

House \_\_\_\_\_ Amendment NO. \_\_\_\_\_

Offered By \_\_\_\_\_

1 AMEND House Committee Substitute for House Bill No. 1225, Page 1, Section A, Line 3, by  
2 inserting after all of said section and line the following:

3  
4 "379.1640. As used in sections 379.1640 to 379.1690, the following terms shall mean:

5 (1) "Director", the director of the department of insurance, financial institutions, and  
6 professional registration;

7 (2) "Insurance company" or "insurer", any person, reciprocal exchange, interinsurer, or any  
8 other legal entity licensed and authorized by the director to write inland marine coverage;

9 (3) "Insurance producer" or "producer", a person required to be licensed under the laws of  
10 this state to sell, solicit, or negotiate insurance;

11 (4) "License", the same meaning as such term is defined in section 375.012;

12 (5) "Location", any physical location in this state or any website, call center site, or similar  
13 location directed to residents of this state;

14 (6) "Negotiate", the same meaning as such term is defined in section 375.012;

15 (7) "Occupant", a person, lessee, sublessee, successor, or assignee entitled to the use of a  
16 leased space at a self-service storage facility under a rental agreement;

17 (8) "Operator", the owner, operator, lessor, or sublessor of a self-service storage facility, or  
18 an agent or any other person authorized to manage the facility; except that, the term "operator" does  
19 not include a warehouseman unless the operator issues a warehouse receipt, bill of lading, or other  
20 document of title for the personal property stored;

21 (9) "Person", an individual or business entity;

22 (10) "Personal property", movable property which is not affixed to land including, but not  
23 limited to, goods, wares, merchandise, motor vehicles, watercraft, household items, and furnishings;

24 (11) "Self storage insurance", an insurance policy issued by an insurer which may be offered  
25 on a month-to-month or other periodic basis as a group or master commercial inland marine policy  
26 issued to an operator of self storage units under which individual occupants may elect to enroll for  
27 coverage for hazard insurance coverage for the loss of, or damage to, tangible personal property in  
28 storage or in transit during the rental period;

29 (12) "Self storage insurance license", a license to sell or solicit self storage insurance;

30 (13) "Self storage transaction", the lease of a self storage unit by an operator to an occupant;

31 (14) "Sell", the same meaning as such term is defined in section 375.012;

Action Taken \_\_\_\_\_ Date \_\_\_\_\_

1 (15) "Solicit", the same meaning as such term is defined in section 375.012;

2 (16) "Supervising business entity", the insurer or a licensed business entity producer  
3 designated by the insurer to supervise the actions of an operator.

4 379.1645. 1. No operator shall sell or solicit self storage insurance coverage in this state  
5 unless such operator has obtained a self storage insurance license.

6 2. An operator applying for a self storage insurance license shall make an application to the  
7 director on the prescribed form as required. On the prescribed form, the operator shall be required to  
8 provide the name of an employee or officer of the operator who is designated by the operator as the  
9 person responsible for the operator's compliance with the requirements of this section, and such  
10 designated responsible person shall not be required to hold an insurance producer license. Such  
11 license shall authorize an employee or authorized representative of an operator to sell or offer  
12 coverage under a policy of self storage insurance to an occupant at each location at which the  
13 operator engages in a self storage transaction.

14 3. Any operator licensed under sections 379.1640 to 379.1690 shall pay an initial license fee  
15 to the director in an amount prescribed by the director by rule, but not to exceed one hundred fifty  
16 dollars, and shall pay a renewal fee in an amount prescribed by the director by rule, but not to exceed  
17 one hundred dollars. License fees shall be deposited in the insurance dedicated fund.

18 4. Notwithstanding any provision of sections 375.012 to 375.018, a self storage insurance  
19 license, if not renewed by the director by its expiration date, shall terminate on its expiration date  
20 and shall not after such date authorize its holder to sell or solicit any self storage insurance under  
21 sections 379.1640 to 379.1690.

22 379.1650. 1. An operator shall have the obligation to ensure that every location that is  
23 authorized to sell, solicit, or negotiate self storage insurance to occupants shall have specific  
24 brochures available to prospective occupants which:

25 (1) Disclose that self storage insurance may provide a duplication of coverage already  
26 provided by an occupant's homeowner's, renter's, or other source of coverage;

27 (2) State that the enrollment by the occupant in a self storage insurance program is not  
28 required in order to lease self storage units;

29 (3) Summarize the material terms of the insurance coverage, including:

30 (a) The identity of the insurer;

31 (b) The identity of the supervising business entity;

32 (c) The amount of any applicable deductible and how it is to be paid;

33 (d) Benefits of the coverage; and

34 (e) Key terms and conditions of coverage;

35 (4) Summarize the process for filing a claim; and

36 (5) State that the occupant may cancel enrollment for coverage under a self storage insurance  
37 policy at any time and receive a refund of any unearned premium on a pro rata basis.

