

# STATE OF NEW YORK

30

2017-2018 Regular Sessions

## IN ASSEMBLY

(Prefiled)

January 4, 2017

Introduced by M. of A. CAHILL -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to wireless communications equipment insurance

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 2101 of the insurance law is amended by adding a  
2 new subsection (z) to read as follows:

3 (z) For purposes of section two thousand one hundred thirty-one of  
4 this article, with respect to wireless communications equipment insur-  
5 ance:

6 (1) "Customer" means a person who purchases wireless communications  
7 equipment or service;

8 (2) "Enrolled customer" means a customer who elects coverage under a  
9 wireless communications equipment insurance policy issued to a vendor of  
10 wireless communications equipment;

11 (3) "Location" means any physical location in the state of New York or  
12 any website, call center site or similar location directed to residents  
13 of the state of New York;

14 (4) "Wireless communications equipment" shall mean electronic devices  
15 that are portable in nature and their accessories;

16 (5)(A) "Wireless communications equipment insurance" means insurance  
17 providing coverage for the repair or replacement of wireless communi-  
18 cations equipment which may provide coverage for wireless communications  
19 equipment against any one or more of the following causes of loss: loss,  
20 theft, inoperability due to mechanical failure, malfunction, damage or  
21 other similar causes of loss. Wireless communications equipment insur-  
22 ance also includes any agreement whereby a person or any legal entity,  
23 in exchange for consideration paid, agrees to provide for the future  
24 repair, replacement or provision of wireless communications equipment.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

LBD01680-01-7

1 It includes any arrangement that seeks to provide substantially similar  
2 benefits through other means including arrangements that confer benefits  
3 upon consumers that purchase, including installment sale purchases, or  
4 lease wireless communications equipment or wireless services, regardless  
5 of whether the benefits are provided directly or indirectly to the  
6 consumer, where the benefits include the repair or replacement of the  
7 covered device, the provision of a loaner or rental device, or the  
8 payment of indemnification in the event of a loss of a covered device,  
9 and where the benefits are expressly or impliedly conditioned on the  
10 happening of some fortuitous event such as the loss, theft or physical  
11 damage of the covered device, or is structured as a remedy in the event  
12 of such perils without expressly stating those perils as a condition of  
13 coverage.

14 (B) "Wireless communications equipment insurance" does not include:

15 (i) a service contract pursuant to article seventy-nine of this chap-  
16 ter or extended warranty providing coverage limited to the repair,  
17 replacement or maintenance of property for the operational or structural  
18 failure of property due to a defect in materials, workmanship, acci-  
19 dental damage from handling, power surges, or normal wear and tear;

20 (ii) a policy of insurance covering a seller's or a manufacturer's  
21 obligations under a warranty; or

22 (iii) a homeowners', renters', private passenger automobile, commer-  
23 cial multi-peril, or similar policy.

24 (6) "Wireless communications equipment transaction" means:

25 (A) the sale or lease of wireless communications equipment by a vendor  
26 to a customer; or

27 (B) the sale of a service related to the use of wireless communi-  
28 cations equipment by a vendor to a customer.

29 (7) "Supervising entity" means a business entity that is a licensed  
30 insurer or insurance producer that is authorized by an insurer to super-  
31 visize the administration of a wireless communications equipment insurance  
32 program.

33 (8) "Vendor" means a person in the business of engaging in wireless  
34 communications equipment transactions directly or indirectly.

35 (9) "Wireless communications service" means telephonic and/or data  
36 transmission service over a wireless network through wireless communi-  
37 cations equipment.

