



Senate

General Assembly

File No. 330

January Session, 2019

Substitute Senate Bill No. 981

Senate, April 2, 2019

The Committee on Insurance and Real Estate reported through SEN. LESSER of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING SELF-SERVICE STORAGE INSURANCE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-1 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2019*):

3 Terms used in this title and section 2 of this act, unless it appears
4 from the context to the contrary, shall have a scope and meaning as set
5 forth in this section.

6 (1) "Affiliate" or "affiliated" means a person that directly, or
7 indirectly through one or more intermediaries, controls, is controlled
8 by or is under common control with another person.

9 (2) "Alien insurer" means any insurer that has been chartered by or
10 organized or constituted within or under the laws of any jurisdiction
11 or country without the United States.

12 (3) "Annuities" means all agreements to make periodical payments

13 where the making or continuance of all or some of the series of the
14 payments, or the amount of the payment, is dependent upon the
15 continuance of human life or is for a specified term of years. This
16 definition does not apply to payments made under a policy of life
17 insurance.

18 (4) "Commissioner" means the Insurance Commissioner.

19 (5) "Control", "controlled by" or "under common control with"
20 means the possession, direct or indirect, of the power to direct or cause
21 the direction of the management and policies of a person, whether
22 through the ownership of voting securities, by contract other than a
23 commercial contract for goods or nonmanagement services, or
24 otherwise, unless the power is the result of an official position with the
25 person.

26 (6) "Domestic insurer" means any insurer that has been chartered
27 by, incorporated, organized or constituted within or under the laws of
28 this state.

29 (7) "Domestic surplus lines insurer" means any domestic insurer
30 that has been authorized by the commissioner to write surplus lines
31 insurance.

32 (8) "Foreign country" means any jurisdiction not in any state, district
33 or territory of the United States.

34 (9) "Foreign insurer" means any insurer that has been chartered by
35 or organized or constituted within or under the laws of another state
36 or a territory of the United States.

37 (10) "Insolvency" or "insolvent" means, for any insurer, that it is
38 unable to pay its obligations when they are due, or when its admitted
39 assets do not exceed its liabilities plus the greater of: (A) Capital and
40 surplus required by law for its organization and continued operation;
41 or (B) the total par or stated value of its authorized and issued capital
42 stock. For purposes of this subdivision "liabilities" shall include but not
43 be limited to reserves required by statute or by regulations adopted by

44 the commissioner in accordance with the provisions of chapter 54 or
45 specific requirements imposed by the commissioner upon a subject
46 company at the time of admission or subsequent thereto.

47 (11) "Insurance" means any agreement to pay a sum of money,
48 provide services or any other thing of value on the happening of a
49 particular event or contingency or to provide indemnity for loss in
50 respect to a specified subject by specified perils in return for a
51 consideration. In any contract of insurance, an insured shall have an
52 interest which is subject to a risk of loss through destruction or
53 impairment of that interest, which risk is assumed by the insurer and
54 such assumption shall be part of a general scheme to distribute losses
55 among a large group of persons bearing similar risks in return for a
56 ratable contribution or other consideration.

57 (12) "Insurer" or "insurance company" includes any person or
58 combination of persons doing any kind or form of insurance business
59 other than a fraternal benefit society, and shall include a receiver of
60 any insurer when the context reasonably permits.

61 (13) "Insured" means a person to whom or for whose benefit an
62 insurer makes a promise in an insurance policy. The term includes
63 policyholders, subscribers, members and beneficiaries. This definition
64 applies only to the provisions of this title and does not define the
65 meaning of this word as used in insurance policies or certificates.

66 (14) "Life insurance" means insurance on human lives and
67 insurances pertaining to or connected with human life. The business of
68 life insurance includes granting endowment benefits, granting
69 additional benefits in the event of death by accident or accidental
70 means, granting additional benefits in the event of the total and
71 permanent disability of the insured, and providing optional methods
72 of settlement of proceeds. Life insurance includes burial contracts to
73 the extent provided by section 38a-464.

74 (15) "Mutual insurer" means any insurer without capital stock, the
75 managing directors or officers of which are elected by its members.

76 (16) "Person" means an individual, a corporation, a partnership, a
77 limited liability company, an association, a joint stock company, a
78 business trust, an unincorporated organization or other legal entity.