38 2. Eligibility and underwriting standards for occupants electing to enroll in coverage shall be  
39 established for each self storage insurance program. Each insurer shall maintain all eligibility and  
40 underwriting records for a period of five years. Self storage insurance issued under sections  
41 379.1640 to 379.1690 shall be deemed primary coverage over any other collateral coverage and any

1 policy or certificate of coverage issued subsequent to January 1, 2015, shall contain a disclosure to  
2 that effect. A policy or certificate of coverage shall be made available to prospective occupants at  
3 the point of sale or delivered to an enrolled occupant within sixty days from the date an occupant  
4 enrolls for coverage.

5 3. Insurers offering self storage insurance coverage through operators shall appoint a  
6 supervising business entity to supervise the administration of the program. The supervising business  
7 entity shall be responsible for the development of a training program for employees and authorized  
8 representatives of an operator, and shall include basic instruction about the self storage insurance  
9 offered to occupants and the disclosures required under this section.

10 4. Insurers and applicable supervising business entities offering self storage insurance shall  
11 share all complaints, grievances, or inquiries regarding any conduct that is specific to an operator  
12 and that may not comply with applicable state laws and regulations.

13 5. A supervising business entity shall maintain a registry of operator locations which are  
14 authorized to sell or solicit self storage insurance coverage in this state. Upon request by the director  
15 and with ten days' notice to the supervising business entity, the registry shall be open to inspection  
16 and examination by the director during regular business hours of the supervising business entity.

17 6. Within thirty days of a supervising business entity terminating an operator location's  
18 appointment to sell or solicit self storage insurance, the supervising business entity shall update the  
19 registry with the effective date of termination. If a supervising business entity has possession of  
20 information relating to any cause for discipline under section 375.141, the supervising business  
21 entity shall notify the director of such information in writing. The privileges and immunities  
22 applicable to insurers under section 375.022 shall apply to supervising business entities for any  
23 information reported under this subsection.

24 7. The supervising business entity shall not charge a fee for adding or removing an operator  
25 location from the registry.

26 8. No employee or authorized representative of an operator shall advertise, represent, or  
27 otherwise hold himself or herself out as an insurance producer unless such employee or authorized  
28 representative is otherwise licensed as an insurance producer.

29 9. The training required in subsection 3 of this section shall be delivered to all employees  
30 and authorized representatives of the operators who are directly engaged in the activity of selling self  
31 storage insurance in this state. The training may be provided in electronic form. However, if  
32 conducted in an electronic form, the supervising business entity shall implement a supplemental  
33 education program regarding the self storage insurance product that is conducted and overseen by  
34 licensed employees of the supervising business entity.

35 10. The charges for self storage insurance coverage may be billed and collected by the  
36 operator. Any charge to the occupant that is not included in the cost associated with the lease of self  
37 storage or related services shall be separately itemized on the occupant's bill. If the self storage  
38 insurance is included in the lease of a self storage unit, the operator shall clearly and conspicuously  
39 disclose to the occupant that the self storage insurance coverage is included with the self storage  
40 lease. Operators billing and collecting such charges shall not be required to maintain such funds in a  
41 segregated account, provided that the insurer authorized the operator to hold such funds in an

1 alternative manner and remits such amounts to the supervising business entity within forty-five days  
2 of receipt. All funds received by an operator from an occupant for the sale of self storage insurance  
3 shall be considered funds held in trust by the operator in a fiduciary capacity for the benefit of the  
4 insurer. Operators shall maintain all records related to the purchase of self storage insurance for a  
5 period of three years from the date of purchase.

6 379.1655. Persons licensed as operators shall be subject to the provisions of sections 375.012  
7 to 375.014, 375.018, 375.031, 375.046, 375.051, 375.052, 375.071, 375.106, 375.116, 375.141, and  
8 375.144 of the insurance producers act.

9 379.1660. 1. The director may suspend, revoke, or refuse to issue any license or renew any  
10 license required by the provisions of sections 379.1640 to 379.1690 for any reason listed in section  
11 375.141 or for any one or more of the following causes:

12 (1) Use of any advertisement or solicitation that is false, misleading, or deceptive to the  
13 general public or persons to whom the advertisement or solicitation is primarily directed;

14 (2) Obtaining or attempting to obtain any fee, charge, tuition, or other compensation by  
15 fraud, deception, or misrepresentation;

16 (3) Violation of any professional trust or confidence.

17 2. The director may impose other penalties that the director deems necessary and reasonable  
18 to carry out the purposes of sections 379.1640 to 379.1690, including:

19 (1) Suspending the privilege of transacting self storage insurance under sections 379.1640 to  
20 379.1690 at specific locations where violations have occurred; and

21 (2) Suspending or revoking the ability of individual employees or authorized representatives  
22 to act under the license.

23 379.1665. Operators shall be subject to the investigation and examination provisions of  
24 section 374.190.

25 379.1670. Premiums received by an operator or supervising business entity shall be deemed  
26 received by the insurer. Insurers may require occupants to provide proof of purchase.

