
OLR Bill Analysis

sSB 981

AN ACT CONCERNING SELF-SERVICE STORAGE INSURANCE.

SUMMARY

This bill establishes separate licensing and regulatory requirements for self-service storage insurance. It requires a self-service storage facility owner offering or selling such insurance in Connecticut to obtain a specific license from the insurance commissioner. “Owner” includes one who owns, operates, or leases a self-service storage facility or someone authorized to manage it. (Currently, sellers of such insurance must obtain a property and casualty insurance license from the commissioner.)

The bill establishes the following fees: \$100 for filing an application for an initial self-service storage insurance license, \$500 for the initial license, and \$450 for a license renewal. Licenses expire on January 31 of even-numbered years and renewal licenses are valid for two years. The bill authorizes the insurance commissioner to suspend, revoke, or refuse to issue or renew a license for cause after notice and a hearing.

The bill also requires owners to make certain information about the self-service storage insurance available to occupants and prospective occupants. An “occupant” is a person, or his or her assignee, successor, or sublessee, entitled to use storage space at the facility under a rental agreement.

Lastly, the bill allows the insurance commissioner to adopt implementing regulations.

EFFECTIVE DATE: October 1, 2019

SELF-SERVICE STORAGE INSURANCE

“Self-service storage insurance” is property and casualty insurance that insures personal property stored at, or in transit to or from, a self-

service storage facility during the term of a written rental agreement. It is offered or sold in connection with, and incidental to, the rental agreement.

“Personal property” includes things such as household items, motor vehicles, goods, and merchandise.

LICENSE REQUIRED TO OFFER OR SELL INSURANCE

The bill prohibits an owner from offering or selling self-service storage insurance in Connecticut without first obtaining a license from the insurance commissioner. The license must authorize the owner’s employees and authorized representatives to offer or sell self-service storage insurance at each of the owner’s locations, including any physical location in the state or Internet website or call center site directed at state residents.

The bill allows an owner offering or selling self-service storage insurance in Connecticut before October 1, 2019, to continue offering or selling it during the initial licensing process (see below). Additionally, an owner does not need a license if he or she is only displaying promotional materials for a licensed insurer.

An owner’s employees and representatives do not have to be individually licensed as insurance producers in the state if the following occurs:

1. the owner obtains and maintains a self-service storage insurance license,
2. the insurer providing coverage or its “supervising person” oversees the owner (presumably with respect to the owner’s insurance program), and
3. the employees and representatives do not hold themselves out as licensed insurance producers unless they are, in fact, licensed.

Under the bill, a “supervising person” is a Connecticut-licensed insurer authorized to write personal or commercial insurance here or

insurance producer appointed by the insurer to supervise owners' self-service storage insurance programs.

The bill states that an owner does not have to take an exam or complete education or continuing education to receive or renew a self-service storage insurance license.

LICENSE PROCESS AND FEES

An owner seeking a self-service storage insurance license must submit a signed and sworn license application to the insurance commissioner on a form he prescribes, with a \$100 filing fee.

The application must include the (1) applicant's home office address and (2) name, residential address, and other information the commissioner may require for the owner's officer or employee who is responsible for the owner's compliance with the bill. If the owner is not an individual and derives more than half of its revenue from selling self-service storage insurance, the application must include the name, home address, and other information the commissioner may require for the owner's (1) shareholders who own 10% or more of its securities and (2) officers and directors.

An owner offering or selling self-service storage insurance in Connecticut before October 1, 2019, must apply for a license within 90 days after the commissioner makes the application available. Beginning October 1, 2019, an owner seeking to offer or sell such insurance here must obtain a license before doing so.

The bill requires an owner to pay a \$500 fee for the initial license. It states that a license expires on January 31 of even-numbered years.

An owner who wants to renew a license must submit to the insurance commissioner any changes to the initial application, other information the commissioner may require, and a \$450 renewal fee. Renewal licenses are valid for two years.

LICENSE SUSPENSION, REVOCATION, AND REFUSAL TO ISSUE OR RENEW

The bill authorizes the commissioner, after notice and hearing, to suspend or revoke a self-service storage insurance license for cause. In addition to or in lieu of a suspension or revocation, the commissioner may impose a fine of up to \$5,000.

In lieu of suspension or revocation, he may issue a cease and desist order suspending the owner's ability to offer or sell self-service storage insurance at specific locations or by specific employees or representatives.

The bill also authorizes the commissioner, after notice and hearing, to refuse to issue or renew a self-service storage insurance license for cause. An aggrieved person may appeal the commissioner's refusal to the New Britain Superior Court.

INSURANCE DISCLOSURES REQUIRED

The bill requires an owner, at each location where he or she offers or sells self-service storage insurance, to make specified information available to occupants or prospective occupants in writing or electronically. The information must disclose the following:

1. that self-service storage insurance may duplicate insurance coverage already provided by an occupant's homeowners', renters', or other insurance policy;
2. that an occupant need not buy self-service storage insurance to lease storage space from the owner;
3. how to file a claim under the insurance;
4. that an occupant covered under such insurance may cancel the coverage at any time and the person who paid the premium will receive a refund of, or credit for, any applicable unearned premium;
5. the identity of the insurer issuing the coverage and any appointed supervising person;
6. any applicable deductible and how the deductible is paid; and

7. a summary of the insurance benefits, key terms, and conditions.

Additionally, if the insurance coverage is included at no charge with a storage space lease, the owner must clearly and conspicuously disclose this in writing to the occupant or prospective occupant.

PREMIUM PAYMENTS

The bill authorizes an owner to bill for and collect premium payments for self-service storage insurance if (1) premium payments are itemized separately on the occupant's invoice and (2) the owner remits premiums to the insurer or supervising person within 60 days after collection.

Under the bill, the owner may be compensated for this premium billing and collection service. Also, the owner can commingle premiums collected with other accounts if the insurer or supervising person allows it. However, the owner must hold all premium payments collected in a fiduciary capacity for the benefit of the insurer.

INSURER AND SUPERVISING PERSON REQUIREMENTS

Under the bill, self-service storage insurance can only be offered or sold in Connecticut if it is issued by an insurer authorized to write that line of business here. A self-service storage insurance policy may be issued as an individual, group, master, corporate, or commercial policy. The insurer must file the policy form with the insurance commissioner for his approval.

If the insurer does not directly supervise owners' self-service storage insurance programs, the insurer must appoint a supervising person and provide the commissioner and the owners with the person's name and contact information.

A supervising person must maintain a registry of owners' locations used to offer or sell the insurer's self-service storage insurance policies. The supervising person must make the registry available to the insurance commissioner or his designee for inspection during regular business hours and within 10 days of a request for it.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/14/2019)