

Legislative History for Connecticut Act

**PA 14-64**

HB5023

House	1082-1096	15
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<u>Insurance</u>	<u>96-107, 188</u>	<u>13</u>
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**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2014**

**VOL.57  
PART 4  
1027 - 1360**

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Have all the members voted? Have all the members voted? Please check the board to see that your vote has been properly cast.

If all the members have voted, the machine will be locked and the Clerk will take a tally. The Clerk will announce the tally.

THE CLERK:

House Bill 5053 as amended by House "A".

Total number voting	143
Necessary for passage	72
Those voting Yea	143
Those voting Nay	0
Those absent and not voting	7

DEPUTY SPEAKER SAYERS:

The bill as amended passes. Will the Clerk please call Calendar Number 21.

THE CLERK:

On Page 5, Calendar Number 21, Favorable Report of the Joint Standing Committee on Insurance and Real Estate, House Bill 5023 AN ACT CONCERNING PORTABLE ELECTRONICS INSURANCE.

DEPUTY SPEAKER SAYERS:

Representative Wright.

REP. WRIGHT (77th):

Thank you, Madam Speaker. Good to see you today.

I move for acceptance of the Joint Committee's Favorable Report and for passage of the bill.

DEPUTY SPEAKER SAYERS:

The question is acceptance of the Joint Committee's Favorable Report and passage of the bill. Representative Wright, you have the floor, sir.

REP. WRIGHT (77th):

Thank you, Madam Speaker. This is a bill which would establish rules for the selling of insurance policies on portable electronic devices at their point of sale.

I believe the Clerk has an amendment on his desk, which is LCO Number 3544. I ask that the amendment be called and that I be given leave to summarize.

DEPUTY SPEAKER SAYERS:

Will the Clerk please call LCO Number 3544, which will be designated House Amendment Schedule "A".

THE CLERK:

House amendment "A", LCO 3544 introduced by Representative Megna and Senator Crisco.

DEPUTY SPEAKER SAYERS:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there any objection to

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summarization? Is there any objection? Hearing none,  
Representative Wright, you may proceed with  
summarization.

REP. WRIGHT (77th):

Thank you, Madam Speaker. This Amendment makes a  
certain number of fairly minor changes to the bill, or  
clarifications, the most important being the  
elimination of the requirement that the electronic  
devices in question be battery operated.

I move for acceptance of the Amendment.

DEPUTY SPEAKER SAYERS:

The question before the Chamber is adoption of  
House Amendment Schedule "A". Will you remark on the  
Amendment? Representative Wright.

Let me try your minds. Representative Candelora  
of the 86th.

REP. CANDELORA (86th):

Thank you, Madam Speaker. Just a question on the  
Amendment. In Lines 2 through 6 it appears that we  
are permitting the sale of portable electronic devices  
for individuals that have been selling from October 1,  
2014, and it permits them to continue to sell while  
their application's pending. If I could just get an

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explanation for that piece of the Amendment. Thank  
you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Wright.

REP. WRIGHT (77th):

Through you, Madam Speaker, that was a date that  
was added to get the process started just to have the  
effective date there.

DEPUTY SPEAKER SAYERS:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. As I'm reading this,  
had this language not exist, if the law went into  
effect, individuals who are currently selling these  
devices would not be able to sell them until their  
application was approved, so this language is aiding  
these stores in being able to apply for the license  
and at the same time continue to sell until that  
license is obtained.

Am I correct in reading the language this way?

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Wright.

REP. WRIGHT (77th):

Through you, Madam Speaker, yes.

DEPUTY SPEAKER SAYERS:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. I have no other questions.

DEPUTY SPEAKER SAYERS:

Will you remark further? Will you remark further on the Amendment that is before us? Representative Sampson of the 80th.

REP. SAMPSON (80th):

Thank you, Madam Speaker. And through you, Madam Speaker, to the proponent of the Amendment, if I could, just a question.

DEPUTY SPEAKER SAYERS:

Please prepare yourself, Representative.

