:  
2 portable electronics insurance.

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### *Analysis by the Legislative Reference Bureau*

This bill establishes criteria for obtaining a license to sell portable electronics insurance and sets other requirements regarding the sale of portable electronics insurance. Under current law, a person may not solicit, negotiate, or place insurance or advise others about insurance needs and coverage without a certificate of authority or a license as an insurance intermediary, either as an agent or a broker. The bill allows an employee or authorized representative of a vendor of portable electronics to sell or offer portable electronics insurance without a certificate of authority or a license as an intermediary if: 1) the vendor obtains a limited lines license to sell or offer portable electronics insurance; 2) the insurer issuing the portable electronics insurance supervises, or hires an entity to supervise, the administration of the sale of portable electronics insurance; 3) any supervising entity that is appointed by an insurer to supervise the administration of a portable insurance program maintains a registry of the vendor locations that are authorized to sell portable electronics insurance; and 4) the employee or authorized representative intending to sell or offer portable electronics insurance completes a training program as described in the bill.

The commissioner of insurance is required by the bill to issue a limited lines license to sell or offer portable electronics insurance to vendor applicants that provide certain information, comply with the requirements for licensure, and pay a licensing fee. The limited lines license to sell or offer portable electronics insurance

**BILL**

must authorize any employee or authorized representative of a vendor to sell or offer coverage under a policy of portable electronics insurance at each location in which the vendor sells or leases portable electronics and must authorize the vendor and its employees and authorized representatives to engage in the activities permitted by this bill.

A vendor of portable electronics is prohibited under the bill from compensating an employee or authorized representative based on the number of customers enrolled in portable electronics insurance coverage, but the vendor may compensate an employee or authorized representative for activities under the limited lines license that is incidental to his or her overall compensation. A vendor of portable electronics may bill and collect the charges for portable electronics insurance coverage under the requirements set in the bill. The insurer, or supervising entity hired by the insurer, may compensate the vendor for its billing and collection services.

The bill requires the vendor to make available for customers a brochure or other written material that discloses all of the following: 1) that portable electronics insurance may duplicate coverage already provided by a customer's other insurance; 2) that a customer is not required to enroll in portable electronics insurance as a condition of purchasing or leasing a portable electronics device; 3) a summary of the material terms of the portable electronics coverage including the identity of the insurer, the identity of any supervising entity, the amount of the deductible and how to pay that deductible, the benefits of coverage, and the key terms and conditions of coverage; 4) a summary of the process for filing a claim; and 5) that the enrolled customer may cancel enrollment for coverage under a portable electronics insurance policy at any time and that upon cancellation the person paying the premium receives a refund of any applicable unearned premium.

Under the bill, the insurer is required to establish eligibility and underwriting standards for customers electing to enroll in coverage for each portable electronics insurance program. An insurer may terminate or otherwise change the terms and conditions of a portable electronics insurance policy only after providing the policyholder and all enrolled customers at least 30 days' notice before the termination or change except that an insurer may terminate enrollment of a customer after providing 15 days' notice when the enrolled customer committed fraud or made a material misrepresentation in obtaining coverage or presenting a claim and an insurer may terminate immediately the enrollment of a customer for nonpayment of the premium or if the customer ceases to have active service with the vendor. The bill allows an insurer to terminate the enrollment of a customer under a portable electronics insurance policy if the customer exhausts the aggregate limit of liability under the policy's terms and if the insurer sends notice of the termination within 30 days after exhaustion of the limit. If the insurer does not send the notice in a timely manner, the insurer must continue coverage, notwithstanding the aggregate limit of liability, until the insurer sends the notice. If the vendor of portable electronics terminates the insurance policy, the vendor shall provide written notice to each enrolled customer advising of the termination at least 30 days before the termination. The bill also sets requirements for providing notice or correspondence that is required under the provisions of the bill.

