

SENATE BILL NO. 496—COMMITTEE ON
COMMERCE, LABOR AND ENERGY

MARCH 25, 2013

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises certain provisions governing portable electronics insurance. (BDR 57-1095)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to insurance; providing that a vendor of portable electronics is not required to have certain written materials concerning portable electronics insurance filed with or approved by the Commissioner of Insurance; allowing an insurer who issues a policy of portable electronics insurance to change a term or condition of the policy more than once in a 6-month period; allowing an insurer who issues a policy of portable electronics insurance to terminate the policy for nonpayment without first providing notice to the customer of the customer's failure to pay a premium for the policy; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Under existing law, portable electronics are portable electronic devices and
2 their accessories, and portable electronics insurance is insurance to cover the cost of
3 the repair or replacement of those devices and accessories. (NRS 691D.060,
4 691D.070)
5 Existing law requires a vendor of portable electronics to make available to
6 prospective customers certain printed brochures or other written material
7 concerning the coverage available under policies of portable electronics insurance.
8 If a customer elects to enroll in coverage under a policy of portable electronics
9 insurance, the printed brochures or other written material may serve as a certificate
10 of coverage if the material satisfies certain requirements. (NRS 691D.310) **Section**
11 **1** of this bill states that the printed brochures or other written material need not be
12 filed with or approved by the Commissioner of Insurance. However, **section 1**
13 requires that an insurer file a portable electronics insurance policy form with the
14 Commissioner before the insurer uses the form.



15 Existing law sets forth provisions for billing, collection of charges and
16 accounting of money received by a vendor for policies of portable electronics
17 insurance. (NRS 691D.320) **Section 2** of this bill deems an insurer who provides
18 portable electronics insurance to have received the payment of a premium when an
19 enrolled customer makes a payment to the vendor.

20 Under existing law, an insurer who issues a policy of portable electronics
21 insurance is restricted as to the manner in which the insurer may terminate the
22 policy or change the terms of the policy. (NRS 691D.330) **Section 3** of this bill: (1)
23 eliminates a provision which prohibits an insurer from changing a term or condition
24 of a policy of portable electronics insurance more than once in any 6-month period;
25 (2) reduces from 15 days to 10 days the period within which an insurer must notify
26 a vendor and an enrolled customer of the insurer's intent to terminate an enrolled
27 customer's coverage under a vendor's policy of portable electronics insurance after
28 the discovery of fraud or material misrepresentation by the enrolled customer; and
29 (3) allows an insurer to terminate an enrolled customer's coverage under a vendor's
30 policy of portable electronics insurance for failure on the part of the customer to
31 pay a premium, even if the insurer does not first notify the customer of the
32 customer's failure to pay.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 691D.310 is hereby amended to read as
2 follows:

3 691D.310 1. A vendor shall make available to a prospective
4 customer, at each location where the vendor sells or offers coverage
5 under a policy of portable electronics insurance, a printed brochure
6 or other written material concerning the coverage available under
7 the policy of portable electronics insurance. The written material
8 must:

9 (a) Disclose that coverage under a policy of portable electronics
10 insurance may duplicate coverage already provided to the customer
11 by a policy of property insurance or other source of coverage;

12 (b) State that the customer is not required to enroll for coverage
13 under the vendor's policy of portable electronics insurance as a
14 condition of the purchase or lease of any portable electronics or
15 related services;

16 (c) Summarize the material terms of the coverage provided
17 under the policy of portable electronics insurance, including:

18 (1) The identity of the insurer;
19 (2) The identity of the supervising entity;
20 (3) The amount of any applicable deductible and how it is to
21 be paid;

22 (4) Benefits of the coverage; and

23 (5) Key terms and conditions of the coverage, including,
24 without limitation, whether portable electronics may be repaired or



1 replaced with a similar make and model that has been reconditioned
2 or with nonoriginal manufacturer parts or equipment;

3 (d) Summarize the process for filing a claim, including a
4 description of how to return portable electronics and the maximum
5 fee applicable if the enrolled customer fails to comply with any
6 equipment return requirements; and

7 (e) State that the enrolled customer may cancel his or her
8 enrollment for coverage under the policy of portable electronics
9 insurance at any time and, in the event of such cancellation, the
10 person paying the premium for the coverage will receive a refund of
11 any applicable unearned premium.

12 2. ~~If a customer elects to enroll in coverage under a policy of~~
13 ~~portable electronics insurance, the~~ *The* printed brochure or other
14 written material ~~may serve as a certificate of coverage if the~~
15 ~~material satisfies the requirements of subsection 1. A policy of~~ *that*
16 *a vendor is required to make available to a prospective customer in*
17 *accordance with subsection 1 need not be:*

18 (a) *Filed with the Commissioner; or*

19 (b) *Approved by the Commissioner.*

20 3. *An insurer must file a* portable electronics insurance ~~policy~~
21 *form,* including ~~the~~ *any* certificate of coverage, ~~of the~~
22 ~~policy, must be filed~~ with the Commissioner not later than 15 days
23 before the ~~effective date of the policy.~~ *use of the form by the*
24 *insurer.*

25 **Sec. 2.** NRS 691D.320 is hereby amended to read as follows:

26 691D.320 1. If a customer purchases a policy of portable
27 electronics insurance from a vendor or elects to enroll in coverage
28 under the vendor's policy of portable electronics insurance, the
29 vendor may bill and collect the charges for the portable electronics
30 insurance coverage.

