

SECOND REGULAR SESSION

HOUSE BILL NO. 1385

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MOLENDORP.

5357L.01I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 379, RSMo, by adding thereto eleven new sections relating to self storage insurance.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 379, RSMo, is amended by adding thereto eleven new sections, to
2 be known as sections 379.1640, 379.1645, 379.1650, 379.1655, 379.1660, 379.1665, 379.1670,
3 379.1675, 379.1680, 379.1685, and 379.1690, to read as follows:

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

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

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

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

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

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

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

13 (7) "Person", an individual or business entity;

14 (8) "Personal property", movable property which is not affixed to land, including,
15 but not limited to, goods, wares, merchandise, motor vehicles, watercraft, household items,
16 and furnishings;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 17 (9) "Self storage insurance", an insurance policy issued by an insurer which may
18 be offered on a month-to-month or other periodic basis as a group or master commercial
19 inland marine policy issued to a vendor of self storage units under which individual
20 customers may elect to enroll for coverage for hazard insurance coverage for the loss of,
21 or damage to, tangible personal property in storage or in transit during the rental period;
- 22 (10) "Self storage insurance license", a license to sell or solicit self storage
23 insurance;
- 24 (11) "Self storage transaction", the lease of a self storage unit by a vendor to a
25 customer;
- 26 (12) "Sell", the same meaning as such term is defined in section 375.012;
- 27 (13) "Solicit", the same meaning as such term is defined in section 375.012;
- 28 (14) "Supervising business entity", the insurer or a licensed business entity
29 producer designated by the insurer to supervise the actions of a vendor;
- 30 (15) "Vendor", a person in the business of engaging in leasing self storage units.

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

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

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

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

379.1650. 1. A vendor shall have the obligation to ensure that every location that
2 is authorized to sell, solicit, or negotiate self storage insurance to customers shall have
3 specific brochures available to prospective customers which:

4 (1) Disclose that self storage insurance may provide a duplication of coverage
5 already provided by a customer's homeowner's, renter's, or other source of coverage;

6 (2) State that the enrollment by the customer in a self storage insurance program
7 is not required in order to lease self storage units;

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

9 (a) The identity of the insurer;

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

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

12 (d) Benefits of the coverage; and

13 (e) Key terms and conditions of coverage;

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

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

18 2. Eligibility and underwriting standards for customers electing to enroll in
19 coverage shall be established for each self storage insurance program. Each insurer shall
20 maintain all eligibility and underwriting records for a period of five years. Self storage
21 insurance issued under sections 379.1640 to 379.1690 shall be deemed primary coverage
22 over any other collateral coverage and any policy or certificate of coverage issued
23 subsequent to January 1, 2015, shall contain a disclosure to that effect. A policy or
24 certificate of coverage shall be made available to prospective customers at the point of sale
25 or delivered to an enrolled customer within sixty days from the date a customer enrolls for
26 coverage.

27 3. Insurers offering self storage insurance coverage through vendors shall appoint
28 a supervising business entity to supervise the administration of the program. The
29 supervising business entity shall be responsible for the development of a training program
30 for employees and authorized representatives of a vendor, and shall include basic
31 instruction about the self storage insurance offered to customers and the disclosures
32 required under this section.

33 4. Insurers and applicable supervising business entities offering self storage
34 insurance shall share all complaints, grievances, or inquiries regarding any conduct that
35 is specific to a vendor and that may not comply with applicable state laws and regulations.

36 5. A supervising business entity shall maintain a registry of vendor locations which
37 are authorized to sell or solicit self storage insurance coverage in this state. Upon request
38 by the director and with ten days' notice to the supervising business entity, the registry

39 shall be open to inspection and examination by the director during regular business hours
40 of the supervising business entity.

41 6. Within thirty days of a supervising business entity terminating a vendor
42 location's appointment to sell or solicit self storage insurance, the supervising business
43 entity shall update the registry with the effective date of termination. If a supervising
44 business entity has possession of information relating to any cause for discipline under
45 section 375.141, the supervising business entity shall notify the director of such information
46 in writing. The privileges and immunities applicable to insurers under section 375.022
47 shall apply to supervising business entities for any information reported under this
48 subsection.

49 7. The supervising business entity shall not charge a fee for adding or removing a
50 vendor location from the registry.

51 8. No employee or authorized representative of a vendor shall advertise, represent,
52 or otherwise hold himself or herself out as an insurance producer, unless such employee
53 or authorized representative is otherwise licensed as an insurance producer.