**BILL**

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 628.02 (1) (b) 9. of the statutes is created to read:

2           628.02 (1) (b) 9. A vendor, as defined in s. 632.975(1), and its employees or  
authorized representatives, ~~selling or offering portable electronics insurance pursuant~~  
3 ~~to s. 632.975.~~

**Deleted:** of a vendor

**Deleted:** under a limited lines  
license to sell or offer portable  
electronics insurance under

5           **SECTION 2.** 632.975 of the statutes is created to read:

6           **632.975 Portable electronics insurance. (1) DEFINITIONS.** In this section:

7           (a) "Customer" means a person who purchases a portable electronic device.

8           (b) "Enrolled customer" means a customer who elects coverage under a portable  
9 electronics insurance policy issued to a vendor of portable electronics.

10          (c) "Location" means any physical location in the state or any Internet site, call  
11 center site, or similar location directed to residents of the state.

12          (d) "Portable electronics" or "portable electronic devices" means electronic  
13 devices that are portable in nature, including accessories and services related to the  
14 use of the device.

15          (e) 1. "Portable electronics insurance" means insurance providing coverage for  
16 the repair or replacement of portable electronics that may provide coverage for a  
17 portable electronic device against any of the following causes of loss:

18           a. Loss.

19           b. Theft.

20           c. Inoperability due to mechanical failure.

21           d. Malfunction.

**BILL**

1 e. Damage.

2 f. Other similar causes of loss.

3 2. "Portable electronics insurance" does not include any of the following:

4 a. A service contract or extended warranty providing coverage limited to the  
5 repair, replacement, or maintenance of property for the operational or structural  
6 failure of property due to a defect in materials, workmanship, accidental damage  
7 from handling, power surges, or normal wear and tear.

8 b. A policy of insurance covering a vendor's or a manufacturer's obligations  
9 under a warranty.

10 c. A homeowner's, renter's, private passenger automobile, commercial  
11 multi-peril, or similar insurance policy.

12 (f) "Portable electronics insurance program" means the coverage options made  
13 available to customers of a vendor who elect to enroll for coverage of a portable  
14 electronic device under a policy of portable electronics insurance.

15 (g) "Portable electronics transaction" means the sale or lease of a portable  
16 electronic device to a customer.

17 (h) "Supervising entity" means a business entity that is a licensed insurer or  
18 licensed intermediary that is appointed by an insurer to supervise the  
19 administration of a portable electronics insurance program offered by a vendor to its  
20 customers.

21 (i) "Vendor" means a person in the business of engaging in portable electronics  
22 transactions directly or indirectly.

23 ~~(2) AUTHORIZATION. (a) Compliance required. Portable electronics insurance may not be  
sold or offered for sale in this state unless it is being sold or offered in compliance with this  
section. A vendor and its employees or authorized representatives may sell or offer portable  
electronics insurance to customers at each location at which the vendor engages in  
portable electronics transactions without~~

<del>Deleted:</del> LICENSURE
<del>Deleted:</del> License
<del>Deleted:</del> An employee or authorized representative of a vendor

**BILL**

1 holding a certificate of authority under s. 601.04 and chapter 628 shall not apply to  
2 the sale or offering of portable electronics insurance if all of the following apply:

3 1. The vendor complies with all of the requirements of this section.

6 2. The insurer issuing the portable electronics insurance either directly  
7 supervises, or appoints a supervising entity to supervise, the administration of the  
8 sale of portable electronics insurance, including development of a training program,  
9 as described under sub. (4), for employees and authorized representatives of the  
10 vendors.

11 3. The supervising entity, if any, maintains a registry of vendor locations that  
12 are authorized to sell or offer portable electronics insurance in this state. Upon  
13 request by the commissioner after providing 10 days' notice to the supervising entity,  
14 the supervising entity shall make available the registry for inspection and  
15 examination by the commissioner.

16 4. Any employee or authorized representative who intends to sell or offer  
17 portable electronics insurance to customers shall complete a training program under  
18 sub. (4).