REP. SAMPSON (80th):

Just another question to clarify this Amendment. I'm curious to know why the very first line of the Amendment says that in Line 13 we are striking battery operated.

It seems to me that this makes the language of the bill far more you know, generous that we're going

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to not just indicate battery operated devices, but devices that are no longer batter operated as well.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Wright.

REP. WRIGHT (77th):

Thank you, Madam Speaker. Through you, this was a change that was requested by the property casualty industry. It just anticipates that there are other devices out there that will be having insurance policies sold on them other than policies that are merely just battery operated.

DEPUTY SPEAKER SAYERS:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Madam Speaker. That answers the question for me. Thank you.

DEPUTY SPEAKER SAYERS:

Will you remark further? Will you remark further on the Amendment that is before us?

If not, I will try your minds. All those in favor please signify by saying aye.

REPRESENTATIVES:

Aye.

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DEPUTY SPEAKER SAYERS:

Those opposed, nay? The ayes have it. The  
Amendment is adopted. Will you remark further on the  
bill as amended? Will you remark further on the bill  
as amended? Representative Wright.

REP. WRIGHT (77th):

Madam Speaker, as I said when I first rose, this  
is a bill that would establish rules for the selling  
of portable electronic devices at their port of sale.

Right now there was some clarification that was  
deemed to be needed as to when the sales would be  
proper and how they would be made. This is an attempt  
to clarify those rules and I would urge passage of the  
bill.

DEPUTY SPEAKER SAYERS:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker, if I may, a couple of  
questions to the proponent of the bill.

DEPUTY SPEAKER SAYERS:

Please prepare yourself, Representative.

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. Just in reviewing the bill, it appears what we're trying to do is to regulate sellers of these portable electronic devices and require these individuals to obtain a license in order to sell the products.

And as I read the definition of seller in Lines 35 through 36, it states that it's a person in the business of direct or indirect portable electronic transactions. And if I could get an explanation of why we use the term indirect in this.

I envision that we're trying to capture individuals who are actually selling the product to a consumer. Why do we have this particular language, the use of the word indirect? Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Wright.

REP. WRIGHT (77th):

Through you, Madam Speaker, the purpose of the bill is to regulate the sale of these insurance policies from the sellers, the initial sellers that sell them from the stores directly to the consumers and not necessarily second-hand sellers.

So I believe that the definition for direct would be from the initial store sale of the device.

DEPUTY SPEAKER SAYERS:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. So for a hypothetical, an individual that's entering into a store to purchase one of these devices from a retail establishment, that retail establishment would have to be licensed in order to be able to offer the insurance for that product. So as I read this, clearly that type of scenario would be captured under the provisions of this bill.

If there is a third party sale of the product, maybe through a franchisee or a second-hand sale and there is insurance associated with that product, would those individuals need to be licensed as well?

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Wright.

REP. WRIGHT (77th):

Thank you, Madam Speaker, through you. The bill does not, I believe to my reading, cover second-hand

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sales because I don't believe that insurance policies would be sold during a second-hand sale process.

As for franchisees, I believe that in Line, starting in Line, is it 44, when it states licensees shall authorize an employee or authorized representative of such seller to offer or sell portable electronic insurance at each location where the seller engages in portable electronic transactions, the meaning of that to my reading is that the seller would require one license that would cover each of their stores, and I would imagine franchises as well, and not a separate license for each individual store.

DEPUTY SPEAKER SAYERS:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. And if I could, what was the line number on that?

DEPUTY SPEAKER SAYERS:

Representative Wright.

REP. WRIGHT (77th):

It is Line 44 through 47.

DEPUTY SPEAKER SAYERS:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. So I guess the intent of this bill is to only require the franchisor to obtain the license and so then that license would extend down through the individual stores as well? Just to make that clear, through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Wright.

REP. WRIGHT (77th):

Through you, Madam Speaker, I believe the answer will be yes.

DEPUTY SPEAKER SAYERS:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. That makes sense, because in reading the fiscal note, to me it didn't seem like it was a large enough number had it apply to all the franchisees. I would think it would be a much larger dollar amount for our agencies, so that would make sense then if we're reading that, you know, interpreting that in that manner.