54 9. The training required in subsection 3 of this section shall be delivered to all
55 employees and authorized representatives of the vendors who are directly engaged in the
56 activity of selling self storage insurance in this state. The training may be provided in
57 electronic form. However, if conducted in an electronic form, the supervising business
58 entity shall implement a supplemental education program regarding the self storage
59 insurance product that is conducted and overseen by licensed employees of the supervising
60 business entity.

61 10. The charges for self storage insurance coverage may be billed and collected by
62 the vendor. Any charge to the customer that is not included in the cost associated with the
63 lease of self storage or related services shall be separately itemized on the customer's bill.
64 If the self storage insurance is included in the lease of a self storage unit, the vendor shall
65 clearly and conspicuously disclose to the customer that the self storage insurance coverage
66 is included with the self storage lease. Vendors billing and collecting such charges shall not
67 be required to maintain such funds in a segregated account, provided that the insurer
68 authorized the vendor to hold such funds in an alternative manner and remits such
69 amounts to the supervising business entity within forty-five days of receipt. All funds
70 received by a vendor from a customer for the sale of self storage insurance shall be
71 considered funds held in trust by the vendor in a fiduciary capacity for the benefit of the
72 insurer. Vendors shall maintain all records related to the purchase of self storage
73 insurance for a period of three years from the date of purchase.

379.1655. Persons licensed as vendors shall be subject to the provisions of sections
2 375.012 to 375.014, 375.018, 375.031, 375.046, 375.051, 375.052, 375.071, 375.106, 375.116,
3 375.141, and 375.144 of the insurance producers act.

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

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

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

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

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

12 (1) Suspending the privilege of transacting self storage insurance under sections
13 379.1640 to 379.1690 at specific locations where violations have occurred; and

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

379.1665. Vendors shall be subject to the investigation and examination provisions
2 of section 374.190.

379.1670. Premiums received by a vendor or supervising business entity shall be
2 deemed received by the insurer. Insurers may require consumers to provide proof of
3 purchase.

379.1675. If the director determines that a person has engaged, is engaging in, or
2 has taken a substantial step toward engaging in an act, practice, or course of business
3 constituting a violation of sections 379.1640 to 379.1690 or rule adopted or order issued
4 thereunder, or that a person has materially aided or is materially aiding an act, practice,
5 omission, or course of business constituting a violation of sections 379.1640 to 379.1690, or
6 a rule adopted or order issued thereunder, the director may:

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

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

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

379.1680. The license of a supervising business entity may be suspended, revoked,
2 renewal refused, or an application refused if the director finds that a violation by a self

3 storage insurance vendor was known or should have been known by the supervising
4 business entity and the violation was neither reported to the director nor correction action
5 taken. A violation of this section is a level three violation under section 374.049.

379.1685. Notwithstanding any other provision of law:

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

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

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

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

16 (a) For nonpayment of premium;

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

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

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

30 (6) Whenever notice is required under this section, it shall be in writing and may
31 be mailed or delivered to the vendor at the vendor's mailing address and to its affected
32 enrolled customers' last known mailing addresses on file with the insurer. If notice is
33 mailed, the insurer or vendor, as the case may be, shall maintain proof of mailing in a form

34 authorized or accepted by the United States Postal Service or other commercial mail
35 delivery service. Alternatively, an insurer or vendor policyholder may comply with any
36 notice required by this section by providing electronic notice to a vendor or its affected
37 enrolled customers, as the case may be, by electronic means. Additionally, if an insurer or
38 vendor policyholder provides electronic notice to an affected enrolled customer and such
39 delivery by electronic means is not available or is undeliverable, the insurer or vendor
40 policyholder shall provide written notice to the enrolled customer by mail in accordance
41 with this section. If notice is accomplished through electronic means, the insurer or vendor
42 of portable electronics, as the case may be, shall maintain proof that the notice was sent.

379.1690. 1. The director may promulgate rules to implement the provisions of
2 sections 379.1640 to 379.1690. Any rule or portion of a rule, as that term is defined in
3 section 536.010, that is created under the authority delegated in sections 379.1640 to
4 379.1690 shall become effective only if it complies with and is subject to all of the
5 provisions of chapter 536 and, if applicable, section 536.028. Sections 379.1640 to 379.1690
6 and chapter 536 are nonseverable and if any of the powers vested with the general
7 assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove
8 and annul a rule are subsequently held unconstitutional, then the grant of rulemaking
9 authority and any rule proposed or adopted after August 28, 2014, shall be invalid and
10 void.

11 2. The provisions of sections 379.1640 to 379.1690 shall become effective January
12 1, 2015.

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