

SENATE BILL No. 14

By Committee on Financial Institutions and Insurance

1-11

1 AN ACT concerning insurance; relating to limited lines; pertaining to self-
2 storage units.

3

4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. (a) As used in this section:

6 (1) "Commissioner" means the commissioner of insurance of the state
7 of Kansas.

8 (2) "Limited licensee" means a person authorized to sell certain
9 coverages relating to the rental of self-service storage units pursuant to the
10 provisions of this section.

11 (3) "Rental agreement" means any written agreement setting forth the
12 terms and conditions governing the use of a storage unit provided by the
13 owner of a self-service storage facility company.

14 (4) "Renter" or "occupant" means any person obtaining the use of a
15 storage unit from a self-service storage company under the terms of a
16 rental agreement.

17 (5) "Self-service storage company" means any person in the business
18 of renting storage units to the public.

19 (6) "Storage unit" means a semi-enclosed or fully enclosed area,
20 room or space that is primarily intended for the storage of personal
21 property and which shall be accessible by the renter of the unit pursuant to
22 the terms of the rental agreement.

23 (b) (1) The commissioner may issue to a self-service storage
24 company or to a franchisee of a self-service storage company that has
25 complied with the requirements of this section a limited license
26 authorizing the licensee, known as a limited licensee for the purposes of
27 this section, to act as an agent, with reference to the kinds of insurance
28 specified in this section, of any insurer authorized to write such kinds of
29 insurance in this state.

30 (2) A license issued pursuant to this section shall be subject to the
31 same license and fee requirements as limited line producers.

32 (c) The issuance of a license pursuant to this section shall be subject
33 to the following requirements:

34 (1) A written application, on a form prescribed by the commissioner,
35 signed by an officer of the applicant;

36 (2) the submission of any additional information or documentation

1 that the commissioner requires;

2 (3) the payment of any applicable fees; and

3 (4) a certificate by the insurer that is to be named in such limited
4 license, stating that it has satisfied itself that the named applicant is
5 trustworthy and competent to act as its insurance agent for this limited
6 purpose and that the insurer will appoint such applicant to act as the agent
7 in reference to the doing of such kind or kinds of insurance as are
8 permitted by this section, if the limited license applied for is issued by the
9 commissioner. The certificate shall be subscribed by an officer or
10 managing agent of such insurer and affirmed as true under the penalties of
11 perjury.

12 (d) In the event that any provision of this section is violated by a
13 limited licensee, the commissioner may:

14 (1) Revoke or suspend a limited license issued pursuant to this
15 section in accordance with the provisions of K.S.A. 40-4909, and
16 amendments thereto; or

17 (2) after notice and hearing, impose such other penalties, including,
18 but not limited to, suspending the transaction of insurance at specific
19 rental locations where violations of this section have occurred, as the
20 commissioner deems to be necessary or convenient to carry out the
21 purposes of this section.

22 (e) The self-service storage company or franchisee licensed pursuant
23 to subsection (b) may act as agent for an authorized insurer only in
24 connection with the rental of storage units and only with respect to the
25 following kinds of insurance:

26 (1) Personal effects insurance that provides coverage to renters of
27 storage units at the same facility for the loss of, or damage to, personal
28 effects that occurs at the same facility during the rental period; and

29 (2) any other coverage that the commissioner may approve as
30 meaningful and appropriate in connection with the rental of storage units.

31 (f) No insurance may be issued pursuant to this section unless all of
32 the following apply:

33 (1) The rental period of the rental agreement does not exceed two
34 years;

35 (2) at every self-service storage location where self-service storage
36 agreements are executed, brochures or other written materials are readily
37 available to the prospective renter that:

38 (A) Summarize, clearly and correctly, the material terms of insurance
39 coverage, including the identity of the insurer, offered to renters;

40 (B) disclose that these policies offered by the self-service storage
41 company may provide duplication of coverage already provided by a
42 renter's or homeowners' insurance policy or other source of coverage;

43 (C) state that the purchase by the renter of the kinds of insurance

1 specified in this section is not required in order to rent a storage unit;

2 (D) describe the process for filing a claim in the event the renter
3 elects to purchase coverage and in the event of a claim; and

4 (E) contain any additional information on the price, benefits,
5 exclusions, conditions or other limitations of such policies as the
6 commissioner may, by rules and regulations, prescribe; ~~and~~

7 **(3) at every self-service storage location where self-service storage**
8 **agreements are executed, a sign, approved by the Kansas insurance**
9 **department, is posted that contains the following, or substantially the**
10 **same information:**

11 **"Section 1 requires the operator of this facility to inform you that**
12 **insurance sold by this self-storage company may provide duplication of**
13 **coverage already provided by a renter's or homeowner's policy or other**
14 **source of coverage. You are encouraged to contact your primary**
15 **insurance carrier if you have questions about your existing coverage.**

16 **Kansas Insurance Department, Ken Selzer, Commissioner";**

17 **(4) the insurance policy issued by the self-service storage company**
18 **is in an amount that does not exceed \$5,000 of coverage per customer**
19 **per storage unit; and**

20 ~~(5)~~ (5) evidence of coverage is provided to every renter who elects to
21 purchase such coverage.

22 (g) Any limited license issued pursuant to this section shall also
23 authorize any employee of the licensee who is trained, pursuant to
24 subsection (h) of this section, to act individually on behalf and under the
25 supervision of the licensee with respect to the kinds of insurance specified
26 in this section.

27 (h) Each self-service storage company or franchisee licensed pursuant
28 to this section shall conduct a training program which shall be submitted to
29 the commissioner for approval prior to use and which shall meet all of the
30 following minimum standards:

31 (1) Each trainee shall receive basic instruction about the kinds of
32 insurance specified in this section offered for purchase by prospective
33 renters of storage units;

34 (2) each trainee shall be instructed to acknowledge to a prospective
35 renter of a storage unit that purchase of any such insurance specified in
36 this section is not required in order for the renter to rent a storage unit; and

37 (3) each trainee shall be instructed to acknowledge to a prospective
38 renter of a storage unit that the renter may have insurance policies that
39 already provide the coverage being offered by the self-service storage
40 company pursuant to this section.

41 (i) Limited licensees acting pursuant to and under the authority of this
42 section shall comply with all applicable provisions of this section, except
43 that, notwithstanding any other provision of this section, or any rule or

1 regulation adopted by the commissioner, a limited licensee pursuant to this
2 section shall not be required to treat premiums collected from renters
3 purchasing such insurance when renting storage units as funds received in
4 a fiduciary capacity, provided that both of the following apply:

5 (1) The insurer represented by the limited licensee has consented in
6 writing, signed by the insurer's officer, that premiums need not be
7 segregated from funds received by the self-service storage company on
8 account of storage unit rental; and

9 (2) the charges for insurance coverage are itemized but not billed to
10 the renter separately from the charges for storage units.

11 (j) No limited licensee licensed pursuant to this section shall
12 advertise, represent or otherwise hold itself or any of its employees out as
13 licensed insurance agents or brokers. No renter or occupant shall be
14 required to obtain insurance pursuant to this section as a condition of
15 obtaining a rental agreement for a storage unit. The renter shall be
16 informed that the insurance offered pursuant to this section is not required
17 as a condition for obtaining a rental agreement for a storage unit.

18 Sec. 2. This act shall take effect and be in force from and after its
19 publication in the statute book.