

State of Arkansas
89th General Assembly
Regular Session, 2013

As Engrossed: S3/20/13
A Bill

HOUSE BILL 1933

By: Representative Wardlaw
By: Senator J. Woods

For An Act To Be Entitled

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

Subtitle

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

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

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

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

(a) As used in this subsection:

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

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

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

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

(B) "Owner" includes an owner's agent and any other person



authorized by the owner to manage the self-service storage facility or to receive rent from a customer under a rental agreement;

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

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

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

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

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

(i) Loss;

(ii) Theft;

(iii) Damage; or

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

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

(i) Homeowners or renters insurance; or

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

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

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

(c) A self-service storage facility shall not sell or offer insurance

in connection with the rental of storage space unless the owner has procured a limited license from the commissioner.

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

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

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

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

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

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

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

(1) In connection with a rental agreement;

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

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

(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 policy, renters insurance policy, or other coverage;

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

storage space;

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

(a) The identity of the insurer;

(b) The identity of the supervising entity;

(c) The amount of any applicable deductible

and how it is to be paid;

(d) The benefits of the coverage; and

(e) The key terms and conditions of coverage,

including without limitation whether covered property may be repaired or replaced;

(iv) Summarize the process for filing a claim;

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

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

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

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

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

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

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

(3)(A) Obtain compensation based primarily on the numbers of customers enrolled for self-service storage insurance coverage.

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

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

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

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

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

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

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

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

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

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

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

/s/Wardlaw

APPROVED: 04/02/2013