
Financial Institutions & Insurance Committee

HB 2013

Brief Description: Allowing the owner of a self-service storage facility to offer self-service storage insurance.

Sponsors: Representatives Green, Roach, Kirby, Warnick and Morrell.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Creates a category of specialty producer insurance license for self-service storage facilities and their employees.

Hearing Date: 2/12/09

Staff: Jon Hedegard (786-7127)

Background:

The Insurance Commissioner (Commissioner) oversees insurers and insurance products in this state. A person must be licensed to sell insurance in this state.

Self-service storage facilities are regulated under the Washington Self-Storage Facility Act (Act), chapter 19.150 RCW. Facilities are not licensed or registered with any state agency. The Act requires that all rental and lease agreements are in writing. Owners of a self-storage facility must comply with certain procedures when addressing past due rent, terminating the rental or lease agreement, placing liens on personal property stored in the unit, and disposing of unclaimed personal property. There are no discrete penalties for violations of the Act.

Summary of Bill:

An owner that intends to offer insurance must file a Self-service Storage Specialty Producer (Storage Producer) license application with the Commissioner. Before the Commissioner issues

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a Storage Producer license, the owner must be appointed as the Storage Producer of one or more authorized appointing insurers.

An owner issued a Storage Producer license under this chapter is:

- subject to discipline and sanctions for violations; and
- not subject to the prelicensure or continuing education requirements.

A Storage Producer license authorizes a Storage Producer and its employees and authorized representatives sell to insurance covering the loss of or damage to personal property stored at a facility (Storage Insurance).

A Storage Producer may not issue Storage Insurance unless:

- disclosure materials are made available to prospective occupants at every location where occupants are enrolled in Storage Insurance programs; and
- there is a supervising producer who supervises a training program for employees of the licensed Storage Producer.

The disclosure material must be approved by the Commissioner prior to the use of the material by the licensee. Disclosure material may not be used that is not approved by the Commissioner. The disclosure material must:

- summarize the material terms of insurance coverage, including the contact information for the insurer, price, benefits, exclusions, and conditions;
- state that the Storage Insurance policies may provide a duplication of coverage already provided to the purchaser by an existing source of property insurance coverage;
- state that if insurance is required to rent storage, the requirement is satisfied by the occupant purchasing the Storage Insurance or by presenting evidence of other applicable insurance coverage;
- describe the process for filing a claim;
- state in writing all costs related to the Storage Insurance; and
- include other information required by rule by the Commissioner.

The conduct of an employee and authorized representative within the scope of their employment or agency is the same as conduct of the Storage Producer.

The Commissioner may adopt rules, including rules regarding:

- the Storage Producer license application process, including any forms required to be used;
- the standards for approval and the required content of required written materials;
- the approval and required content of required training materials;
- license fees to defray the cost of administering the licensure and oversight of Storage Producers;
- requirements for the remittance of premium funds; and
- the applicability of other provisions of the Insurance Code.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2010.