38 § 2. Section 2131 of the insurance law, as amended by chapter 582 of  
39 the laws of 2003, the section heading and subsections (a), (d), (e),  
40 (f), (h) and (i) as amended by chapter 368 of the laws of 2010, and  
41 subsection (g) as amended by chapter 426 of the laws of 2005, is amended  
42 to read as follows:

43 § 2131. Limited license for rental vehicle companies, wireless commu-  
44 nications equipment vendors and self-service storage companies. (a) The  
45 superintendent may issue to a rental vehicle company, a wireless commu-  
46 nications equipment vendor, a self-service storage company or to a fran-  
47 chisee of a rental vehicle company, [~~a wireless communications equipment~~  
48 ~~vendor,~~] or a self-service storage company which has complied with the  
49 requirements of this section, a limited license authorizing the licen-  
50 see, known as a "limited licensee" for the purpose of this article, to  
51 act as agent, with reference to the kinds of insurance specified in this  
52 section, of any insurer authorized to write such kinds of insurance in  
53 this state.

54 (b) [~~The~~] Except as contained in paragraph three of this subsection  
55 regarding wireless communications equipment vendors the prerequisites

1 for issuance of a limited license under this section shall be the filing  
2 with the superintendent of the following:

3 (1) an application, signed by an officer of the applicant, for the  
4 limited license in such form or forms, and supplements thereto, and  
5 containing such information, as the superintendent may prescribe; and

6 (2) an appointment of a limited licensee by the appointing insurer, in  
7 a format approved by the superintendent, no more than fifteen days after  
8 the date the agency contract is executed or the first insurance contract  
9 is submitted, whichever is later, stating that it has satisfied itself  
10 that the named applicant is trustworthy and competent to act as its  
11 insurance agent for this limited purpose and that the insurer will  
12 appoint such applicant to act as the agent in reference to the doing of  
13 such kind or kinds of insurance which are permitted by this section, if  
14 the limited license applied for is issued by the superintendent. Such  
15 appointment shall be subscribed by an officer or managing agent of such  
16 insurer and affirmed as true under the penalties of perjury.

17 (3) For a wireless communications equipment vendor:

18 (A) A sworn application for a license under this chapter with the  
19 superintendent on forms prescribed and furnished by the superintendent.

20 (B) The application shall:

21 (i) provide the name, residence address, and other information  
22 required by the superintendent for an employee or officer of the vendor  
23 that is designated by the applicant as the person responsible for the  
24 vendor's compliance with the requirements of this chapter. However, if  
25 the vendor derives more than fifty percent of its revenue from the sale  
26 of wireless communications equipment insurance the information noted  
27 above shall be provided for all officers, directors, and shareholders of  
28 record having beneficial ownership of ten percent or more of any class  
29 of securities registered under the federal securities law; and

30 (ii) the location of the applicant's home office.

31 (C) Any vendor engaging in wireless communications equipment insurance  
32 transactions must obtain a license prior to offering wireless communi-  
33 cations equipment insurance.

34 (c) In the event that any provision of this chapter is violated, the  
35 superintendent may:

36 (1) revoke or suspend a limited license issued under this section in  
37 accordance with the provisions of section two thousand one hundred ten  
38 of this article; or

39 (2) after notice and hearing impose such other penalties, including  
40 suspending the transaction of insurance at specific locations where  
41 violations of this article have occurred, or require the vendor or  
42 license holder to identify and suspend or revoke the ability of individ-  
43 ual employees or authorized representatives to act under the license, as  
44 the superintendent deems necessary or convenient to carry out the  
45 purposes of this section.

46 (d) The rental vehicle company, wireless communications equipment  
47 vendor, or self-service storage company, or franchisee licensed pursuant  
48 to subsection (a) of this section may act as agent for an authorized  
49 insurer only in connection with the rental of motor vehicles, the sale  
50 or offering for sale of wireless communications equipment, or the rental  
51 of storage space, respectively, and only with respect to the following  
52 kinds of insurance:

53 (1) with respect to rental vehicle companies:

54 (A) excess liability insurance that provides coverage to the rental  
55 car company or franchisee and renters and other authorized drivers of  
56 rental vehicles, in excess of the standard liability limits provided by