So I guess, just returning to the definition of a seller and the use of that word, direct or indirect, then I guess is it contemplated that's why we're

seeing that language of direct or indirect portable electronic transactions, that in scenarios where you have a single business that has one location in the State of Connecticut that's issuing the insurance, clearly they would fall under this. They would be offering direct sales of the portable electronic and they'd be offering the direct sales of the insurance and therefore, that company would need to be licensed.

In the situation where you have a seller and then its franchisees, that would be a scenario where the seller is the franchisor who is getting licensed. They're not necessarily directly selling the portable electronic transaction, whether it be the insurance or the item, but they are indirectly involved through the franchisees. So that's why we have that language of direct and indirect in the definition of seller? Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Wright.

REP. WRIGHT (77th):

Through you, Madam Speaker, that would be correct.

DEPUTY SPEAKER SAYERS:

Representative Candelora.

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REP. CANDELORA (86th):

Thank you, Madam Speaker. I appreciate those answers. I think it does clarify the provisions of this bill because I think we did have some concerns of what the scope was and how it would apply to the business. I understand that it has been reported out favorably, I think unanimously, so both sides of the aisle have supported this, but I was a bit concerned with about how this is going to be applied in the industry.

So I think that the dialogue was helpful and I appreciate the answers to my questions. Thank you.

DEPUTY SPEAKER SAYERS:

Will you remark further on the bill as amended?  
Will you remark further on the bill as amended? If not, will staff and guests please come to the Well of the House. Oh, Representative Sampson.

REP. SAMPSON (80th):

Sorry, Madam Speaker. I was a little late on the button but I appreciate you grabbing my opportunity to speak very briefly in favor of the bill before us. I just want to let my colleagues know that I do think this is a positive move forward.

As was discussed briefly by the esteemed Vice-Chair of the Insurance Committee and my fellow colleague over here on the Republican side of the aisle, this is a bill that creates a framework for the sale of insurance that affects portable electronics devices, and it's similar to legislation that's passed in 47 other states thus far and basically what it does is, it sets up this framework so that there is no ambiguity in our laws here in Connecticut about how this should be done, because you could foresee all sorts of problems where storefronts that sell these types of devices might have to insure every person who works on the sales floor and that kind of thing.

So this framework will help our industry in Connecticut move forward and bring some common sense to how this product will be sold, and I would urge my colleagues to vote in favor of it. Thank you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Thank you, sir. Will you remark further on the bill as amended? Will you remark further on the bill as amended?

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If not, will staff and guests please come to the Well of the House. Will members take their seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll.

The House of Representatives is voting by Roll. Will members please return to the Chamber immediately.

DEPUTY SPEAKER SAYERS:

Have all the members voted? Have all the members voted? Please check the board to see that your vote has been properly cast.

If all the members have voted, the machine will be locked and the Clerk will take a tally. The Clerk will announce the tally.

THE CLERK:

House Bill 5023 as amended by House "A".

Total number voting	144
Necessary for passage	73
Those voting Yea	144
Those voting Nay	0
Those absent and not voting	6

DEPUTY SPEAKER SAYERS:

The bill as amended passes. Will the Clerk please call Calendar Number 69.

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Next, Madam President, Calendar page 12, Calendar 426, House Bill 5023, move to place on the Consent Calendar.

Then Calendar page 20, Calendar 498, House Bill 5467, move to place on the Consent Calendar.

And Calendar page 24, Calendar 526, House Bill 5556, move to place on the Consent Calendar.

Also Calendar page 24, Calendar 524, House Bill 5219, move to place on the Consent Calendar.

Calendar page 25, Calendar 530, House Bill 5368, move to place on the Consent Calendar.

Calendar, page 29, Calendar 554, House Bill 5148, move to place on the Consent Calendar.

Calendar page 31, Calendar 567, House Bill 5229, move to place on the Consent Calendar.

Calendar page 31, Calendar 565, House Bill 5028, move to place on the Consent Calendar.

