

HB 1385 -- SELF STORAGE INSURANCE

SPONSOR: Molendorp

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. Such 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 insurer's 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 such charges will not be required to maintain such funds in a segregated account, provided that the insurer authorized the vendor to hold such funds in an alternative manner and remits such 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 provisions of this bill will become effective January 1, 2015.