79 (17) "Policy" means any document, including attached
80 endorsements and riders, purporting to be an enforceable contract,
81 which memorializes in writing some or all of the terms of an insurance
82 contract.

83 (18) "State" means any state, district, or territory of the United States.

84 (19) "Subsidiary" of a specified person means an affiliate controlled
85 by the person directly, or indirectly through one or more
86 intermediaries.

87 (20) "Unauthorized insurer" or "nonadmitted insurer" means an
88 insurer that has not been granted a certificate of authority by the
89 commissioner to transact the business of insurance in this state or an
90 insurer transacting business not authorized by a valid certificate.

91 (21) "United States" means the United States of America, its
92 territories and possessions, the Commonwealth of Puerto Rico and the
93 District of Columbia.

94 Sec. 2. (NEW) (*Effective October 1, 2019*) (a) For the purposes of this
95 section:

96 (1) "Insurance producer" or "producer" has the same meaning as
97 provided in section 38a-702a of the general statutes;

98 (2) "Location" means (A) a physical location in this state, or (B) an
99 Internet web site or call center site directed at residents of this state;

100 (3) "Occupant" means a person, or the assignee, successor or
101 sublessee of a person, entitled to use, to the exclusion of others, storage
102 space at a self-service storage facility under a rental agreement;

103 (4) "Owner" has the same meaning as provided in section 42-159 of
104 the general statutes;

105 (5) "Personal property" has the same meaning as provided in section
106 42-159 of the general statutes;

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

111 (7) "Self-service storage facility" means real property in this state
112 that is designed and used for the leasing or renting of storage space to
113 occupants who are to have access to such space only for storing and
114 removing personal property;

115 (8) "Self-service storage insurance" means property and casualty
116 insurance (A) insuring personal property stored at, or in transit to or
117 from, a self-service storage facility during the term of a rental
118 agreement, and (B) offered or sold in connection with, and incidental
119 to, a rental agreement; and

120 (9) "Supervising person" means an insurer licensed to transact
121 insurance business in this state and authorized to write personal or
122 commercial risk insurance business in this state, or an insurance
123 producer licensed in this state, appointed by an insurer to supervise
124 the owners who are offering or selling self-service storage insurance
125 coverage on behalf of the appointing insurer.

126 (b) (1) No owner shall offer or sell self-service storage insurance
127 coverage in this state without first obtaining a self-service storage
128 insurance license from the commissioner pursuant to this section.
129 Notwithstanding the provisions of this subdivision, each owner
130 offering or selling self-service storage insurance coverage in this state
131 prior to October 1, 2019, may continue to offer or sell such coverage
132 until the owner's initial application for a self-service storage insurance
133 license is approved or denied by the commissioner, provided such
134 owner files such application not later than ninety days after the date on
135 which the commissioner prescribes a form for such application. Each
136 self-service storage insurance license issued by the commissioner

137 pursuant to this section shall be in force until January thirty-first of the
138 next even-numbered year, unless such license is sooner revoked or
139 suspended by the commissioner.

140 (2) An owner is not required to be licensed under this section solely
141 to display and make available to occupants and prospective occupants
142 brochures and other promotional materials created by or on behalf of
143 an insurer licensed to transact insurance business, and authorized to
144 write property and casualty insurance, in this state.

145 (3) An owner's self-service storage insurance license shall authorize
146 each employee and authorized representative of such owner to offer
147 and sell self-service storage insurance coverage at each location where
148 such owner conducts business. No such employee or authorized
149 representative shall be required to be licensed under chapter 701a of
150 the general statutes, provided:

151 (A) The owner obtains and maintains such self-service storage
152 insurance license;

153 (B) The insurer issuing such coverage, or the supervising person
154 appointed by such insurer, supervises such owner; and

155 (C) No such employee or authorized representative holds himself or
156 herself out as an insurance producer licensed in this state unless such
157 employee or authorized representative is an insurance producer
158 licensed in this state.