27 379.1675. If the director determines that a person has engaged, is engaging in, or has taken a  
28 substantial step toward engaging in an act, practice, or course of business constituting a violation of  
29 sections 379.1640 to 379.1690 or rule adopted or order issued thereunder, or that a person has  
30 materially aided or is materially aiding an act, practice, omission, or course of business constituting a  
31 violation of sections 379.1640 to 379.1690, or a rule adopted or order issued thereunder, the director  
32 may:

33 (1) Issue such administrative orders as authorized under section 374.046; or

34 (2) Maintain a civil action for relief authorized under section 374.048.

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36 A violation of sections 379.1640 to 379.1690 or rule adopted or order issued thereunder is a level  
37 two violation under section 374.049.

38 379.1680. The license of a supervising business entity may be suspended, revoked, renewal  
39 refused, or an application refused if the director finds that a violation by a self storage insurance  
40 operator was known or should have been known by the supervising business entity, and the violation  
41 was neither reported to the director nor corrective action taken. A violation of this section is a level

1 three violation under section 374.049.

2 379.1685. Notwithstanding any other provision of law:

3 (1) An insurer may terminate or otherwise change the terms and conditions of a policy of  
4 self storage insurance only upon providing the policyholder and enrolled occupants with at least  
5 thirty days' notice;

6 (2) If the insurer changes the terms and conditions of a policy of self storage insurance, the  
7 insurer shall provide the operator with a revised policy or endorsement and each enrolled occupant  
8 with a revised certificate, endorsement, updated brochure, or other evidence indicating a change in  
9 the terms and conditions has occurred and a summary of material changes;

10 (3) Notwithstanding subdivision (1) of this section, an insurer may terminate an enrolled  
11 occupant's enrollment under a self storage insurance policy upon fifteen days' notice for discovery of  
12 fraud or material misrepresentation in obtaining coverage or in the presentation of a claim  
13 thereunder;

14 (4) Notwithstanding subdivision (1) of this section, an insurer may immediately terminate an  
15 enrolled occupant's enrollment under a self storage insurance policy:

16 (a) For nonpayment of premium;

17 (b) If the enrolled occupant ceases to have an active lease agreement with the operator of self  
18 storage units; or

19 (c) If an enrolled occupant exhausts the aggregate limit of liability, if any, under the terms of  
20 the self storage insurance policy and the insurer sends notice of termination to the occupant within  
21 thirty calendar days after exhaustion of the limit. However, if the notice is not timely sent,  
22 enrollment and coverage shall continue, notwithstanding the aggregate limit of liability until the  
23 insurer sends notice of termination to the enrolled occupant;

24 (5) If a self storage insurance policy is terminated by an operator, the operator shall mail or  
25 deliver written notice to each enrolled occupant advising the occupant of the termination of the  
26 policy and the effective date of termination. The written notice shall be mailed or delivered to the  
27 occupant at least thirty days prior to the termination;

28 (6) Whenever notice is required under this section, it shall be in writing and may be mailed  
29 or delivered to the operator at the operator's mailing address and to its affected enrolled occupants'  
30 last known mailing addresses on file with the insurer. If notice is mailed, the insurer or operator, as  
31 the case may be, shall maintain proof of mailing in a form authorized or accepted by the United  
32 States Postal Service or other commercial mail delivery service. Alternatively, an insurer or operator  
33 may comply with any notice required by this section by providing electronic notice to an operator or  
34 its affected enrolled occupants, as the case may be, by electronic means. Additionally, if an insurer  
35 or operator provides electronic notice to an affected enrolled occupant and such delivery by  
36 electronic means is not available or is undeliverable, the insurer or operator shall provide written  
37 notice to the enrolled occupant by mail in accordance with this section. If notice is accomplished  
38 through electronic means, the insurer or operator, as the case may be, shall maintain proof that the  
39 notice was sent.

40 379.1690. 1. The director may promulgate rules to implement the provisions of sections  
41 379.1640 to 379.1690. Any rule or portion of a rule, as that term is defined in section 536.010, that

1 is created under the authority delegated in sections 379.1640 to 379.1690 shall become effective only  
2 if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section  
3 536.028. Sections 379.1640 to 379.1690 and chapter 536 are nonseverable and if any of the powers  
4 vested with the general assembly under chapter 536 to review, to delay the effective date, or to  
5 disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking  
6 authority and any rule proposed or adopted after August 28, 2014, shall be invalid and void."; and  
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8 Further amend said bill, Section 415.425, Page 5, Line 4 by inserting after all of said section and line  
9 the following:  
10

11 "Section B. The provisions of sections 379.1640, 379.1645, 379.1650, 379.1655, 379.1660,  
12 379.1665, 379.1670, 379.1675, 379.1680, 379.1685, and 379.1690 of this act shall become effective  
13 January 1, 2015."; and  
14

15 Further amend said bill by amending the title, enacting clause, and intersectional references  
16 accordingly.