

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013

# A Bill

HOUSE BILL 1933

4  
5 By: Representative Wardlaw

## For An Act To Be Entitled

8 AN ACT TO AUTHORIZE A LIMITED LICENSE FOR SELF-  
9 SERVICE STORAGE INSURANCE; AND FOR OTHER PURPOSES.

### Subtitle

12 TO AUTHORIZE A LIMITED LICENSE FOR SELF-  
14 SERVICE STORAGE INSURANCE.

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17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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19 SECTION 1. Arkansas Code Title 23, Chapter 64, Subchapter 2,  
20 concerning general qualifications for licensure, is amended to add an  
21 additional section to read as follows:

22 23-64-233. Limited license for self-service storage insurance.

23 (a) As used in this subsection:

24 (1) "Customer" means an individual or entity that obtains the  
25 use of a storage space from a self-service storage facility under the terms  
26 of a self-service storage rental agreement;

27 (2) "Insured customer" means a customer that purchases insurance  
28 under a self-service storage insurance policy that is sold, solicited, or  
29 negotiated by a self-service storage facility;

30 (3) "Limited licensee" means an owner authorized by this  
31 subsection to sell certain coverages relating to the rental of space within a  
32 self-service storage facility;

33 (4)(A) "Owner" means the owner, operator, lessor, or sub-lessor  
34 of a self-service storage facility.

35 (B) "Owner" includes an owner's agent and any other person  
36 authorized by the owner to manage the self-service storage facility or to



1 receive rent from a customer under a rental agreement;

2 (5) "Personal property" means movable property not affixed to  
3 land and includes without limitation goods, wares, merchandise, household  
4 items, and vehicles;

5 (6) "Rental agreement" means a written agreement or lease that  
6 establishes or modifies the terms, conditions, rules, or other provisions  
7 concerning the use and occupancy of a self-service storage facility;

8 (7)(A) "Self-service storage facility" means any real property  
9 designed and used for the purpose of renting or leasing storage space to  
10 customers that are given access to the storage space to store and remove  
11 personal property.

12 (B) "Self-service storage facility" does not include  
13 storage space that is used for residential purposes;

14 (8)(A) "Self-service storage insurance" means insurance that  
15 provides coverage for personal property stored at a self-service storage  
16 facility during the term of an insured customer's rental agreement against  
17 any one (1) or more of the following causes:

18 (i) Loss;

19 (ii) Theft;

20 (iii) Damage; or

21 (iv) Other loss directly related to the rental of  
22 the self-service storage space.

23 (B) "Self-service storage insurance" does not include:

24 (i) Homeowners or renters insurance; or

25 (ii) Private passenger automobile, commercial multi-  
26 peril, or similar insurance; and

27 (9) "Supervising entity" means a business entity that is an  
28 insurer or insurance producer licensed under the insurance laws of this  
29 state.

30 (b) The Insurance Commissioner may issue to a self-service storage  
31 facility that has complied with the requirements of this subsection a limited  
32 license authorizing the limited licensee to offer or sell insurance in  
33 connection with the rental of self-service storage facilities and the  
34 corresponding rental agreements.

35 (c) A self-service storage facility shall not sell or offer insurance  
36 in connection with the rental of storage space unless the owner has procured

1 a limited license from the commissioner.

2 (d) The commissioner may issue a limited license to an owner upon  
3 written application by the owner, without examination, on a form prescribed  
4 by the commissioner.

5 (e) If this subsection is violated by a limited licensee or by the  
6 limited licensee's employee or authorized representative, the commissioner  
7 after notice and a hearing may impose:

8 (1) A fine not to exceed five hundred dollars (\$500) for each  
9 violation or five thousand dollars (\$5,000) in the aggregate; and

10 (2) Other penalties that the commissioner deems necessary and  
11 reasonable to carry out the purpose of this subsection, including without  
12 limitation:

13 (A) Suspending the privilege of transacting self-service  
14 storage insurance under this subsection at a specific self-service storage  
15 facility where a violation has occurred; and

16 (B) Suspending or revoking the ability of an individual  
17 employee or authorized representative of the owner to act under the owner's  
18 limited license.