1 the rental vehicle company in its rental agreement, for liability arising from the negligent operation of the rental vehicle;

2 (B) accident and health insurance that provides coverage to renters and other vehicle occupants, in excess to the standard first party benefits provided pursuant to article fifty-one of this chapter, for accidental death and/or dismemberment and for medical expenses resulting from an accident that occurs during the rental period;

3 (C) personal effects insurance that provides coverage to renters and other vehicle occupants for the loss of, or damage to, personal effects that occurs during the rental period;

4 (D) any other coverage which the superintendent may approve as meaningful and appropriate in connection with the rental of motor vehicles;

5 or

6 (2) with respect to wireless communications equipment vendors, [~~insurance issued to cover the loss, theft, mechanical failure, or malfunction of, or damage to, wireless communications equipment offered~~] wireless communications equipment insurance as either an individual policy issued to the consumer or as a group or master commercial inland marine policy under which certificates or other evidence of coverage are issued to individual consumers who enroll in the program[~~, provided however, that said insurance shall not extend to wireless services or service contracts governed by article seventy nine of this chapter~~]; or

7 (3) with respect to self-service storage companies, the following coverages offered as either an individual policy issued to the consumer or as a group policy:

8 (A) personal effects insurance that provides coverage to renters of storage spaces at the self-service storage company's facility for the loss of, or damage to, personal property stored at the facility, where the loss or damage occurs at the same facility during the rental period;

9 (B) any other coverage that the superintendent may approve as meaningful and appropriate in connection with the rental of storage space.

10 (e) No insurance may be issued pursuant to this section unless:

11 (1) with regard to the rental of vehicles only, the rental period of the rental agreement does not exceed thirty consecutive days; and

12 (2) at every location where rental vehicle agreements, wireless communications equipment agreements, or self-service storage agreements are executed, brochures or other written materials are readily available to the prospective consumer that:

13 (A) summarize, clearly and correctly, the material terms of insurance coverage, including the identity of the insurer and, with regard to wireless communications equipment insurance, the agent licensed under subsection (b) of section two thousand one hundred three of this article, the identity of the supervising entity, the amount of any applicable deductible and how it is to be paid, benefits of the coverage, and key terms and conditions of coverage such as whether wireless communications equipment may be repaired or replaced with similar make and model reconditioned or non-original manufacturer parts or equipment;

14 (B) disclose that these policies may provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowner's insurance policy, personal liability insurance policy, or other source of coverage;

15 (C) state that the purchase by the consumer of the kinds of insurance specified in this section is not required in order to rent a vehicle, to purchase or lease wireless communications equipment, or to rent storage space;

1 (D) describe the process for filing a claim in the event the consumer  
2 elects to purchase coverage, and with regard to wireless communications  
3 equipment insurance, describe how to return wireless communications  
4 equipment and the maximum fee or fees applicable in the event the  
5 customer fails to comply with any equipment return requirements;

6 (E) the price, deductible, benefits, exclusions and conditions or  
7 other limitations of such policies;

8 (F) disclose that the employee of the rental vehicle company, wireless  
9 communications equipment vendor or self-storage company is not qualified  
10 or authorized to evaluate the adequacy of the purchaser's existing  
11 coverages, unless otherwise licensed; and

12 (G) notwithstanding any law, rule or regulation a wireless communi-  
13 cations equipment insurance vendor shall state whether an employee may  
14 earn compensation under the vendor's limited lines license as allowed  
15 under subsection (g) of this section and that part of the premium paid  
16 by the purchaser may be paid by the vendor to an administrator; and

17 [~~(G)~~] (H) state that the customer may cancel the insurance at any time  
18 and any unearned premium will be refunded in accordance with applicable  
19 law.

20 (3) with respect to wireless communications equipment insurance, the  
21 written materials required by paragraph two of this subsection shall not  
22 be subject to filing or approval requirements with the superintendent  
23 pursuant to subsection (f) of this section.