19 (b) *Prohibited representations.* No employee or authorized representative of a  
20 vendor of portable electronics may advertise, represent, or otherwise hold himself or  
21 herself out as a licensed insurance intermediary

22 if the employee or authorized representative does not hold such a license,

19 (3) SUSPENSION OR REVOCATION OF AUTHORITY TO SELL. If a vendor of portable  
20 electronics or an employee or authorized representative of a vendor violate any  
21 provision of this section, the commissioner may do any of the following:

22 (a) After notice and hearing, impose forfeitures not to exceed \$500 per violation  
23 or \$5,000 in the aggregate for violations.

~~Deleted:~~ or a license as an intermediary

~~Deleted:~~ obtains a limited lines license under par. (c) to authorize its

4 employees or authorized representatives to sell or offer portable electronics

5 insurance under

~~Deleted:~~ other than a limited lines insurance

~~Deleted:~~ agent,

~~Deleted:~~ another

~~Deleted:~~ as an intermediary in this state

~~Deleted:~~ (c) License application; issuance. 1. An applicant for a limited lines license to

25 sell or offer portable electronics insurance shall make the application on forms

-----Section Break (Next Page)-----

1 prescribed and furnished by the commissioner and shall file the application with the

2 commissioner. The commissioner shall issue a limited lines license to sell or offer

3 portable electronic insurance to applicants that comply with the requirements under

4 this subsection.

5 2. The application required under subd. 1 shall contain all of the following:

6 a. The name, residence address, and other information required by the

7 commissioner for an employee or officer of the vendor that is designated by the

8 applicant as the person responsible for ensuring the vendor's compliance with this

9 section.

10 b. A statement appointing the commissioner as the applicant's registered agent

11 to receive service of all legal process issued against it in any civil action or proceeding

12 in this state in connection with portable electronics insurance coverage and agreeing

13 that process so served is v... [1]

~~Deleted:~~ LICENSE

**BILL**

(b) After notice and hearing, impose any of the following penalties:

24

**BILL**

1 1. Suspending the privilege of selling or offering portable electronics insurance  
2 at the specific business location where the violation occurred.

3 2. Suspending or revoking the ability of a vendor or individual employees or  
4 authorized representatives of a vendor to transact portable electronics  
5 insurance.

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6 (4) TRAINING. The insurer or supervising entity shall develop and administer  
7 the training program required under sub. (2) (a) 4. that complies with all of the  
8 following:

9 (a) The insurer or supervising entity shall deliver training to employees and  
10 authorized representatives of a vendor who are directly engaged in selling or offering  
11 portable electronics insurance.

12 (b) The insurer or supervising entity may provide the training in electronic  
13 form. If the training is in electronic form, the insurer or supervising entity shall  
14 implement a supplemental education program regarding portable electronics  
15 insurance that is conducted and overseen by licensed employees of the insurer or  
16 supervising entity.

17 (c) The insurer or supervising entity shall provide to every employee and  
18 authorized representative of a vendor basic instruction about the portable  
19 electronics insurance offered to customers and the disclosures required under sub.  
20 (6).

(5) COMPENSATION. (a) Employees or authorized representatives of a vendor  
of portable electronics may not be compensated, based primarily on the number of  
customers enrolled in portable electronics insurance coverage but may receive  
compensation for activities in relation to the sale or offering of portable electronics insurance  
that is incidental to his or her overall compensation.

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Deleted: an21 employee or authorized representative

Deleted: the vendor

Deleted: e an23 employee or authorized representative for activities

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**BILL**

1 (b) 1. A vendor of portable electronics may bill and collect the charges for  
2 portable electronics insurance coverage.

3 2. The vendor shall separately itemize on the enrolled customer's bill any  
4 charge to the enrolled customer for coverage that is not included in the cost  
5 associated with the purchase or lease of the portable electronics.

