

Senate Engrossed

**FILED**

**KEN BENNETT  
SECRETARY OF STATE**

State of Arizona  
Senate  
Fiftieth Legislature  
Second Regular Session  
2012

CHAPTER 57

# **SENATE BILL 1251**

AN ACT

AMENDING TITLE 20, CHAPTER 6, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 17;  
RELATING TO PORTABLE ELECTRONICS INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Title 20, chapter 6, Arizona Revised Statutes, is amended  
3 by adding article 17, to read:  
4 ARTICLE 17. PORTABLE ELECTRONICS INSURANCE  
5 20-1693. Definitions  
6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:  
7 1. "CUSTOMER" MEANS A PERSON WHO PURCHASES PORTABLE ELECTRONICS OR  
8 SERVICES.  
9 2. "ENROLLED CUSTOMER" MEANS A CUSTOMER WHO ELECTS COVERAGE UNDER A  
10 PORTABLE ELECTRONICS INSURANCE POLICY ISSUED TO A VENDOR OF PORTABLE  
11 ELECTRONICS.  
12 3. "LOCATION" MEANS ANY PHYSICAL LOCATION IN THIS STATE OR ANY  
13 WEBSITE, CALL CENTER SITE OR SIMILAR LOCATION DIRECTED TO RESIDENTS OF THIS  
14 STATE.  
15 4. "PORTABLE ELECTRONICS" MEANS PERSONAL, SELF-CONTAINED, EASILY  
16 CARRIED BY AN INDIVIDUAL, BATTERY-OPERATED ELECTRONIC COMMUNICATION, VIEWING,  
17 LISTENING, RECORDING, GAMING, COMPUTING OR GLOBAL POSITIONING DEVICES,  
18 INCLUDING CELL OR SATELLITE PHONES, PAGERS, PERSONAL GLOBAL POSITIONING  
19 SATELLITE UNITS, PORTABLE COMPUTERS, PORTABLE AUDIO LISTENING DEVICES, VIDEO  
20 VIEWING OR RECORDING DEVICES, DIGITAL CAMERAS, VIDEO CAMCORDERS, PORTABLE  
21 GAMING SYSTEMS, DOCKING STATIONS, AUTOMATIC ANSWERING DEVICES AND OTHER  
22 SIMILAR DEVICES AND THE DEVICES' ACCESSORIES.  
23 5. "PORTABLE ELECTRONICS INSURANCE":  
24 (a) MEANS INSURANCE PROVIDING COVERAGE FOR THE REPAIR OR REPLACEMENT  
25 OF PORTABLE ELECTRONICS THAT MAY PROVIDE COVERAGE FOR PORTABLE ELECTRONICS  
26 AGAINST LOSS, THEFT OR INOPERABILITY, OR ANY COMBINATION THEREOF, DUE TO  
27 MECHANICAL FAILURE, MALFUNCTION, DAMAGE OR OTHER SIMILAR CAUSES OF LOSS.  
28 (b) DOES NOT INCLUDE:  
29 (i) A SERVICE CONTRACT UNDER CHAPTER 4, ARTICLE 11 OF THIS TITLE.  
30 (ii) AN INSURANCE POLICY COVERING A SELLER'S OR MANUFACTURER'S  
31 OBLIGATIONS UNDER A WARRANTY.  
32 (iii) A HOMEOWNER'S, RENTER'S, PRIVATE PASSENGER AUTOMOBILE,  
33 COMMERCIAL MULTIPERIL OR SIMILAR POLICY.  
34 6. "PORTABLE ELECTRONICS TRANSACTION" MEANS EITHER:  
35 (a) THE SALE OR LEASE OF PORTABLE ELECTRONICS BY A VENDOR TO A  
36 CUSTOMER.  
37 (b) THE SALE OF A SERVICE RELATED TO THE USE OF PORTABLE ELECTRONICS  
38 BY A VENDOR TO A CUSTOMER.  
39 7. "SUPERVISING ENTITY" MEANS A BUSINESS ENTITY THAT IS A LICENSED  
40 INSURER OR INSURANCE PRODUCER AND THAT IS AUTHORIZED BY AN INSURER TO  
41 SUPERVISE THE ADMINISTRATION OF A PORTABLE ELECTRONICS INSURANCE POLICY.  
42 8. "VENDOR" MEANS A PERSON IN THE BUSINESS OF ENGAGING IN PORTABLE  
43 ELECTRONICS TRANSACTIONS DIRECTLY OR INDIRECTLY.