159 (4) (A) Each owner seeking to obtain a self-service storage insurance
160 license pursuant to this section shall submit to the commissioner, in a
161 form and manner prescribed by the commissioner, an initial
162 application. Such application shall be signed and sworn to by such
163 owner and include, at a minimum:

164 (i) (I) The name and residence address of, and any other information
165 that the commissioner, in the commissioner's discretion, may require
166 concerning, such owner or an employee or officer of such owner, or the
167 insurer or supervising person supervising such owner, who will serve

168 as the person responsible for such owner's compliance with this
169 section; and

170 (II) If such owner is not an individual and derives more than fifty
171 per cent of such owner's revenue from the sale of self-service storage
172 insurance coverage, such owner shall include the name and residence
173 address of, and any other information that the commissioner, in the
174 commissioner's discretion, may require for, all shareholders of such
175 owner who are directly or indirectly the beneficial owner of ten per
176 cent or more of any class of security of such owner, and all of the
177 officers and directors of such owner; and

178 (ii) The address of such owner's home office.

179 (B) Each application submitted to the commissioner pursuant to
180 subparagraph (A) of this subdivision shall be accompanied by the fees
181 set forth in section 38a-11 of the general statutes, as amended by this
182 act.

183 (C) Each owner offering or selling self-service storage insurance
184 coverage in this state prior to October 1, 2019, shall file an initial
185 application with the commissioner pursuant to subparagraph (A) of
186 this subdivision not later than ninety days after the date that the
187 commissioner prescribes a form for such initial application.

188 (5) (A) Each owner seeking to renew a self-service storage insurance
189 license shall submit to the commissioner, in a form and manner
190 prescribed by the commissioner, an updated application. Such
191 application shall be signed and sworn to by such owner and include, at
192 a minimum:

193 (i) Any changes to such owner's initial application filed pursuant to
194 subparagraph (A) of subdivision (4) of this subsection; and

195 (ii) Any other information that the commissioner, in the
196 commissioner's discretion, may require.

197 (B) Each updated application submitted to the commissioner

198 pursuant to subparagraph (A) of this subdivision shall be accompanied
199 by the applicable fee specified in section 38a-11 of the general statutes,
200 as amended by this act.

201 (C) Each renewal of a self-service storage insurance license granted
202 by the commissioner in response to an application filed pursuant to
203 subparagraph (A) of this subdivision shall be valid for two years.

204 (c) Each owner offering or selling self-service storage insurance
205 coverage shall make available, at each location where such owner is
206 offering or selling such coverage to occupants or prospective
207 occupants in this state, brochures or other written or electronic
208 materials containing, at a minimum, the following:

209 (1) A statement disclosing that self-service storage insurance
210 coverage may provide insurance coverage that is duplicative of
211 insurance coverage provided to occupants under their homeowners,
212 renter's or other insurance policies;

213 (2) A statement disclosing that occupants are not required to
214 purchase self-service storage insurance coverage from such owner to
215 lease storage space from such owner;

216 (3) The identity of the insurer issuing such self-service storage
217 insurance coverage;

218 (4) The identity of any supervising person appointed by the insurer
219 identified pursuant to subdivision (3) of this subsection;

220 (5) The amount of any deductible under such self-service storage
221 insurance coverage and a summary of how such deductible must be
222 paid;

223 (6) A summary of the benefits under such self-service storage
224 insurance coverage;

225 (7) The terms and conditions of such self-service storage insurance
226 coverage, or a summary of the key terms and conditions of such

227 coverage;

228 (8) A summary of the process for filing a claim under such self-
229 service storage insurance coverage; and

230 (9) A statement disclosing that an occupant covered under self-
231 service storage insurance coverage may cancel such coverage at any
232 time, and that the person paying the premium for such coverage will
233 receive a refund of, or a credit for, any unearned premium under such
234 coverage.

235 (d) (1) If self-service storage insurance coverage is included at no
236 additional charge with a lease of storage space, the owner shall clearly
237 and conspicuously disclose, in writing, to the occupant or prospective
238 occupant that such insurance is included at no additional charge with
239 the lease of the storage space.

240 (2) An owner may bill and collect payments for self-service storage
241 insurance coverage, provided:

242 (A) Any payment that is not attributable to the cost of an occupant's
243 occupancy of self-service storage space is itemized separately on each
244 invoice that the owner issues to the occupant; and

245 (B) The owner remits such payment to the insurer issuing such self-
246 service storage insurance coverage, or the supervising person
247 appointed by such insurer, not later than sixty days after such owner
248 receives such payment.

249 (3) An owner shall not be required to maintain payments collected
250 pursuant to subdivision (2) of this subsection in a segregated account if
251 the insurer that issued the self-service storage insurance coverage, or
252 the supervising person appointed by such insurer, authorizes the
253 owner to commingle such payments. All premium payments collected
254 by an owner pursuant to said subdivision shall be held by the owner in
255 a fiduciary capacity for the benefit of the insurer.