6 3. If the portable electronics insurance coverage is included with the purchase  
7 or lease of a portable electronic device, the vendor shall clearly and conspicuously  
8 disclose to the enrolled customer that the coverage is included with the purchase or  
9 lease of the portable electronic device.

10 4. A vendor that bills and collects charges from an enrolled customer is not  
11 required to maintain those moneys in a segregated account if the insurer authorizes  
12 the vendor to hold those moneys in a manner other than a segregated account and  
13 if the vendor remits the moneys to the insurer or supervising entity within 60 days  
14 of receiving those moneys. The vendor shall consider all moneys received by that  
15 vendor from an enrolled customer for the sale of portable electronics insurance to be  
16 held in trust by that vendor in a fiduciary capacity for the benefit of the insurer.

17 5. The insurer or supervising entity may compensate the vendor for billing and  
18 collection services.

19 (6) DISCLOSURES. At every location where portable electronics insurance is  
20 offered to customers, a vendor shall make available to prospective customers  
21 brochures or other written materials that contain all of the following:

22 (a) A disclosure that portable electronics insurance may provide a duplication  
23 of coverage already provided by a customer's homeowner's insurance policy, renter's  
24 insurance policy, or other source of insurance coverage.

**BILL**

1 (b) A statement that a customer is not required to enroll in portable electronics  
2 insurance as a condition of purchasing or leasing a portable electronic device.

3 (c) A summary of the material terms of the portable electronics insurance  
4 coverage including all of the following:

- 5 1. The identity of the insurer.
- 6 2. The identity of the supervising entity, if any.
- 7 3. The amount of any applicable deductible and how to pay that deductible.
- 8 4. The benefits of coverage.
- 9 5. The key terms and conditions of coverage such as whether a portable  
10 electronic device covered under the policy may be repaired or replaced with parts or  
11 equipment of a similar make and model that are reconditioned or are nonoriginal  
12 manufacturer parts or equipment.

13 (d) A summary of the process for filing a claim, including a description of how  
14 to return a portable electronic device and the maximum fee applicable in the event  
15 the enrolled customer fails to comply with any equipment return requirement.

16 (e) A statement that the enrolled customer may cancel enrollment for coverage  
17 under a portable electronics insurance policy at any time and that upon cancellation  
18 the person paying the premium receives a refund of any applicable unearned  
19 premium.

20 (7) PERMITTED OFFERING. A vendor may offer portable electronics insurance on  
21 a month to month or other periodic basis as a group or master commercial inland  
22 marine policy that is issued to a vendor of portable electronics for its enrolled  
23 customers.

**BILL**

1           (8) UNDERWRITING. An insurer shall establish eligibility and underwriting  
2 standards for customers electing to enroll in coverage for each portable electronics  
3 insurance program offered by a vendor to its customers.

4           (9) TERMINATION OF INSURANCE; CHANGES TO POLICY. (a) Except as provided in  
5 par. (c), an insurer may terminate or otherwise change the terms and conditions of  
6 a policy of portable electronics insurance only after providing the policyholder and  
7 all enrolled customers at least 30 days' notice before terminating the coverage or  
8 making the change.

9           (b) If the insurer changes the terms and conditions in accordance with par. (a),  
10 the insurer shall provide the vendor policyholder with a revised policy or  
11 endorsement and shall provide each enrolled customer a revised certificate,  
12 endorsement, updated brochure, or other evidence indicating that a change in the  
13 terms and conditions has occurred and a summary of the material changes.

14           (c) 1. An insurer may terminate the enrollment of an enrolled customer under  
15 a portable electronics insurance policy after providing 15 days' notice if the insurer  
16 discovers that the enrolled customer committed fraud or made a material  
17 misrepresentation in obtaining coverage or in the presentation of a claim under the  
18 portable electronics insurance policy.

19           2. An insurer may immediately terminate the enrollment of an enrolled  
20 customer under a portable electronics insurance policy for any of the following  
21 reasons:

22           a. The enrolled customer fails to pay the premium for the portable electronics  
23 insurance policy.

