Stricken language would be deleted from and underlined language would be added to present law. Act 588 of the Regular Session

1	State of Arkansas	As Engrossed: \$3/20/13 A Bill	
2	89th General Assembly		HOUSE DILL 1022
3	Regular Session, 2013		HOUSE BILL 1933
4 5	By: Representative Wardlaw		
6	By: Senator J. Woods		
7	·		
8		For An Act To Be Entitled	
9	AN ACT TO AUTHORIZE A LIMITED LICENSE FOR SELF-		
10	SERVICE S	TORAGE INSURANCE; AND FOR OTHER P	URPOSES.
11			
12			
13		Subtitle	
14	TO A	UTHORIZE A LIMITED LICENSE FOR SE	LF-
15	SERV	VICE STORAGE INSURANCE.	
16			
17			
18	BE IT ENACTED BY THE	GENERAL ASSEMBLY OF THE STATE OF A	ARKANSAS:
19			
20	SECTION 1. Arka	ansas Code Title 23, Chapter 64, S	Subchapter 2,
21	concerning general qua	alifications for licensure, is amo	ended to add an
22	additional section to	read as follows:	
23	<u>23-64-233. Lim</u>	ited license for self-service stor	rage insurance.
24	<u>(a) As used in</u>	this subsection:	
25	<u>(1) "Cus</u>	tomer" means an individual or ent:	ity that obtains the
26	<u>use of a storage space</u>	<u>e from a self-service storage fac</u> :	ility under the terms
27	of a self-service stor	rage rental agreement;	
28	<u>(2)</u> "Inst	ured customer" means a customer tl	hat purchases insurance
29	under a self-service	storage insurance policy that is a	sold, solicited, or
30	negotiated by a self-	service storage facility;	
31	<u>(3) "Lim</u>	ited licensee" means an owner auth	horized by this
32	subsection to sell ce	rtain coverages relating to the re	<u>ental of space within a</u>
33	self-service storage facility;		
34		Owner" means the owner, operator,	lessor, or sub-lessor
35	of a self-service sto		
36	<u>(B)</u>	"Owner" includes an owner's agen	<u>nt and any other person</u>



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1	authorized by the owner to manage the self-service storage facility or to
2	receive rent from a customer under a rental agreement;
3	(5) "Personal property" means movable property not affixed to
4	land and includes without limitation goods, wares, merchandise, household
5	items, and vehicles;
6	(6) "Rental agreement" means a written agreement or lease that
7	establishes or modifies the terms, conditions, rules, or other provisions
8	concerning the use and occupancy of a self-service storage facility;
9	(7)(A) "Self-service storage facility" means any real property
10	designed and used for the purpose of renting or leasing storage space to
11	customers that are given access to the storage space to store and remove
12	personal property.
13	(B) "Self-service storage facility" does not include
14	storage space that is used for residential purposes;
15	(8)(A) "Self-service storage insurance" means insurance that
16	provides coverage for personal property stored at a self-service storage
17	facility during the term of an insured customer's rental agreement against
18	any one (1) or more of the following causes:
19	<u>(i) Loss;</u>
20	<u>(ii) Theft;</u>
21	<u>(iii) Damage; or</u>
22	(iv) Other loss directly related to the rental of
23	the self-service storage space.
24	(B) "Self-service storage insurance" does not include:
25	(i) Homeowners or renters insurance; or
26	(ii) Private passenger automobile, commercial multi-
27	peril, or similar insurance; and
28	(9) "Supervising entity" means a business entity that is an
29	insurer or insurance producer licensed under the insurance laws of this
30	<u>state.</u>
31	(b) TheInsurance Commissioner may issue to a self-service storage
32	facility that has complied with the requirements of this subsection a limited
33	license authorizing the limited licensee to offer or sell insurance in
34	connection with the rental of self-service storage facilities and the
35	corresponding rental agreements.
36	(c) A self-service storage facility shall not sell or offer insurance