Calendar page 42, Calendar 384, Senate Bill 442, move to place on the Consent Calendar.

And if we might stand at ease for a moment, Madam President, to mark additional items.

THE CHAIR:

Stand at ease. The Senate will stand at ease.

(Chamber at ease).

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.. Additional items, Madam President -- we might stand at ease for just a moment.

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Opposed. Reconsideration is passed.

SENATOR LOONEY:

Right now since the matter is before us again, Madam President, I would move to mark it passed temporarily.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

Thank you, Madam President. Now if the Clerk would call those Consent Calendar items so that we might move to a vote on the Consent Calendar, and then we might proceed to the items that were marked go.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 2 Calendar 166, Senate Bill 427.

Page 4 Calendar 300 Senate Bill 417.

Page 6, Calendar 331, House Bill 5248.

Page 7, Calendar 340, House bill 5273.

On page 10, Calendar 416, House Bill 5407. Calendar 415, House Bill 5518. Calendar 396, Senate Bill 114.

On page 11, Calendar 419, House Bill 5477.

Page 12, Calendar 426, House Bill 5023.

On page 18, Calendar 489, House Bill 5227. Calendar 470, House Bill 5506. Calendar 490, House Bill 5113.

On page 19, Calendar 494, House Bill 5573.

Page 20, Calendar 498, House Bill 5467. Calendar 499, House Bill 5419.

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And on page 22 Calendar 513, House Bill 5353.  
Calendar 515, House Bill 5361.

And on page 24, Calendar 526, House Bill 5556.  
Calendar 524, House Bill 5219.

Page 25, Calendar 4 -- sorry, Calendar 530, House Bill 5368,  
page 27, Calendar 546, House Bill 5061.  
Calendar 543, House Bill 5037.

On page 28, Calendar 550, House Bill 5514.

Page 29, Calendar 554, House Bill 5148.

Page 30, Calendar 563, House Bill 5554.

Page 31, Calendar 567, House Bill 5229. Calendar 565,  
House Bill 5028.

And on page 42, Calendar 384, Senate Bill 442.

THE CHAIR:

Senator Looney, do you have any more good news for us?

SENATOR LOONEY:

Yes, thank you, Madam President. One additional item  
to add before we call for the actual vote on the  
Consent Calendar, and that is item an Calendar page  
33, Calendar 575, House Bill 5359. With that one  
addition it would call for a vote on the Consent  
Calendar.

THE CHAIR:

Mr. Clerk, please call for a vote on the Consent  
Calendar, and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.  
Immediate roll call on the second Consent Calendar  
today has been ordered in the Senate.

THE CHAIR:

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If all members have voted? All membered voted, the machine will be closed. Mr. Clerk, will you please call the tally.

THE CLERK:

On the second Consent Calendar for today.

Total number voting	35
Those voting Yea	35
Those voting Nay	0
Absent not voting	1

THE CHAIR:

Consent Calendar passes. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. If the Clerk would call the first item marked go to follow the Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 33, Calendar 579, Substitute for House Bill Number 5348, AN ACT CONCERNING THE PAYMENT OF DELINQUENT PROPERTY TAXES. Favorable Report of the Committee on Planning and Development.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you. Thank you, Madam President. Pursuant to Rule 15 of the Joint Rules, I am recusing myself from consideration of this bill.

THE CHAIR:

Thank you, sir. Please leave the Chamber.

**JOINT  
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HEARINGS**

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to address with this legislation.

The proposed bill is very similar to what was introduced last year. You know, we have -- since then we've been participating in the stakeholders group of concerned parties to discuss our areas of concern, and the hope is that we can come to some consensus to support meaningful legislation and eliminate any of the harmful anti-small business practices. My testimony has not been handed out, okay, so I've gone to certain sections where we have some concerns that we are actually looking at with the stakeholder group and I won't go into detail on those at this time.

Just in conclusion, we certainly support the electronic fund transfer portion of the bill as well. We believe that certainly the technology is there for PBMs to electronically transfer funding. And in conclusion, we hope to continue to participate in the stakeholders group and work through some of these areas of concern and bring some meaningful legislation to (inaudible).

