

- SUBJECT:** Specialty insurance agent license for telecommunications equipment sellers
- COMMITTEE:** Insurance — favorable, without amendment
- VOTE:** 7 ayes — Smithee, Eiland, Averitt, G. Lewis, J. Moreno, Seaman, Thompson
0 nays
2 absent — Burnam, Olivo
- SENATE VOTE:** On final passage, March 1 — voice vote
- WITNESSES:** (*On companion bill, HB 1342:*)
For — Nub Donaldson, Cingular Wireless
Against — Rob Schneider, Consumers Union
- BACKGROUND:** In 1999, the 76th Legislature enacted SB 957 by Madla to create a specialty insurance agent license in order to allow regulated, point-of-sale insurance products such as rental car insurance, travel insurance, self-service storage insurance, and credit insurance.
- DIGEST:** SB 466 would amend Insurance Code, art. 21.09 to authorize the insurance commissioner to adopt rules necessary to implement a specialty agent's license for selling retail vendor telecommunications equipment for limited purposes. The bill would define telecommunications equipment as handsets, pagers, automatic answering devices, batteries, and other devices used to originate or receive wireless communications exclusive of cordless wireline communications.
- A retail vendor could act as an agent for any authorized insurer only in connection with the sale and use of telecommunications equipment and only with respect to insurance that provided coverage to customers for the loss of, malfunction of, or damage to telecommunications equipment or any other coverage the commissioner approved as meaningful and appropriate in connection with the use of this equipment. Insurance could not be issued unless brochures or other written materials containing required disclosures

pertaining to the insurance were prominently displayed and readily available to the prospective purchaser.

The bill would take effect September 1, 2001.

**SUPPORTERS
SAY:**

SB 466 is needed to create a specialty agent's license for vendors of telecommunications equipment, such as cellular phones, pagers, and answering devices, to provide insurance coverage to customers for the loss or damage of such equipment. The bill would apply only to a retail vendor of wireless communications equipment and only to the sale and use of such equipment. This specialty insurance coverage would continue to be an optional service for consumers. Providing this service could offer valuable protection to purchasers who do not otherwise have insurance for their personal property.

**OPPONENTS
SAY:**

For many consumers, this type of insurance would be an unnecessary expense. Pagers, cell phones and other telecommunications products used for personal reasons would be covered under an individual's homeowner's insurance for physical loss, theft, and certain named damages. If these products were used for business purposes, they would be covered up to \$2,500 on the premises of the business, but with no coverage offsite. Like many other so-called speciality insurances, offering this type of coverage could induce a customer to buy a product that the customer may not need. The insurance authorized in this bill would vary little from rental car insurance, which consumers often are persuaded to buy, not realizing that they already have the coverage through their own auto insurance policy.

NOTES:

The companion bill, HB 1342, was left pending in the House Insurance Committee.