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1	in connection with the rental of storage space unless the owner has procured
2	a limited license from the commissioner.
3	(d) The commissioner may issue a limited license to an owner upon
4	written application by the owner, without examination, on a form prescribed
5	by the commissioner.
6	(e) If this subsection is violated by a limited licensee or by the
7	limited licensee's employee or authorized representative, the commissioner
8	after notice and a hearing may impose:
9	(1) A fine not to exceed five hundred dollars (\$500) for each
10	violation or five thousand dollars (\$5,000) in the aggregate; and
11	(2) Other penalties that the commissioner deems necessary and
12	reasonable to carry out the purpose of this subsection, including without
13	limitation:
14	(A) Suspending the privilege of transacting self-service
15	storage insurance under this subsection at a specific self-service storage
16	facility where a violation has occurred; and
17	(B) Suspending or revoking the ability of an individual
18	employee or authorized representative of the owner to act under the owner's
19	limited license.
20	(f) A limited licensee is authorized to offer or sell coverage under a
21	policy of self-service storage insurance on behalf of a licensed insurer
22	<u>only:</u>
23	(1) In connection with a rental agreement;
24	(2) As an individual policy issued to an individual customer for
25	personal property insurance;
26	(3) For policy forms and rates that have been filed in
27	
	compliance with § 23-67-201 et seq. and § 23-79-101 et seq.; and
28	<u>compliance with § 23-67-201 et seq. and § 23-79-101 et seq.; and</u> (4)(A) When brochures or other written materials have been filed
28 29	
	(4)(A) When brochures or other written materials have been filed
29	(4)(A) When brochures or other written materials have been filed with the commissioner in compliance with § 23-79-101 et seq. and are made
29 30	(4)(A) When brochures or other written materials have been filed with the commissioner in compliance with § 23-79-101 et seq. and are made readily available to each prospective customer.
29 30 31	(4)(A) When brochures or other written materials have been filed with the commissioner in compliance with § 23-79-101 et seq. and are made readily available to each prospective customer. (B) The brochures or other written materials shall:
29 30 31 32	(4) (A) When brochures or other written materials have been filed with the commissioner in compliance with § 23-79-101 et seq. and are made readily available to each prospective customer. (B) The brochures or other written materials shall: (i) Disclose that self-service storage insurance may
29 30 31 32 33	(4) (A) When brochures or other written materials have been filed with the commissioner in compliance with § 23-79-101 et seq. and are made readily available to each prospective customer. (B) The brochures or other written materials shall: (i) Disclose that self-service storage insurance may duplicate coverage already provided under a customer's homeowners insurance

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1	storage space;		
2	(iii) Clearly and correctly summarize the material		
3	terms of each self-service storage insurance policy offered to customers,		
4	including without limitation:		
5	(a) The identity of the insurer;		
6	(b) The identity of the supervising entity;		
7	(c) The amount of any applicable deductible		
8	and how it is to be paid;		
9	(d) The benefits of the coverage; and		
10	(e) The key terms and conditions of coverage,		
11	including without limitation whether covered property may be repaired or		
12	replaced;		
13	(iv) Summarize the process for filing a claim;		
14	(v) State that the insured customer may cancel		
15	coverage under the self-service storage insurance policy at any time, and the		
16	person paying the premium will receive a refund of any unearned premium;		
17	(vi) Disclose that a limited licensee or the		
18	employee of the limited licensee may not evaluate or provide advice		
19	concerning a prospective occupant's existing insurance coverage; and		
20	(vii) State that the self-service storage facility		
21	limited licensee or the employee of the limited licensee is not and may not		
22	claim to be a licensed nonlimited lines insurance producer or an insurance		
23	expert.		
24	(g) Evidence of self-service storage insurance coverage and its terms		
25	and conditions shall be disclosed within the rental agreement and provided to		
26	every customer who elects to purchase self-service storage insurance		
27	coverage.		
28	(h) A limited license authorizes an employee or an authorized		
29	representative of the limited licensee to act individually on behalf of and		
30	under the supervision of the limited licensee with respect to the kinds of		
31	coverage specified in this subchapter if the employee or authorized		
32	representative of the employee does not:		
33	(1) Evaluate or provide advice concerning a prospective		
34	customer's existing insurance coverage;		
35	(2) Claim to be a licensed nonlimited lines insurance producer		
36	or an insurance expert; or		

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1	(3)(A) Obtain compensation based primarily on the numbers of
2	customers enrolled for self-service storage insurance coverage.
3	(B) However, the employee or authorized representative of
4	the employee may receive compensation for activities under the limited lines
5	license which is incidental to overall compensation.
6	(i)(l) A limited licensee shall conduct a training program for each
7	employee and authorized representative of an employee that offer self-service
8	storage insurance.
9	(2) The training program shall include basic instruction about
10	the kinds of coverage specified in this subsection and offered for purchase
11	by prospective customers of self-service storage facilities.
12	(j)(l) Charges for self-service storage insurance may be billed and
13	collected by the self-service storage facility.
14	(2) If the insurance cost is not included in the fees associated
15	with the self-service storage rental agreement, the insurance cost shall be
16	separately itemized on the insured customer's bill.
17	(3) If the insurance cost is included in the fee associated with
18	a self-service storage rental agreement, the self-service storage facility
19	shall clearly and conspicuously disclose within the rental agreement the
20	price of the self-service storage insurance coverage.
21	(4) A self-service storage facility that bills and collects the
22	charges for self-service storage insurance shall not be required to maintain
23	the funds in a segregated account if the owner:
24	(A) Is authorized by the insurer to hold the funds in an
25	alternative manner; and
26	(B) Remits the funds to the supervising entity within
27	sixty (60) days of receipt of the funds.
28	(5) Funds received from an insured customer for the sale of
29	self-service storage insurance shall be held in trust by the owner in a
30	fiduciary capacity for the benefit of the insurer.
31	(6) Owners may receive compensation from the insurer for billing
32	and collecting self-service storage insurance.
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34	/s/Wardlaw
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36	APPROVED: 04/02/2013

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