SENATOR CRISCO: Thank you, Ms. Giuliano.

MARGHIE GIULIANO: Thank you.

SENATOR CRISCO: Any questions? Any questions?

Thank you so much.

Proceeding to House Bill 5023, an act concerning portable electronic insurance.

Paul?

PAUL FASSBENDER: Thank you, Senator Crisco, Representative Megna, and members of the

Committee. My name is Paul Fassbender. I am the Director of Public Policy at Economic Development at Asurion. I'm here to testify on behalf of House Bill 5023.

Asurion is the leading provider of handset protection programs in the country and has joined forces with wireless carriers throughout the world to bring this product to consumers. The product at the heart of this bill is an insurance program that protects consumers' investment in their wireless communications device by insuring it against loss, theft, damage, or internal malfunction of the device. This bill creates a licensing framework applicable to the sale of portable electronics insurance in Connecticut. Currently there is no clear regulatory structure that exists for the sale of this product in this state. The instant legislation would provide such a structure by providing for an entity level limited line producer license to sell this type of insurance product.

This bill creates a licensing framework under which the realtor itself holds the license, authorizing its employees to sell the insurance on -- insurance product on their behalf. This model is consistent with the national trend that we have seen with respect to regulation of this product and it creates a fair licensing framework for the entities offering this product to consumers and gives regulators the authority they need to effectively oversee these activities. This -- laws similar to this framework have been passed in 47 states as well as the District of Columbia and the U.S. virgin Islands. In addition to this framework created by the bill, this bill also provides significant consumer protection measures in the form of required disclosures to consumers

regarding the insurance coverage that is being sold as well as required training for those individual salespeople acting under the retailer's license.

Asurion and a local counsel worked through the language in this bill with the Insurance Department. In regards to claims, this bill establishes an exemption for a call talker who acts as a data conduit between the insured and the computer system. These exempt call takers will be supervised by the license holders who will handle any disputed claims calls. This claims model has been passed in 28 different states.

In summary, we believe this bill provides a structure for this product that ensures full disclosure to the consumer, the terms and conditions of this insurance coverage, while providing the Department with the regulatory authority to ensure that this product is sold to consumers in the right way. It strikes an effective balance between interested consumers and industry, and we would ask that you vote this bill favorably out of Committee. Thank you.

SENATOR CRISCO: Thank you, Paul.

Chair Megna.

REP. MEGNA: Thank you, Mr. Chairman.

You mentioned that the other 40 something states have passed --

PAUL FASSBENDER: Forty-seven.

REP. MEGNA: Forty-seven states. Some of them called it hand held electronics, but you want

to call it portable electronic, some of those laws, correct?

PAUL FASSBENDER: Some -- yeah, each state -- obviously when you're working with insurance, each state has different forms for each of their laws. So, we've worked with the departments in all of these states. We try not to bring up a bill in Committee that the Department would object to (inaudible) try to work this out.

REP. MEGNA: Portable electronics to me is so much more broad than hand held electronic. Is that the reason why you chose this language? I don't know if you have any --

PAUL FASSBENDER: No, there is an actual definition in the bill --

REP. MEGNA: No, I understand that. I understand that, yeah.

PAUL FASSBENDER: But one of the problems we found in actually -- the departments in different states have wanted a wider definition so we don't have to keep coming back here every year technology changes to redo a definition, which is one of the reasons for the broader definition.

REP. MEGNA: Changing it because?

PAUL FASSBENDER: Technology changes. I would, I would say --

REP. MEGNA: Portable electronics is -- I mean, it's a hand held electronic device. I don't even know if you use the word hand held. You say portable electronics. It's an electronic device that could be easily portable or

something like that in the statute. What I'm getting at is my fear is that you spread to writing personal property, televisions, so on and so forth.

PAUL FASSBENDER: Well, this is under a commercial inland marine policy which is the business it is. And it's also -- because of the portable nature of it make it under inland marine insurance as opposed to a property and casualty type structure. It's different.