256 (4) An owner may receive compensation for billing and collection

257 services.

258 (e) (1) Self-service storage insurance coverage shall not be offered or
259 sold in this state unless such insurance coverage is issued by an insurer
260 that is authorized to write such lines of business in this state. Such
261 insurance coverage may be issued as an individual, group, master,
262 corporate or commercial policy. An insurer authorized to issue self-
263 service storage insurance coverage in this state shall file a copy of the
264 form for such coverage in accordance with subsection (c) of section
265 38a-676 of the general statutes.

266 (2) An insurer that issues self-service storage insurance coverage in
267 this state and does not directly supervise the owners offering or selling
268 such coverage to occupants in this state shall appoint a supervising
269 person, and shall provide the name and contact information of such
270 supervising person to the commissioner and such owners.

271 (3) Each supervising person shall maintain a registry containing the
272 locations used by each owner in this state to offer or sell self-service
273 storage insurance coverage issued by the insurer that appointed such
274 supervising person. Each supervising person shall, not later than ten
275 days after such supervising person receives a request from the
276 commissioner, make such registry available for inspection by the
277 commissioner or the commissioner's designee during such supervising
278 person's regular business hours.

279 (f) The Insurance Commissioner may:

280 (1) Refuse to issue or renew, for cause and after notice and a
281 hearing, a self-service storage insurance license pursuant to this
282 section. Any person aggrieved by the commissioner's refusal to issue
283 or renew a self-service storage insurance license may appeal therefrom
284 in accordance with the provisions of section 4-183 of the general
285 statutes, except venue for such appeal shall be in the judicial district of
286 New Britain; and

287 (2) Suspend or revoke a self-service storage insurance license issued

288 pursuant to this section, and impose a fine in addition to or in lieu of
289 such suspension or revocation in accordance with section 38a-774 of
290 the general statutes. The commissioner may, either in addition to or in
291 lieu of such suspension or revocation, issue a cease and desist order
292 suspending the privilege of offering or selling self-service storage
293 insurance coverage at specific locations or by specific employees or
294 authorized representatives.

295 (g) Notwithstanding any provision of the general statutes, no owner
296 shall be required to undergo any examination, education or continuing
297 education as a condition to receiving or renewing a self-service storage
298 insurance license pursuant to this section.

299 (h) The commissioner may adopt regulations, in accordance with
300 chapter 54 of the general statutes, to implement the provisions of this
301 section.

302 Sec. 3. Subsection (a) of section 38a-11 of the general statutes is
303 repealed and the following is substituted in lieu thereof (*Effective*
304 *October 1, 2019*):

305 (a) The commissioner shall demand and receive the following fees:
306 (1) For the annual fee for each license issued to a domestic insurance
307 company, two hundred dollars; (2) for receiving and filing annual
308 reports of domestic insurance companies, fifty dollars; (3) for filing all
309 documents prerequisite to the issuance of a license to an insurance
310 company, two hundred twenty dollars, except that the fee for such
311 filings by any health care center, as defined in section 38a-175, shall be
312 one thousand three hundred fifty dollars; (4) for filing any additional
313 paper required by law, thirty dollars; (5) for each certificate of
314 valuation, organization, reciprocity or compliance, forty dollars; (6) for
315 each certified copy of a license to a company, forty dollars; (7) for each
316 certified copy of a report or certificate of condition of a company to be
317 filed in any other state, forty dollars; (8) for amending a certificate of
318 authority, two hundred dollars; (9) for each license issued to a rating
319 organization, two hundred dollars. In addition, insurance companies
320 shall pay any fees imposed under section 12-211; (10) a filing fee of