19 (f) A limited licensee is authorized to offer or sell coverage under a  
20 policy of self-service storage insurance on behalf of a licensed insurer  
21 only:

22 (1) In connection with a rental agreement;

23 (2) As an individual policy issued to an individual customer for  
24 personal property insurance;

25 (3) For policy forms and rates that have been filed in  
26 compliance with § 23-67-201 et seq. and § 23-79-101 et seq.; and

27 (4)(A) When brochures or other written materials have been filed  
28 with the commissioner in compliance with § 23-79-101 et seq. and are made  
29 readily available to each prospective customer.

30 (B) The brochures or other written materials shall:

31 (i) Disclose that self-service storage insurance may  
32 duplicate coverage already provided under a customer's homeowners insurance  
33 policy, renters insurance policy, or other coverage;

34 (ii) State that the purchase by the customer of  
35 self-service storage insurance is not required in order to lease self-service  
36 storage space;

1                   (iii) Clearly and correctly summarize the material  
2 terms of each self-service storage insurance policy offered to customers,  
3 including without limitation:

4                   (a) The identity of the insurer;

5                   (b) The identity of the supervising entity;

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

8                   (d) The benefits of the coverage; and

9                   (e) The key terms and conditions of coverage,  
10 including without limitation whether covered property may be repaired or  
11 replaced;

12                   (iv) Summarize the process for filing a claim;

13                   (v) State that the insured customer may cancel  
14 coverage under the self-service storage insurance policy at any time, and the  
15 person paying the premium will receive a refund of any unearned premium;

16                   (vi) Disclose that a limited licensee or the  
17 employee of the limited licensee may not evaluate or provide advice  
18 concerning a prospective occupant's existing insurance coverage; and

19                   (vii) State that the self-service storage facility  
20 limited licensee or the employee of the limited licensee is not and may not  
21 claim to be a licensed nonlimited lines insurance producer or an insurance  
22 expert.

23                   (g) Evidence of self-service storage insurance coverage and its terms  
24 and conditions shall be disclosed within the rental agreement and provided to  
25 every customer who elects to purchase self-service storage insurance  
26 coverage.

27                   (h) A limited license authorizes an employee or an authorized  
28 representative of the limited licensee to act individually on behalf of and  
29 under the supervision of the limited licensee with respect to the kinds of  
30 coverage specified in this subchapter if the employee or authorized  
31 representative of the employee does not:

32                   (1) Evaluate or provide advice concerning a prospective  
33 customer's existing insurance coverage;

34                   (2) Claim to be a licensed nonlimited lines insurance producer  
35 or an insurance expert; or

36                   (3)(A) Obtain compensation based primarily on the numbers of

1 customers enrolled for self-service storage insurance coverage.

2 (B) However, the employee or authorized representative of  
3 the employee may receive compensation for activities under the limited lines  
4 license which is incidental to overall compensation.

5 (i)(1) A limited licensee shall conduct a training program for each  
6 employee and authorized representative of an employee that offer self-service  
7 storage insurance.

8 (2) The training program shall include basic instruction about  
9 the kinds of coverage specified in this subsection and offered for purchase  
10 by prospective customers of self-service storage facilities.

11 (j)(1) Charges for self-service storage insurance may be billed and  
12 collected by the self-service storage facility.

13 (2) If the insurance cost is not included in the fees associated  
14 with the self-service storage rental agreement, the insurance cost shall be  
15 separately itemized on the insured customer's bill.

16 (3) If the insurance cost is included in the fee associated with  
17 a self-service storage rental agreement, the self-service storage facility  
18 shall clearly and conspicuously disclose within the rental agreement the  
19 price of the self-service storage insurance coverage.

20 (4) A self-service storage facility that bills and collects the  
21 charges for self-service storage insurance shall not be required to maintain  
22 the funds in a segregated account if the owner:

23 (A) Is authorized by the insurer to hold the funds in an  
24 alternative manner; and

25 (B) Remits the funds to the supervising entity within  
26 sixty (60) days of receipt of the funds.

27 (5) Funds received from an insured customer for the sale of  
28 self-service storage insurance shall be held in trust by the owner in a  
29 fiduciary capacity for the benefit of the insurer.

30 (6) Owners may receive compensation from the insurer for billing  
31 and collecting self-service storage insurance.

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