1 (e) KEY TERMS AND CONDITIONS OF THE COVERAGE, INCLUDING WHETHER  
2 PORTABLE ELECTRONICS MAY BE REPAIRED OR REPLACED WITH SIMILAR MAKE AND MODEL  
3 RECONDITIONED OR NONORIGINAL MANUFACTURER PARTS OR EQUIPMENT.

4 4. SUMMARIZE THE PROCESS FOR FILING A CLAIM, INCLUDING A DESCRIPTION  
5 OF HOW TO RETURN PORTABLE ELECTRONICS AND THE MAXIMUM FEE APPLICABLE IN THE  
6 EVENT THE CUSTOMER FAILS TO COMPLY WITH ANY EQUIPMENT RETURN REQUIREMENTS.

7 5. STATE THAT AN ENROLLED CUSTOMER MAY CANCEL ENROLLMENT FOR COVERAGE  
8 UNDER A PORTABLE ELECTRONICS INSURANCE POLICY AT ANY TIME AND THE PERSON  
9 PAYING THE PREMIUM SHALL RECEIVE A REFUND OR CREDIT OF ANY APPLICABLE  
10 UNEARNED PREMIUM WITHIN SIXTY DAYS.

11 B. PORTABLE ELECTRONICS INSURANCE MAY BE OFFERED ON A MONTH TO MONTH  
12 OR OTHER PERIODIC BASIS AS A GROUP OR MASTER COMMERCIAL INLAND MARINE POLICY  
13 ISSUED TO A VENDOR OF PORTABLE ELECTRONICS FOR ITS ENROLLED CUSTOMERS.

14 C. ELIGIBILITY AND UNDERWRITING STANDARDS FOR CUSTOMERS ELECTING TO  
15 ENROLL IN COVERAGE SHALL BE ESTABLISHED FOR EACH PORTABLE ELECTRONICS  
16 INSURANCE POLICY.

17 20-1693.03. Portable electronics vendors; authority; charges  
18 for portable electronics insurance; accounting

19 A. THE EMPLOYEES AND AUTHORIZED REPRESENTATIVES OF VENDORS MAY SELL OR  
20 OFFER PORTABLE ELECTRONICS INSURANCE TO CUSTOMERS AND SHALL NOT BE SUBJECT TO  
21 LICENSURE AS AN INSURANCE PRODUCER UNDER THIS TITLE OR BE SUBJECT TO THE  
22 CONTINUING EDUCATION REQUIREMENTS OF THIS TITLE IF:

23 1. THE VENDOR OBTAINS A LICENSE TO AUTHORIZE ITS EMPLOYEES OR  
24 AUTHORIZED REPRESENTATIVES TO SELL OR OFFER PORTABLE ELECTRONICS INSURANCE  
25 PURSUANT TO THIS ARTICLE.

26 2. EACH VENDOR OR ITS DESIGNEE PROVIDES A TRAINING PROGRAM THAT GIVES  
27 THE VENDOR'S EMPLOYEES AND AUTHORIZED REPRESENTATIVES BASIC INSTRUCTION ABOUT  
28 COVERAGE UNDER A PORTABLE ELECTRONICS INSURANCE POLICY AND THE REQUIREMENTS  
29 OF THIS ARTICLE.

30 B. NOTWITHSTANDING ANY OTHER LAW, A VENDOR OF PORTABLE ELECTRONICS OR  
31 ITS EMPLOYEES OR AUTHORIZED REPRESENTATIVES SHALL NOT:

32 1. OFFER OR SELL INSURANCE EXCEPT IN CONJUNCTION WITH AND INCIDENTAL  
33 TO PORTABLE ELECTRONICS TRANSACTIONS.