REP. MEGNA: Yeah, but you would be able to insure any portable electronic under this form of regulation the way --

PAUL FASSBENDER: Only if it fits in the definition of the bill, Sir.

REP. MEGNA: Yes, yes, which is not hand held. But anyway, thank you very much.

PAUL FASSBENDER: Thank you.

REP. MEGNA: Thank you, Mr. Chair.

SENATOR CRISCO: Representative Sampson.

REP. SAMPSON: Thank you, Mr. Chair.

Just quickly, would an iPad be something that's included?

PAUL FASSBENDER: I believe in this bill, yes, an iPad is included.

REP. SAMPSON: How about a notebook computer?

PAUL FASSBENDER: I'm sorry, I'm reading the actual definition right now. I do not believe (inaudible) so. We have a regulatory attorney

here.

Is a notebook computer included?

It would be covered, yes, sir.

REP. SAMPSON: Okay. Thank you very much.

SENATOR CRISCO: Paul, could you just clarify, because there is some uncertainty about -- some members of the Committee want to hear. They State that right now you could go to Best Buy and purchase insurance when you buy a portable electronic or -- could you just clarify that? I mean, for example, would an iPhone be part of the legislation, too?

PAUL FASSBENDER: Yes, sir. In fact, I have insurance on my iPhone. It is currently --

SENATOR CRISCO: Excuse me. How do you differ from what Best Buy is -- I believe I know the difference, but I think we should get it on record -- what Best Buy offers and what we will do now with this legislation?

PAUL FASSBENDER: Depending on the product that Best Buy offers, they may indeed offer an insurance product as opposed to generally what it's confused with is a service contract. An insurance product covers loss and theft, and that's the bottom line. A service contract can't cover loss and theft. So, with Asurion's product, hey, I can speak for our business. The product you would buy at an AT&T or Verizon store or any wireless carrier if it's through us would be insurance because it covers loss and theft.

SENATOR CRISCO: Another question's come up in regards to homeowner's policy. I realize not

everybody has a homeowners policy.

PAUL FASSBENDER: Yes, sir.

SENATOR CRISCO: And tenants policy. How would this be covered under a homeowners or a tenants policy or it would not be?

PAUL FASSBENDER: Well, the simple answer, it is. However, a lot of times for these devices -- and I can -- you brought up the iPhone. I can speak to the iPhone. The iPhone is \$800 to replace new somewhere -- depending on the model, 7 to \$800. Generally a deductible for a homeowners policy is higher than that. So, what these insurance products have, much lower deductible depending on the type of phone you have for a replacement model.

SENATOR CRISCO: So, they may be covered under homeowners?

PAUL FASSBENDER: Yes, and I believe in the bill it states that it may be covered under homeowners policy. Problem again is the deductible is usually at a higher level than what the product actually costs.

SENATOR CRISCO: You made reference in your opening to realtors. I didn't get the connection, unless I heard incorrectly, that realtors would be selling the insurance? What?

PAUL FASSBENDER: Retailers I said, yeah.

SENATOR CRISCO: Retail, okay, all right. So, as compared to homeowners and tenants, this will enable anybody who has such a device to get insurance for a loss? Not for damage, but just for a loss?

PAUL FASSBENDER: Oh, no. As far as our product, when you purchase this product through someone who is licensed, no, it covers damage as well.

SENATOR CRISCO: How does that compare to like Verizon offering you a warranty when they sell you an iPhone or --

PAUL FASSBENDER: Well, it depends. A manufacturer's warranty usually covers electronic or malfunction. This I can tell you, because I've had some experience with it, if you drop a phone in a fountain or accidentally leave it in your pocket when you dive into the pool or something of that nature, this would cover that sort of damage. The iPhone is made out of two sides of glass. Some of the older models, if you drop it, it shatters. This insurance would also cover that sort of loss as well.

SENATOR CRISCO: Would apply to teenagers?

PAUL FASSBENDER: Yes, sir. There are many a parents who thank me when I come to testify because that saved them some money in the past.