321 fifty dollars for each initial application for a license made pursuant to
322 section 38a-769; (11) with respect to insurance agents' appointments:
323 (A) A filing fee of fifty dollars for each request for any agent
324 appointment, except that no filing fee shall be payable for a request for
325 agent appointment by an insurance company domiciled in a state or
326 foreign country which does not require any filing fee for a request for
327 agent appointment for a Connecticut insurance company; (B) a fee of
328 one hundred dollars for each appointment issued to an agent of a
329 domestic insurance company or for each appointment continued; and
330 (C) a fee of eighty dollars for each appointment issued to an agent of
331 any other insurance company or for each appointment continued,
332 except that (i) no fee shall be payable for an appointment issued to an
333 agent of an insurance company domiciled in a state or foreign country
334 which does not require any fee for an appointment issued to an agent
335 of a Connecticut insurance company, and (ii) the fee shall be twenty
336 dollars for each appointment issued or continued to an agent of an
337 insurance company domiciled in a state or foreign country with a
338 premium tax rate below Connecticut's premium tax rate; (12) with
339 respect to insurance producers: (A) An examination fee of fifteen
340 dollars for each examination taken, except when a testing service is
341 used, the testing service shall pay a fee of fifteen dollars to the
342 commissioner for each examination taken by an applicant; (B) a fee of
343 eighty dollars for each license issued; (C) a fee of eighty dollars per
344 year, or any portion thereof, for each license renewed; and (D) a fee of
345 eighty dollars for any license renewed under the transitional process
346 established in section 38a-784; (13) with respect to public adjusters: (A)
347 An examination fee of fifteen dollars for each examination taken,
348 except when a testing service is used, the testing service shall pay a fee
349 of fifteen dollars to the commissioner for each examination taken by an
350 applicant; and (B) a fee of two hundred fifty dollars for each license
351 issued or renewed; (14) with respect to casualty claims adjusters: (A)
352 An examination fee of twenty dollars for each examination taken,
353 except when a testing service is used, the testing service shall pay a fee
354 of twenty dollars to the commissioner for each examination taken by
355 an applicant; (B) a fee of eighty dollars for each license issued or

356 renewed; and (C) the expense of any examination administered
357 outside the state shall be the responsibility of the entity making the
358 request and such entity shall pay to the commissioner two hundred
359 dollars for such examination and the actual traveling expenses of the
360 examination administrator to administer such examination; (15) with
361 respect to motor vehicle physical damage appraisers: (A) An
362 examination fee of eighty dollars for each examination taken, except
363 when a testing service is used, the testing service shall pay a fee of
364 eighty dollars to the commissioner for each examination taken by an
365 applicant; (B) a fee of eighty dollars for each license issued or renewed;
366 and (C) the expense of any examination administered outside the state
367 shall be the responsibility of the entity making the request and such
368 entity shall pay to the commissioner two hundred dollars for such
369 examination and the actual traveling expenses of the examination
370 administrator to administer such examination; (16) with respect to
371 certified insurance consultants: (A) An examination fee of twenty-six
372 dollars for each examination taken, except when a testing service is
373 used, the testing service shall pay a fee of twenty-six dollars to the
374 commissioner for each examination taken by an applicant; (B) a fee of
375 two hundred fifty dollars for each license issued; and (C) a fee of two
376 hundred fifty dollars for each license renewed; (17) with respect to
377 surplus lines brokers: (A) An examination fee of twenty dollars for
378 each examination taken, except when a testing service is used, the
379 testing service shall pay a fee of twenty dollars to the commissioner for
380 each examination taken by an applicant; and (B) a fee of six hundred
381 twenty-five dollars for each license issued or renewed; (18) with
382 respect to fraternal agents, a fee of eighty dollars for each license
383 issued or renewed; (19) a fee of twenty-six dollars for each license
384 certificate requested, whether or not a license has been issued; (20)
385 with respect to domestic and foreign benefit societies shall pay: (A) For
386 service of process, fifty dollars for each person or insurer to be served;
387 (B) for filing a certified copy of its charter or articles of association,
388 fifteen dollars; (C) for filing an annual statement or report, twenty
389 dollars; and (D) for filing any additional paper required by law, fifteen
390 dollars; (21) with respect to foreign benefit societies: (A) For each