24           b. The enrolled customer ceases to have an active service with the vendor of  
25 portable electronics.

**BILL**

1           3. An insurer may terminate the enrollment of an enrolled customer under a  
2 portable electronics insurance policy if the enrolled customer exhausts any  
3 aggregate limit of liability under the terms of the portable electronics insurance  
4 policy and the insurer sends notice of termination to the enrolled customer within  
5 30 days after exhaustion of the limit. If the insurer does not send the notice within  
6 30 days after exhaustion of the limit, the insurer shall continue the coverage  
7 notwithstanding the aggregate limit of liability until the insurer sends notice of  
8 termination to the enrolled customer.

9           (d) If a portable electronics insurance policy is terminated by a vendor that  
10 owns the policy, the vendor shall mail or deliver, at least 30 days before the  
11 termination, written notice to each enrolled customer advising of the termination of  
12 the portable electronics insurance policy and the effective date of termination.

13           (e) Any notice or correspondence with respect to coverage under a policy of  
14 portable electronics insurance that is required under this section or is otherwise  
15 required by law shall be in writing and may be mailed to the vendor at the mailing  
16 address of the vendor and to the enrolled customers at their last known mailing  
17 addresses on file with the insurer or delivered by electronics means to the vendor and  
18 enrolled customers. If the notice or correspondence is mailed, the insurer, or vendor,  
19 that mailed the notice or correspondence, shall maintain proof of mailing in a form  
20 authorized or accepted by the U.S. postal service or other commercial mail delivery  
21 service. If delivery of the notice or correspondence is by electronic means, the insurer  
22 shall use the electronic mail address specified by the vendor for that purpose and the  
23 insurer, or vendor, shall use the last known electronic mail address provided by each  
24 enrolled customer. An enrolled customer who provides an electronic mail address to  
25 the insurer or vendor consents to receive notices and correspondence by electronic

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1 means. If delivery is by electronic means, the insurer or vendor, whichever delivers  
2 the notice or correspondence, shall maintain proof of delivery.

3 (f) A supervising entity may send any notice or correspondence required by this  
4 section or otherwise required by law. An insurer or vendor is not required to provide  
5 the notice or correspondence if it is provided by a supervising entity in a manner that  
6 complies with this section.

7 (END)

(c) *License application; issuance.* 1. An applicant for a limited lines license to

25 sell or offer portable electronics insurance shall make the application on forms

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1 prescribed and furnished by the commissioner and shall file the application with the  
2 commissioner. The commissioner shall issue a limited lines license to sell or offer  
3 portable electronic insurance to applicants that comply with the requirements under  
4 this subsection.

5 2. The application required under subd. 1. shall contain all of the following:

6 a. The name, residence address, and other information required by the  
7 commissioner for an employee or officer of the vendor that is designated by the  
8 applicant as the person responsible for ensuring the vendor's compliance with this  
9 section.

10 b. A statement appointing the commissioner as the applicant's registered agent  
11 to receive service of all legal process issued against it in any civil action or proceeding  
12 in this state in connection with portable electronics insurance coverage and agreeing  
13 that process so served is valid and binding against the applicant. The appointment  
14 is irrevocable, binds the company and any successor in interest to the assets or  
15 liabilities of the applicant, and remains in effect as long as the applicant's license to  
16 sell or offer portable electronics insurance remains in force in this state.

17 c. The location of the applicant's home office.

18 3. For vendors who are selling portable electronics insurance as of the effective  
19 date of this subdivision .... [LRB inserts date], the vendor shall make an application  
20 for licensure under this subsection within 90 days of the application form being made  
21 available by the commissioner.

22 (d) *License expiration.* Initial licenses issued under this subsection are valid  
23 not less than 24 months but not more than 36 months from the date of issue of the  
24 license and expire on January 1 of the renewal year designated by the commissioner.