SENATOR CRISCO: Chairman Megna.

REP. MEGNA: Thank you, Mr. Chairman. It's going to be sold as inland marine, you mentioned earlier.

PAUL FASSBENDER: That's the group master policy it's under, yes, sir.

REP. MEGNA: So, then it would be specific insurance. So, if somebody had one of these policies, it wouldn't -- it wouldn't be covered under the homeowner. It would have to -- it would be -- your policy would be primary. That

would pay --

PAUL FASSBENDER: It would be primary, yes, sir.

REP. MEGNA: Yeah.

PAUL FASSBENDER: We'd treat it as primary.

REP. MEGNA: And the -- well, how is the policy issued? Is it issued online or do they have a paper copy of it or --

PAUL FASSBENDER: Yeah, they have a copy of it. We send it, and part of this bill has a number of disclosures for the consumer that talks about the claims process. It talks about the insurance that they're purchasing.

REP. MEGNA: Is it a named peril? Does it like list perils or has exclusion?

PAUL FASSBENDER: Yes, it does. Because this policy is -- it's pretty much all encompassing, it rarely does.

REP. MEGNA: Is there a time frame for which they need to file a claim under one of those policies?

PAUL FASSBENDER: I don't believe -- yeah, there's a claim process.

REP. MEGNA: What is the time frame to submit a claim?

PAUL FASSBENDER: I believe that it's within a couple weeks.

REP. MEGNA: A couple of weeks?

PAUL FASSBENDER: It's 30 to 60 days.

REP. MEGNA: Thirty to 60 days. So, if they forget to notify you in the first 30 days then they're out of luck?

PAUL FASSBENDER: Well, we usually don't run into that problem, to be quite honest, because if their phone doesn't work it doesn't work.

REP. MEGNA: It's very different from a homeowner policy.

PAUL FASSBENDER: It is.

REP. MEGNA: Because there's no, like, limitation on the time frame to give them notice. But I appreciate that.

Thank you, Mr. Chair.

SENATOR CRISCO: Thank you, Mr. Chair.

Senator Kelly.

SENATOR KELLY: Thank you, Mr. Chairman.

So, currently are you engaging in misconduct selling this policy?

PAUL FASSBENDER: Yes -- it's not illegal here. We qualify under an exemption, an enroller's exemption to group in master policies. The one thing we do, we're the largest producer of this. We decided a few years ago there was a vacuum, a regulatory vacuum, and we wanted to set it -- what we -- our fear is -- as a company, we work with our competitors on these. And this legislation is that some smaller, say fly by night organization would come in to say Connecticut collect a lot of insurance premiums and skip town. In that case we all would

hamper the industry. And what we wanted to do was work with our partners and establish a regulatory framework out of the gate that it's there and evenhanded and would give us some certainty in the marketplace.

SENATOR KELLY: Now, it's -- where is the line drawn? I mean, we're looking at -- you know, I've heard that it's going to cover your cell phone, iPOD, iPad, netbook, notebook. How far out does that line go? Is it going to cover a -- obviously laptop, desktop? Where is this line going to end?

PAUL FASSBENDER: I mean, the line currently ends with the definition of portable electronic device in the bill, Sir, which is on page -- the end of page 1 and beginning of page 2 in the bill. It would begin and end with that definition.

SENATOR KELLY: Okay. And how are we going to defined portable, anything that you can walk with?

PAUL FASSBENDER: No. I mean, the list of products are under the definition and it means any self-contained, easily carried electronic equipment for personal use for communicating, viewing, listening, recording, playing video games, computing, global positioning, and then it has an including line, which includes a number of products that would qualify.

So, for instance, like a stereo, like it would --

SENATOR KELLY: Yeah, but we don't make the old Magnavox made out of this stuff, you know. We're getting to the point where you can get a tower for your desktop that's, you know,

smaller than my netbook. So, we're getting to a point where you can have some pretty portable devices that used to be much more, for lack of a better term, sedentary. We used to look at a desktop as a tall tower and say, okay, that's not moving. Just like when you saw that Magnavox you brought into the house, you never moved that thing. It became a fixture in the living room.

