

DEPARTMENT OF INSURANCE

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**Notice**

To: Portable Electronics Insurance Agents and Interested Parties

Date: December 27, 2011

Subject: Recent Changes to Portable Electronics Insurance Agent License

Background

Assembly Bill (AB) 690 (Chapter 165, Statutes of 2011) becomes effective on January 1, 2012. The new law redefines communications equipment as portable electronics and as such changes the name of the license from Communications Equipment Insurance Agent to Portable Electronics Insurance Agent.

Changes to the License

Besides changing the name, AB 690 made other changes to the license.

- Expands the definition of products for which insurance maybe sold under the license. Portable electronics means all of the following: personal, self-contained, easily carried by an individual, battery-operated electronic communication, viewing, listening, recording, gaming, computing, or global positioning devices, including cell or satellite phones, pagers, personal global positioning satellite units, portable computers, portable audio listening, video viewing or recording devices, digital cameras, video camcorders, portable gaming systems, docking stations, automatic answering devices, their accessories, and service related to the use of those devices;
- Defines portable electronics insurance as a contract providing coverage for the repair or replacement of portable electronics against any one or more of the following causes of loss: loss, theft, mechanical failure, malfunction, damage, or other applicable perils;
- Clarifies that both employees and authorized representatives of a licensed vendor of portable electronics may offer the insurance product pursuant to the vendor's license;
- Eliminates the requirement that licensees submit an initial and annual certification to the California Department of Insurance (CDI);

- Changes the requirement that licensees must maintain a list of endorsees authorized to transact under their license to a requirement that licensees must maintain a list of locations that offer portable electronics insurance under their license;
- Eliminates the requirement that license applicants must submit the required training materials to CDI for review and approval;
- Clarifies rules for billing and collection services performed by the licensee on behalf of the insurer; and finally,
- Allows for compensation to be provided to an endorsee of a portable electronics insurance agent's license for activities performed under the agent's license that is incidental to their overall compensation. The incidental compensation shall not exceed fifteen dollars (\$15) per customer who purchases portable electronics insurance coverage. The compensation cannot be based primarily on the number of customers electing coverage under the agent's license.

California Department of Insurance's Website

Specific instructions on the changes to the requirements and forms will soon be available on CDI's website on the portable electronics insurance agent main page website at <http://www.insurance.ca.gov/0200-industry/0050-renew-license/0200-requirements/Portable-Electronics/how.cfm> In addition, to view AB 690 in its entirety, you may access the legislation at the following link: <http://leginfo.legislature.ca.gov/faces/billSearchClient.xhtml>

Questions

For specific questions regarding this notice, please e-mail the Producer Licensing Bureau at <https://interactive.web.insurance.ca.gov/pli/servlet/InformationRequest> or call CDI's Producer Licensing Toll Free Hotline at (800) 967-9331. Please be sure to include your name, telephone number, license number and e-mail address in all correspondence with the CDI.