31 2. Any charge to the customer for portable electronics
32 insurance coverage that is not included in the cost associated with
33 the purchase or lease of portable electronics or related services must
34 be separately itemized on the customer's bill.

35 3. If portable electronics insurance coverage is included with
36 the purchase or lease of portable electronics or related services, the
37 vendor must clearly and conspicuously disclose to the customer that
38 the portable electronics insurance coverage is included with the
39 purchase of the portable electronics or related services.

40 4. A vendor which bills and collects charges for portable
41 electronics insurance coverage on behalf of an insurer is not
42 required to maintain such money in a segregated account if the
43 vendor:

44 (a) Is authorized by the insurer to hold such money in an
45 alternative manner; and



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1 (b) Remits such amounts to the supervising entity within 60
2 days after receipt.

3 ↪ All money collected by a vendor from an enrolled customer for
4 the sale of portable electronics insurance shall be deemed to be held
5 in trust by the vendor in a fiduciary capacity for the benefit of the
6 insurer ~~H~~, *and the insurer shall be deemed to have received the*
7 *premium from the enrolled customer upon payment of the*
8 *premium by the enrolled customer to the vendor.* A vendor is
9 entitled to receive compensation for billing and collection services.

10 **Sec. 3.** NRS 691D.330 is hereby amended to read as follows:
11 691D.330 Notwithstanding any other provision of law:

12 1. Except as otherwise provided in this section, an insurer that
13 issues a policy of portable electronics insurance may not terminate
14 the policy before the expiration of the agreed term of the policy
15 unless, not less than 30 days before the effective date of the
16 termination, the insurer provides notice to:

17 (a) The holder of the policy of portable electronics insurance;
18 and

19 (b) If the policy is a group policy issued to a vendor under
20 which individual customers may elect to enroll for coverage, each
21 enrolled customer.

22 2. ~~[An insurer shall not change any term or condition of a~~
23 ~~policy of portable electronics insurance more than once in any 6-~~
24 ~~month period.]~~ If the insurer changes a term or condition of a policy
25 of portable electronics insurance, the insurer shall, not less than 30
26 days before the effective date of the change, provide:

27 (a) The policyholder with a revised policy or endorsement; and

28 (b) Each enrolled customer with a revised certificate of
29 coverage, endorsement, brochure or other evidence of coverage
30 which:

31 (1) Declares that the insurer has changed a term or condition
32 of the policy which may affect the enrolled customer's coverage;
33 and

34 (2) Provides a summary of the material changes.

35 3. An insurer may terminate an enrolled customer's coverage
36 under a vendor's policy of portable electronics insurance upon the
37 discovery of fraud or material misrepresentation by the enrolled
38 customer in obtaining the coverage or in presenting a claim
39 thereunder if the insurer provides notice of the termination to the
40 vendor and the enrolled customer within ~~H5~~ 10 days after
41 discovery of the fraud or material misrepresentation.

42 4. ~~[An insurer may terminate an enrolled customer's coverage~~
43 ~~under a vendor's policy of portable electronics insurance if the~~
44 ~~enrolled customer fails to pay a premium and the insurer gives the~~



1 ~~enrolled customer not less than 10 days' notice of his or her failure~~
2 ~~to pay the premium.~~

3 ~~—5.1~~ An insurer may immediately terminate an enrolled
4 customer's coverage under a vendor's policy of portable electronics
5 insurance ~~if the enrolled customer:~~

6 (a) ~~If the enrolled customer ceases~~ **Fails to pay a premium;**

7 **(b) Ceases** to have an active service with the vendor; or

8 ~~(b) If the enrolled customer exhausts~~

9 **(c) Exhausts** the aggregate limit of liability, if any, under the
10 terms of the policy of portable electronics insurance and the insurer
11 provides notice of termination to the customer within 30 calendar
12 days after exhaustion of the limit. If the insurer fails to provide
13 timely notice as required by this paragraph, the enrolled customer's
14 coverage under the policy continues until the insurer provides notice
15 of termination to the enrolled customer notwithstanding the
16 exhaustion of the aggregate limit of liability.

17 ~~6.1~~ 5. A vendor or other holder of a group policy of portable
18 electronics insurance shall not terminate the policy unless, not less
19 than 30 days before the effective date of the termination, the insurer
20 provides notice to each enrolled customer of the termination of the
21 policy and the effective date of termination. An insurer may
22 authorize a vendor to provide notice to an enrolled customer on
23 behalf of the insurer pursuant to this subsection.

24 ~~7.1~~ 6. Any notice that is required pursuant to this section must
25 be in writing and be:

26 (a) Mailed or delivered to the enrolled customer, vendor or other
27 policyholder at his or her last known address; or

28 (b) Sent by electronic mail or other electronic means in
29 accordance with regulations adopted by the Commissioner to the
30 enrolled customer, vendor or other policyholder at the electronic
31 mail address of the enrolled customer, vendor or other policyholder
32 last known by the insurer.

33 ➤ An insurer or vendor who provides notice pursuant to this
34 subsection must maintain proof of mailing or delivery in a form
35 authorized or accepted by the United States Postal Service or other
36 commercial mail delivery service or an electronic record or other
37 proof that the notice was sent.