So, you know, just saying portable, what -- you know, how far up the chain are we going to go?

PAUL FASSBENDER: Well, one, I would point to the definition again. But, two, I would also say that this creates pretty broad licensing powers for the Department and also regulatory powers for the Department. So, if there was something out of line with this bill, that company trying to sell that insurance would have to be licensed to do so. And when they -- they would be up to your Department of Insurance to approve that license and I would assume if it's -- not within these borders or there was a problem with it, that particular product, they would come through and reject the license.

SENATOR KELLY: Okay, thank you very much.

PAUL FASSBENDER: Thank you, Sir.

SENATOR CRISCO: Any other questions?

Thank you. Thank you so much, Paul.  
Appreciate it.

PAUL FASSBENDER: Thank you, Sir. Thank you, Chair.

SENATOR CRISCO: We will now return to the legislative part of the public hearing. And last but not least, Senator Looney. And we do



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### Asurion Testimony in Support of House Bill 5023

My name is Paul Fassbender and I am the Director of Public Policy and Economic Development at Asurion. I am here testifying on behalf of Asurion in support of House Bill 5023. Asurion is the leading provider of handset protection programs in the country and has joined forces with leading wireless carriers throughout the world to bring this valuable product to consumers. The product that is at the heart of this bill is an insurance program that protects a consumer's investment in their wireless communications device by insuring it against loss, theft, damage, and internal malfunction of the device. The bill provides for an entity level license to vendors offering portable electronics insurance and provides for key consumer protections related to such coverage.

As wireless devices have become an integral part of our everyday lives their functionalities have expanded exponentially and with these developments the costs of these devices have also risen. Portable electronics insurance not only ensures that a consumer's investment in such a device is protected, but also ensures that a consumer has very little down time when a problem does occur by getting a pre-programmed phone or other portable electronic device in the consumer's hands often times the very next day after a claim has been made. Staying connected in today's world is crucial and Asurion's products ensure that its customers stay connected.

House Bill 5023 is a bill that creates a licensing framework applicable to the sale of portable electronics insurance in Connecticut. Currently, there is no clear regulatory structure that exists for the sale of this product in Connecticut. The instant legislation would provide such a structure by providing for an entity level limited lines producer license to sell this type of insurance product. The approach set forth in this important piece of legislation ensures a balanced regulatory structure that would avoid the need to license every individual on the floor of every retailer in Connecticut that offers this insurance to consumers while also providing crucial consumer protection and disclosures. As you can imagine, licensing of every sales floor representative of a large retailer would be impractical and overly burdensome on both the Department and businesses. There is no state in the country that currently requires such a licensing scenario.

House Bill 5023 creates a regulatory scheme governing the sale of this product by creating a licensing framework under which the retailer itself holds the license authorizing its employees to sell this insurance product on their behalf. This model is consistent with the national trend that we have seen with respect to the regulation of this product as it creates an efficient and fair licensing framework for the entities offering this product to consumers and gives regulators the authority they need to effectively oversee these activities. Laws similar to the licensing framework have been enacted into law in forty-seven (47) states as well as the District of Columbia and the U.S. Virgin Islands.

In addition to the licensing framework created by this bill, the bill also provides significant consumer protection measures in the form of required disclosures to consumers regarding the insurance coverage that is being sold as well as required training for those individual salespeople acting under the retailer's license. Asurion and local counsel have worked through the language in this bill with the Insurance Department.

In regards to claims, this bill establishes an exemption for a call taker who acts as a data conduit between the insured and a computer system. These exempt call takers will be supervised by license holders who will handle any disputed claims calls. This claims model has been passed in 28 states.

So in summary, this bill is a good bill in that it creates a regulatory structure for this product that ensures full disclosure to the consumer of the terms and conditions of this insurance coverage while also providing the Department with the regulatory authority to ensure that the product is sold to consumers in the right way. This bill strikes an effective balance between the interests of consumers and industry and we would ask that you vote favorably to move this bill from your Committee today.