

HCS HB 1225 -- SELF-SERVICE STORAGE FACILITIES (Love)

COMMITTEE OF ORIGIN: Special Standing Committee on Small Business

This bill prohibits vendors of self storage units from selling or soliciting the sale of self storage insurance coverage unless duly licensed by the state. In its main provisions the bill:

(1) Defines self storage insurance as a policy issued by an insurer which may be offered on a month-to-month or other periodic basis as a group or master commercial inland marine policy issued to a vendor of self storage units;

(2) Requires vendors for a self storage insurance license to make application with the Director of the Department of Insurance, Financial Institutions and Professional Registration. The license will authorize an employee or authorized representative of a vendor to sell or offer coverage under a policy of self storage insurance to customers at locations where the vendor maintains self storage units;

(3) Establishes licensing and renewal fees;

(4) Requires vendors to provide specific disclosures, in writing, regarding the insurance product to all potential customers;

(5) Requires insurers to develop eligibility and underwriting standards for customers and maintain records for at least five years;

(6) Provides that self storage insurance is deemed primary coverage over any other collateral coverage and any policy or certificate of coverage issued subsequent to January 1, 2015;

(7) Requires insurers offering self storage insurance coverage to appoint a supervising business entity to supervise the administration of the program. The supervising business is responsible for the development of training programs for employees and will include basic instruction about the self storage insurance offered to customers and required disclosures;

(8) Requires supervising businesses to maintain a registry of all vendors which are authorized to sell self storage insurance in this state;

(9) Allows vendors to collect charges for self storage insurance coverage. Any charge to the customer that is not included in the cost associated with the lease will be itemized on the customer's bill. If the self storage insurance is included in the lease, the

vendor will clearly disclose to the customer that the self storage insurance coverage is included with the lease. Vendors billing and collecting the charges will not be required to maintain the funds in a segregated account, provided that the insurer authorized the vendor to hold the funds in an alternative manner and remits the amounts to the supervising business entity within 45 days of receipt. All funds received by a vendor from a customer for the sale of self storage insurance are to be considered funds held in trust by the vendor in a fiduciary capacity for the benefit of the insurer. Vendors are required to maintain records related to the purchase of self storage insurance for three years;

(10) Authorizes the Director to suspend, revoke, or refuse to issue licenses; issue administrative orders and undertake civil actions for relief; and

(11) Allows insurers to terminate or change the terms and conditions of policies.

The bill changes the definition of "last known address" to be a postal address or an electronic mail address and "public sale" to include a sale conducted on-line at a publicly assessable website. When a rental agreement contains a limit on the value of property stored in an occupant's space, that value is deemed to be the maximum value of the stored property and the maximum value of the liability of the owner for a claim for loss or damage to the stored property. Currently, if an occupant is in default for a period of more than 45 days, the operator may enforce the lien and sell the property stored in the leased space for cash. A first and second notice must be sent to the last known address of the occupant. The bill allows the sale to be advertised in a commercially reasonable manner.

The bill allows the owner of a storage facility to treat a vehicle, watercraft, or trailer as an abandoned vehicle and have it towed from the storage facility. The owner of the storage facility is not liable for any damages to the abandoned vehicle once the tower takes possession of the property.

The provisions of this bill related to the sale of self storage insurance coverage will become effective January 1, 2015.