34 2. ADVERTISE, REPRESENT OR OTHERWISE BE PORTRAYED AS LICENSED INSURERS  
35 OR INSURANCE PRODUCERS UNLESS SO LICENSED.

36 C. THE VENDOR MAY BILL AND COLLECT THE CHARGES FOR PORTABLE  
37 ELECTRONICS INSURANCE COVERAGE. ANY CHARGE TO THE ENROLLED CUSTOMER FOR  
38 COVERAGE THAT IS NOT INCLUDED IN THE COST ASSOCIATED WITH THE PURCHASE OR  
39 LEASE OF PORTABLE ELECTRONICS OR RELATED SERVICES SHALL BE SEPARATELY  
40 ITEMIZED ON THE ENROLLED CUSTOMER'S BILL. IF THE PORTABLE ELECTRONICS  
41 INSURANCE COVERAGE IS INCLUDED WITH THE PURCHASE OR LEASE OF PORTABLE  
42 ELECTRONICS OR RELATED SERVICES, THE VENDOR SHALL CLEARLY AND CONSPICUOUSLY  
43 DISCLOSE TO THE ENROLLED CUSTOMER THAT THE PORTABLE ELECTRONICS INSURANCE  
44 COVERAGE IS INCLUDED WITH THE PORTABLE ELECTRONICS OR RELATED SERVICES. A  
45 VENDOR THAT BILLS AND COLLECTS CHARGES FOR INSURANCE COVERAGE INCLUDED WITH

1 THE PURCHASE OR LEASE OF PORTABLE ELECTRONICS OR RELATED SERVICES IS NOT  
2 REQUIRED TO MAINTAIN THOSE MONIES IN A SEGREGATED ACCOUNT IF THE VENDOR IS  
3 AUTHORIZED BY THE INSURER TO HOLD THOSE MONIES IN AN ALTERNATIVE MANNER AND  
4 REMITS THESE MONIES TO THE SUPERVISING ENTITY WITHIN SIXTY DAYS OF RECEIPT.  
5 ALL MONIES RECEIVED BY A VENDOR FROM AN ENROLLED CUSTOMER FOR THE SALE OF  
6 PORTABLE ELECTRONICS INSURANCE SHALL BE CONSIDERED MONIES HELD IN TRUST BY  
7 THE VENDOR IN A FIDUCIARY CAPACITY FOR THE BENEFIT OF THE INSURER.

8 D. VENDORS MAY RECEIVE COMPENSATION FOR BILLING AND COLLECTION  
9 SERVICES.

10 20-1693.04. Suspension or revocation of license

11 IF A VENDOR OR ITS EMPLOYEE OR AUTHORIZED REPRESENTATIVE VIOLATES ANY  
12 PROVISION OF THIS ARTICLE, THE DIRECTOR MAY IMPOSE PENALTIES PURSUANT TO  
13 SECTION 20-295, INCLUDING SUSPENDING THE PRIVILEGE OF TRANSACTING PORTABLE  
14 ELECTRONICS INSURANCE PURSUANT TO THIS ARTICLE AT THE SPECIFIC BUSINESS  
15 LOCATION WHERE VIOLATIONS HAVE OCCURRED.

16 20-1693.05. Termination of portable electronics insurance;  
17 notice

18 A. NOTWITHSTANDING ANY OTHER LAW:

19 1. AN INSURER MAY TERMINATE OR OTHERWISE CHANGE THE TERMS AND  
20 CONDITIONS OF A PORTABLE ELECTRONICS INSURANCE POLICY ONLY ON PROVIDING THE  
21 POLICYHOLDER AND ENROLLED CUSTOMERS WITH AT LEAST THIRTY DAYS NOTICE.