391 certificate of organization or compliance, fifteen dollars; (B) for each
392 certified copy of permit, fifteen dollars; and (C) for each copy of a
393 report or certificate of condition of a society to be filed in any other
394 state, fifteen dollars; (22) with respect to reinsurance intermediaries, a
395 fee of six hundred twenty-five dollars for each license issued or
396 renewed; (23) with respect to life settlement providers: (A) A filing fee
397 of twenty-six dollars for each initial application for a license made
398 pursuant to section 38a-465a; and (B) a fee of forty dollars for each
399 license issued or renewed; (24) with respect to life settlement brokers:
400 (A) A filing fee of twenty-six dollars for each initial application for a
401 license made pursuant to section 38a-465a; and (B) a fee of forty dollars
402 for each license issued or renewed; (25) with respect to preferred
403 provider networks, a fee of two thousand seven hundred fifty dollars
404 for each license issued or renewed; (26) with respect to rental
405 companies, as defined in section 38a-799, a fee of eighty dollars for
406 each permit issued or renewed; (27) with respect to medical discount
407 plan organizations licensed under section 38a-479rr, a fee of six
408 hundred twenty-five dollars for each license issued or renewed; (28)
409 with respect to pharmacy benefits managers, an application fee of one
410 hundred dollars for each registration issued or renewed; (29) with
411 respect to captive insurance companies, as defined in section 38a-91aa,
412 a fee of three hundred seventy-five dollars for each license issued or
413 renewed; (30) with respect to each duplicate license issued a fee of fifty
414 dollars for each license issued; (31) with respect to surety bail bond
415 agents, as defined in section 38a-660, (A) a filing fee of one hundred
416 fifty dollars for each initial application for a license, and (B) a fee of one
417 hundred dollars for each license issued or renewed; (32) with respect
418 to third-party administrators, as defined in section 38a-720, (A) a fee of
419 five hundred dollars for each license issued, and (B) a fee of four
420 hundred fifty dollars for each license renewed; (33) with respect to
421 portable electronics insurance licenses under section 38a-397, (A) a
422 filing fee of one hundred dollars for each initial application for a
423 license, (B) a fee of five hundred dollars for each license issued, and (C)
424 a fee of four hundred fifty dollars for each license renewed; [and] (34)
425 with respect to limited lines travel insurance producer licenses under

426 section 38a-398, (A) a filing fee of one hundred dollars for each initial
 427 application for a license, (B) a fee of six hundred fifty dollars for each
 428 license issued, and (C) a fee of six hundred fifty dollars for each license
 429 renewed; and (35) with respect to self-service storage insurance
 430 licenses under section 2 of this act, (A) a filing fee of one hundred
 431 dollars for each initial application for a license, (B) a fee of five
 432 hundred dollars for each license issued, and (C) a fee of four hundred
 433 fifty dollars for each license renewed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2019	38a-1
Sec. 2	October 1, 2019	New section
Sec. 3	October 1, 2019	38a-11(a)

Statement of Legislative Commissioners:

In Section 2, "supervising person" was substituted for "supervising entity" for accuracy and consistency; in Section 2(a)(9), "appointing" was added for clarity; Section 2(b)(1) was rewritten for clarity; in Section 2(b)(4)(A)(i)(II), "an individual" was substituted for "a natural person", and "coverage" was inserted, for consistency; in Section 2(b)(5)(B), "applicable fee specified" was substituted for "fees set forth" for clarity; in Section 2(c)(9), (d)(1) and (d)(2)(B), "coverage" was added for consistency; and in Section 2(f)(1), "issued" and "disapproval or" were deleted, and "issue or" was added, for consistency.

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Insurance Dept.	GF - Potential Revenue Gain	Less than 90,000	Less than 90,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a “self-service storage insurance license” through the Insurance Department. To the extent such licenses are solicited and granted, the bill results in a revenue gain to the General Fund from the following fees:¹

1. Fee for initial application: \$100
2. Fee for initial license: \$500
3. Fee for biennial renewal license: \$450

According to the U.S. Bureau of Labor Statistics, there were 145 “miniwarehouse and self-storage unit operator” establishments in Connecticut in 2017.² Initial fee revenue, in the unlikely case that 145 owners were granted licenses on January 31, 2020, would equal \$87,000

¹ Self-service storage owners offering such insurance under current law must have a property and casualty (P&C) insurance license. To the extent that such owners terminate their P&C licensure in favor of the self-service storage insurance license, some of the fee revenue will be offset.

² This number should be viewed as a maximum. An owner may own multiple establishments and some of the 145 establishments may not meet the definition of “self-service storage facility” in the bill.

for FY 20. Those licensees could then apply for a renewal after two years, for \$65,250 in renewal fee revenue for FY 22.

There is no anticipated cost to the Insurance Department, given expected application volume and that the dates for licensing and renewal in the bill appear to permit the Department to align this licensing program with current practice.

The Out Years

The potential revenue from new and renewal licensing fees as identified above would continue into the future subject to demand for self-service storage insurance licenses.

*Sources: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, NAICS 53113.
Connecticut Insurance Department*

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)