24 [~~(3)~~] (4) evidence of coverage is provided to every consumer who  
25 elects to purchase such coverage.

26 (f) Rates and forms for insurance under this section shall be subject  
27 to article twenty-three of this chapter. Any brochures used in  
28 connection with insurance under this section shall be filed with the  
29 superintendent for review and shall include disclosure of the claims  
30 filing process, premium, deductible amounts and limits and shall be  
31 prominently displayed in the brochure with at least twelve-point type  
32 bold headings. Any such brochures shall also be subject to section  
33 three thousand one hundred two of this chapter, provided, however, that  
34 any policy, certificate or other evidence of insurance coverage, whether  
35 or not contained in such brochure, shall not be subject to section three  
36 thousand one hundred two of this chapter, but shall be written in a  
37 clear and coherent manner and whenever practicable shall use words with  
38 common and everyday meaning to facilitate readability and to aid the  
39 policyholder in understanding the coverage provided.

40 (g) Any limited license issued under this section shall also authorize  
41 any salaried employee or any sales representative authorized by the  
42 licensee who, pursuant to subsection (h) of this section, is trained to  
43 act individually on behalf, and under the supervision, of the licensee  
44 with respect to the kinds of insurance specified in this section.

45 Notwithstanding any other provision of law, employees or authorized  
46 representatives of a vendor of wireless communications equipment shall  
47 not be compensated based primarily on the number of customers enrolled  
48 for wireless communications equipment insurance coverage but may receive  
49 compensation for activities under the limited lines license which is  
50 incidental to their overall compensation.

51 (h) Each company or franchisee licensed pursuant to this section shall  
52 conduct a training program, which shall be submitted to the superinten-  
53 dent for approval prior to use, and which shall meet the following mini-  
54 mum standards:

55 (1) each trainee shall receive basic instruction about the kinds of  
56 insurance specified in this section offered for purchase by prospective

1 renters of rental vehicles, purchasers or lessors of wireless communi-  
2 cations equipment, or renters of storage space;

3 (2) each trainee shall be instructed with respect to the disclosures  
4 required under subsection (e) of this section and to acknowledge to a  
5 prospective renter of a rental vehicle, purchaser or lessor of wireless  
6 communications equipment, or renter of storage space that purchase of  
7 any such insurance specified in this section is not required in order  
8 for the consumer to rent a motor vehicle, purchase or lease wireless  
9 communications equipment, or rent storage space;

10 (3) each trainee shall be instructed to acknowledge to a prospective  
11 consumer of the kinds of insurance specified in this section that the  
12 consumer may have insurance policies that already provide the coverage  
13 being offered by the rental vehicle company, the wireless communications  
14 equipment vendor, or self-service storage company pursuant to this  
15 section; and

16 (4) with regard to wireless communications equipment insurance and  
17 self-service storage company insurance, training materials may be devel-  
18 oped and provided by an agent licensed pursuant to subsection (b) of  
19 section two thousand one hundred three of this article.

20 (i) Limited licensees acting pursuant to and under the authority of  
21 this section shall comply with all applicable provisions of this arti-  
22 cle, except that notwithstanding section two thousand one hundred twenty  
23 of this article, a limited licensee pursuant to this section shall not  
24 be required to treat premiums collected from consumers purchasing such  
25 insurance when renting motor vehicles, purchasing or leasing wireless  
26 communications equipment, or renting storage space as funds received in  
27 a fiduciary capacity, provided that:

28 (1) the insurer represented by the limited licensee has consented in  
29 writing, signed by the insurer's officer, that premiums need not be  
30 segregated from funds received by the rental vehicle company, wireless  
31 communications equipment vendor, or self-storage company on account of  
32 vehicle rental, wireless communications equipment purchase or lease, or  
33 storage space rental; and

34 (2) the charges for insurance coverage are itemized but not billed to  
35 the consumer separately from the charges for rental vehicles, purchase  
36 or lease of wireless communications equipment, or storage space rental;  
37 and