22 2. IF THE INSURER CHANGES THE TERMS AND CONDITIONS OF A POLICY, THE  
23 INSURER SHALL PROVIDE THE VENDOR POLICYHOLDER WITH A REVISED POLICY OR  
24 ENDORSEMENT AND EACH ENROLLED CUSTOMER WITH A REVISED CERTIFICATE,  
25 ENDORSEMENT, UPDATED BROCHURE OR OTHER EVIDENCE INDICATING THAT A CHANGE IN  
26 THE TERMS AND CONDITIONS HAS OCCURRED AND THAT INCLUDES A SUMMARY OF THE  
27 MATERIAL CHANGES.

28 B. NOTWITHSTANDING SUBSECTION A, PARAGRAPH 1 OF THIS SECTION:

29 1. AN INSURER MAY TERMINATE A CUSTOMER'S ENROLLMENT UNDER A PORTABLE  
30 ELECTRONICS INSURANCE POLICY WITH FIFTEEN DAYS' NOTICE FOR DISCOVERY OF FRAUD  
31 OR MATERIAL MISREPRESENTATION IN OBTAINING COVERAGE OR IN THE PRESENTATION OF  
32 A CLAIM.

33 2. AN INSURER MAY IMMEDIATELY TERMINATE A CUSTOMER'S ENROLLMENT UNDER  
34 A PORTABLE ELECTRONICS INSURANCE POLICY FOR ANY OF THE FOLLOWING REASONS:

35 (a) NONPAYMENT OF PREMIUM.

36 (b) IF THE ENROLLED CUSTOMER CEASES TO HAVE AN ACTIVE SERVICE WITH THE  
37 VENDOR.

38 (c) IF AN ENROLLED CUSTOMER EXHAUSTS THE AGGREGATE LIMIT OF LIABILITY,  
39 IF ANY, UNDER THE TERMS OF THE PORTABLE ELECTRONICS INSURANCE POLICY AND THE  
40 INSURER SENDS NOTICE OF TERMINATION TO THE ENROLLED CUSTOMER WITHIN THIRTY  
41 CALENDAR DAYS AFTER EXHAUSTION OF THE LIMIT. IF NOTICE IS NOT TIMELY SENT,  
42 ENROLLMENT SHALL CONTINUE NOTWITHSTANDING THE AGGREGATE LIMIT OF LIABILITY  
43 UNTIL THE INSURER SENDS NOTICE OF TERMINATION TO THE ENROLLED CUSTOMER.

44 C. IF A VENDOR TERMINATES A PORTABLE ELECTRONICS INSURANCE POLICY, THE  
45 VENDOR SHALL MAIL OR DELIVER WRITTEN NOTICE TO EACH ENROLLED CUSTOMER

1 ADVISING THE ENROLLED CUSTOMER OF THE TERMINATION OF THE POLICY AND THE  
2 EFFECTIVE DATE OF TERMINATION. THE WRITTEN NOTICE SHALL BE MAILED OR  
3 DELIVERED TO THE ENROLLED CUSTOMER AT LEAST THIRTY DAYS BEFORE THE  
4 TERMINATION.

