

Limited Line of Insurance for Self-Service Storage Units; Fingerprinting of Resident Insurance Agent Applicants; SB 14

SB 14 amends the Insurance Code to create a limited line of insurance for self-service storage unit insurance, enacts new law pertaining to this limited line, and amends a provision in the Uniform Insurance Agents Licensing Act concerning application requirements for resident agent licensure to authorize the fingerprinting of resident insurance agent applicants for the purposes of obtaining a state and national criminal history record check. Descriptions of specific bill provisions follow.

Limited Line of Insurance for Self-Storage Units

Definitions

The bill establishes definitions for the following terms:

- “Licensee” means a person authorized to sell limited line insurance relating to the rental of self-service storage units pursuant to KSA 2016 Supp. 40-4903, and amendments thereto;
- “Rental agreement” means any written agreement setting forth the terms and conditions governing the use of a storage unit provided by the owner of a self-service storage facility company;
- “Renter” or “occupant” means any person obtaining the use of a storage unit from a self-service storage company under the terms of a rental agreement;
- “Self-service storage company” means any person in the business of renting storage units to the public; and
- “Storage unit” means a semi-enclosed or fully enclosed area, room, or space, primarily intended for the storage of personal property, which shall be accessible by the renter of the unit pursuant to the terms of the rental agreement.

Sale of Self-Service Storage Unit Insurance

Criteria required. The bill requires insurance relating to the rental of self-service storage units to be sold only by a licensee and prohibits the sale of such insurance to any person in this state unless all of the following apply:

- The rental period of the rental agreement does not exceed two years;

- At every self-service storage location where self-service storage insurance agreements are executed, brochures or other written materials are readily available to the prospective renter that:
 - Summarize, clearly and correctly, the material terms of insurance coverage, including the identity of the insurer, offered to renters;
 - Disclose this insurance may provide duplication of coverage already provided by a renter's or homeowner's insurance policy or other source of coverage;
 - State the purchase by the renter of the limited lines insurance is not required to rent a storage unit;
 - Describe the process for filing a claim in the event the renter elects to purchase coverage and in the event of a claim; and
 - Contain any additional information on the price, benefits, exclusions, conditions, or other limitations of such policies as the Commissioner of Insurance (Commissioner) may prescribe by rules and regulations;
- A sign is posted, approved by the Commissioner, at every self-service storage location where such insurance agreements are executed, with language the same or substantially similar to the following: "State law requires the operator of this facility to inform you that insurance sold by this self-storage company may provide duplication of coverage already provided by a renter's or homeowner's policy or other source of coverage. You are encouraged to contact your primary insurance carrier if you have questions about your existing coverage"; and
- Evidence of coverage is provided to every renter who elects to purchase such insurance.

Renter's notification. The bill prohibits a renter or occupant from being required to obtain self-service storage unit insurance as a condition of obtaining a rental agreement for a storage unit. The bill requires the renter to be informed that the insurance offered is not required as a condition of obtaining a rental agreement for a storage unit.

Rules and regulations. The bill requires the Commissioner to adopt rules and regulations as necessary to carry out these new provisions relating to self-service storage unit insurance by January 1, 2018.

Insurance Code Amendments—Limited Line Established

On and after January 1, 2018, the bill amends the law establishing qualifications for licensure in one or more lines of authority. Under continuing law, agents may receive qualifications for a license in one or more of the following lines of authority: life, accident and health or sickness, property, casualty, variable life and variable annuity products, personal lines, credit, crop insurance, title insurance, travel insurance, pre-need funeral insurance, and bail bond insurance. The bill adds to this list of qualifications by inserting self-service storage unit insurance. This insurance will be defined as:

- A limited line insurance relating to the rental of self-service storage units, including:
 - Personal effects insurance that provides coverage to renters of storage units at the same facility for the loss of, or damage to, personal effects that occurs at the same facility during the rental period; and
 - Any other coverage the Commissioner may approve as meaningful and appropriate in connection with the rental of storage units.

The bill further provides such insurance may be issued only in accordance with the criteria established by the bill.

Fingerprinting Requirements for Resident Agent Licensure

The bill amends a provision in the Uniform Insurance Agents Licensing Act concerning application requirements for resident agent licensure to authorize the fingerprinting of resident insurance agent applicants for the purposes of obtaining a state and national criminal history record check.

Under the bill, the Commissioner is permitted to require an applicant be fingerprinted and submit to a state and national criminal history record check. The fingerprints will be used to identify the applicant and to determine whether the applicant has a record of criminal arrests and convictions in Kansas or in other jurisdictions:

- The Commissioner is authorized to submit the applicant's fingerprints to the Kansas Bureau of Investigation and the Federal Bureau of Investigation for the respective criminal history record checks. As part of this procedure, local and state law enforcement officers and agencies are required to assist the Commissioner in taking and processing an applicant's fingerprints and release all records of an applicant's arrests and convictions to the Commissioner; and
- The Commissioner is authorized to conduct, or have a third party conduct, a background check on the applicant.

The bill further provides that whenever the Commissioner requires fingerprinting, a background check, or both, any of the associated costs for this process must be paid by the applicant. The bill also states the Commissioner is permitted to use the information obtained from a background check, fingerprinting, and the applicant's criminal history only for the purposes of verifying the identification of any applicant and in the official determination of the fitness of the applicant to be issued a license as an insurance agent.

Finally, the bill specifies that a person applying for a license who was fingerprinted and submitted to a state and national criminal history record check within the past 12 months in connection with the successful issuance or renewal of any other State-issued license is permitted to submit proof of good standing to the Commissioner instead of submitting to the new fingerprinting and criminal history record check requirements provided in the bill.

Under continuing law, the Commissioner is permitted to determine whether an applicant has committed delinquent acts. Additionally, the law allows any applicant whose application is denied the opportunity for a hearing in accordance with the provisions of the Kansas Administrative Procedure Act.