38 (3) with respect to wireless communications equipment insurance premi-  
39 ums, vendors billing and collecting such charges shall not be required  
40 to maintain such funds in a segregated account provided that the vendor  
41 is authorized by the insurer to hold such funds in an alternative manner  
42 and remits such amounts to the supervising entity within sixty days of  
43 receipt. All funds received by a vendor from an enrolled customer for  
44 the sale of wireless communications equipment insurance shall be consid-  
45 ered funds held in trust by the vendor in a fiduciary capacity for the  
46 benefit of the insurer. Vendors may receive compensation for billing and  
47 collection services.

48 (j) No limited licensees under this section shall advertise, represent  
49 or otherwise hold itself or any of its employees themselves out as  
50 licensed insurance agents or brokers.

51 (k) The superintendent may issue a replacement for a currently in  
52 force license which has been lost or destroyed. Before such replacement  
53 license shall be issued, there shall be on file in the office of the  
54 superintendent a written application for such replacement license,  
55 affirming under penalty of perjury that the original license has been  
56 lost or destroyed, together with a fee of fifteen dollars.

1 [~~(1) For purposes of this section "wireless communications equipment"~~  
2 ~~shall mean wireless handsets, pagers, personal digital assistants, wire-~~  
3 ~~less telephones or wireless telephone batteries and other wireless~~  
4 ~~devices and accessories related to such devices that are used to access~~  
5 ~~wireless communications services and includes wireless services.]~~

6 § 3. Section 3449 of the insurance law, as added by chapter 426 of the  
7 laws of 2005, is amended to read as follows:

8 § 3449. Wireless communications equipment insurance policies. (a) In  
9 this section, the term "policy of wireless communications equipment  
10 insurance" means an insurance policy covering the kind of insurance  
11 described in subsection [~~(1)~~] (z) of section two thousand one hundred  
12 [~~thirty one~~] one of this chapter.

13 (b) (1) A group policy, and certificates issued thereunder, of wire-  
14 less communications equipment insurance shall not be subject to the  
15 provisions of section three thousand four hundred twenty-five or three  
16 thousand four hundred twenty-six of this article.

17 (2) An insurer shall not terminate or otherwise change the terms and  
18 conditions of a group policy of wireless communications equipment insur-  
19 ance, and certificates issued thereunder, except upon providing the  
20 policyholder and certificate holders with at least [~~sixty~~] thirty days  
21 notice. If the insurer changes the terms and conditions, then the insur-  
22 er shall provide the policyholder with a letter notifying them of the  
23 changes, a revised policy [~~or~~], endorsement and each certificate holder  
24 with a revised certificate or endorsement, an updated brochure or  
25 facsimile thereof, or other evidence indicating a change in the terms  
26 and conditions has occurred, and an explanation of the changes.

27 (3) Notwithstanding paragraph two of this subsection, an insurer may  
28 terminate a certificate upon fifteen days notice for [~~+~~  
29 ~~(A) nonpayment of premium; or~~  
30 ~~(B)~~] discovery of fraud or material misrepresentation in obtaining the  
31 certificate or in the presentation of a claim thereunder.

32 (4) Notwithstanding paragraph two of this subsection, an insurer may  
33 automatically terminate a certificate if the certificate holder:

34 (A) ceases to have active telecommunications service with the wireless  
35 communications equipment vendor; [~~or~~]

36 (B) nonpayment of premium; or  
37 (C) exhausts the aggregate limit of liability, if any, under the  
38 certificate and the insurer sends notice of termination to the certif-  
39 icate holder within [~~fifteen~~] thirty business days after exhaustion of  
40 the limit. However, if notice is not timely sent, coverage shall contin-  
41 ue notwithstanding the aggregate limit of liability until the insurer  
42 sends notice of termination to the certificate holder.