5 D. IF NOTICE OR CORRESPONDENCE WITH RESPECT TO A POLICY OF PORTABLE  
6 ELECTRONICS INSURANCE IS REQUIRED PURSUANT TO THIS SECTION OR IS OTHERWISE  
7 REQUIRED BY LAW, IT SHALL BE IN WRITING AND SENT WITHIN THE NOTICE PERIOD, IF  
8 ANY, SPECIFIED IN THE STATUTE OR RULE REQUIRING THE NOTICE OR CORRESPONDENCE.  
9 NOTWITHSTANDING ANY OTHER LAW, NOTICES AND CORRESPONDENCE MAY BE SENT EITHER  
10 BY MAIL OR BY ELECTRONIC MEANS. IF THE NOTICE OR CORRESPONDENCE IS MAILED,  
11 IT SHALL BE SENT TO THE VENDOR AT THE VENDOR'S MAILING ADDRESS SPECIFIED FOR  
12 SUCH PURPOSE AND TO ITS AFFECTED ENROLLED CUSTOMERS' LAST KNOWN MAILING  
13 ADDRESSES ON FILE WITH THE INSURER. THE INSURER OR VENDOR SHALL MAINTAIN  
14 PROOF OF MAILING IN A FORM AUTHORIZED OR ACCEPTED BY THE UNITED STATES POSTAL  
15 SERVICE OR OTHER COMMERCIAL MAIL DELIVERY SERVICE. IF THE NOTICE OR  
16 CORRESPONDENCE IS SENT BY ELECTRONIC MEANS, IT SHALL BE SENT TO THE VENDOR AT  
17 THE VENDOR'S ELECTRONIC MAIL ADDRESS SPECIFIED FOR SUCH PURPOSE AND TO ITS  
18 AFFECTED ENROLLED CUSTOMERS' LAST KNOWN ELECTRONIC MAIL ADDRESSES AS PROVIDED  
19 BY EACH ENROLLED CUSTOMER TO THE INSURER OR VENDOR, AS APPLICABLE. FOR THE  
20 PURPOSES OF THIS SECTION, AN ENROLLED CUSTOMER'S PROVISION OF AN ELECTRONIC  
21 MAIL ADDRESS TO THE INSURER OR VENDOR IS DEEMED TO CONSTITUTE CONSENT TO  
22 RECEIVE NOTICES AND CORRESPONDENCE BY ELECTRONIC MEANS. THE INSURER OR  
23 VENDOR, AS APPLICABLE, SHALL MAINTAIN PROOF THAT THE NOTICE OR CORRESPONDENCE  
24 WAS SENT.

25 E. THE SUPERVISING ENTITY APPOINTED BY THE INSURER MAY SEND NOTICE OR  
26 CORRESPONDENCE THAT IS REQUIRED BY THIS SECTION, OR THAT IS OTHERWISE  
27 REQUIRED BY LAW, ON BEHALF OF AN INSURER OR VENDOR.

28 20-1693.06. Application of existing laws

29 TO THE EXTENT NOT INCONSISTENT WITH THIS ARTICLE, SECTIONS 20-281,  
30 20-289 AND 20-289.01, SECTION 20-290, SUBSECTION A AND SECTIONS 20-291,  
31 20-292, 20-295, 20-296, 20-297, 20-299, 20-301 AND 20-302 APPLY TO THE SALE  
32 OF PORTABLE ELECTRONICS INSURANCE.

APPROVED BY THE GOVERNOR MARCH 20, 2012.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 22, 2012.

ON RECONSIDERATION

Passed the House March 15, 2012,

Passed the Senate February 21, 2012,

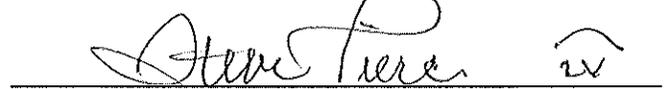
by the following vote: 52 Ayes,

by the following vote: 19 Ayes,

7 Nays, 1 Not Voting

10 Nays, 1 Not Voting





Speaker of the House

President of the Senate

  
Cheryl Laube  
Chief Clerk of the House

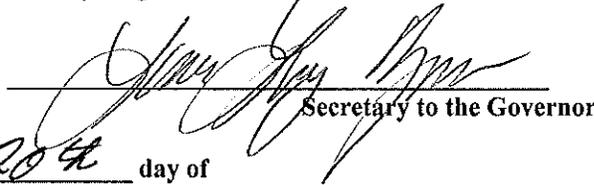
  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

19<sup>th</sup> day of March, 2012

at 1:50 o'clock P M.

  
Secretary to the Governor

Approved this 20<sup>th</sup> day of

March, 2012,

at 7:20 o'clock P M.

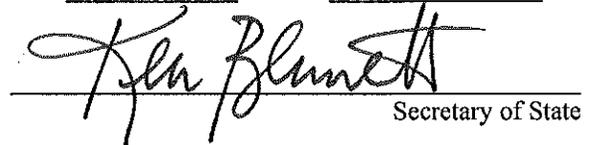
  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 22<sup>nd</sup> day of March, 2012,

at 8:14 o'clock a M.

  
Secretary of State

S.B. 1251