43 (5) Notwithstanding the provisions of subparagraph [~~(B)~~] (C) of para-  
44 graph four of this subsection, upon the request of a certificate holder,  
45 the certificate holder's coverage shall be eligible for reinstatement  
46 not more than twelve months following the date of exhaustion of the  
47 coverage limit in accordance with the terms of the policy and subject to  
48 the enrollment criteria then applicable to prospective certificate hold-  
49 ers generally.

50 (6) Where the group policy is terminated by the policyholder, the  
51 policyholder shall mail or deliver written notice to each certificate  
52 holder advising the certificate holder of the termination of the group  
53 policy and the effective date of termination. The written notice shall  
54 be mailed or delivered to the certificate holder at least thirty days  
55 prior to the termination.

1 (c) [~~Whenever notice is required pursuant to this section, it shall be~~  
2 ~~in writing and mailed or delivered to the policyholder at the~~  
3 ~~policyholder's mailing address and to affected certificate holders at~~  
4 ~~the certificate holders' last known mailing addresses on file with the~~  
5 ~~insurer.~~] Whenever notice or correspondence with respect to a policy of  
6 wireless communications equipment insurance is required pursuant to this  
7 section or is otherwise required by law, it shall be in writing and sent  
8 within the time prescribed by law, if any, specified within the statute  
9 or regulation requiring the notice or correspondence. Notwithstanding  
10 any other provision of law, notices and correspondence may be sent  
11 either by mail or by electronic means as set forth in this subsection.  
12 If the notice or correspondence is mailed, it shall be sent to the  
13 vendor of wireless communications equipment at the vendor's mailing  
14 address specified for such purpose and to its affected enrolled custom-  
15 ers' last known mailing address on file with the insurer. The insurer or  
16 vendor of wireless communications equipment, as the case may be, shall  
17 maintain proof of mailing in a form authorized or accepted by the United  
18 States Postal Service or other commercial mail delivery service. If the  
19 notice or correspondence is sent by electronic means, it shall be sent  
20 to the vendor of wireless communications equipment at the vendor's elec-  
21 tronic mail address specified for such purpose and to its affected  
22 enrolled customers' last known electronic mail address as provided by  
23 each enrolled customer to the insurer or vendor of wireless communi-  
24 cations equipment, as the case may be. For purposes of this subsection,  
25 an enrolled customer's provision of an electronic mail address to the  
26 insurer or vendor of wireless communications equipment, as the case may  
27 be, shall be deemed consent to receive notices and correspondence by  
28 electronic means. The insurer or vendor of wireless communications  
29 equipment, as the case may be, shall maintain proof that the notice or  
30 correspondence was sent. Every notice of termination shall specify the  
31 reason or reasons for termination.

32 (d) (1) Notwithstanding subsection (c) of this section, an insurer  
33 shall not be required to give notice of termination to the certificate  
34 holder if the insurer has been advised by either the policyholder or  
35 another insurer that substantially similar coverage has been obtained  
36 from the other insurer without lapse of coverage.

37 (2) A policyholder shall not be required to give notice of termination  
38 to a certificate holder if substantially similar coverage has been  
39 obtained from another insurer without lapse of coverage.

40 (e) Notice or correspondence required by this section or otherwise  
41 required by law may be sent on behalf of an insurer or vendor, as the  
42 case may be, by the supervising entity appointed by the insurer.

43 (f) Notwithstanding any other provision of the law, wireless communi-  
44 cations equipment insurance may be offered on a month to month or other  
45 periodic basis as a group or master commercial inland marine policy  
46 issued to a vendor of portable electronics for its enrolled customers.

47 (g) The superintendent may promulgate regulations regarding policies  
48 of wireless communications equipment insurance, including, but not  
49 limited to, regulations governing policy terms and conditions, and may  
50 establish other reasonable limitations.

51 § 4. This act shall take effect on the one hundred twentieth day after  
52 it shall have become a law.