

**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.

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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) evidence of coverage is provided to every renter who elects to  
8 purchase such coverage.

9 (g) Any limited license issued pursuant to this section shall also  
10 authorize any employee of the licensee who is trained, pursuant to  
11 subsection (h) of this section, to act individually on behalf and under the  
12 supervision of the licensee with respect to the kinds of insurance specified  
13 in this section.

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

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

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

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

28 (i) Limited licensees acting pursuant to and under the authority of this  
29 section shall comply with all applicable provisions of this section, except  
30 that, notwithstanding any other provision of this section, or any rule or  
31 regulation adopted by the commissioner, a limited licensee pursuant to this  
32 section shall not be required to treat premiums collected from renters  
33 purchasing such insurance when renting storage units as funds received in  
34 a fiduciary capacity, provided that both of the following apply:

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

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

41 (j) No limited licensee licensed pursuant to this section shall  
42 advertise, represent or otherwise hold itself or any of its employees out as  
43 licensed insurance agents or brokers. No renter or occupant shall be

1 required to obtain insurance pursuant to this section as a condition of  
2 obtaining a rental agreement for a storage unit. The renter shall be  
3 informed that the insurance offered pursuant to this section is not required  
4 as a condition for obtaining a rental agreement for a storage unit.

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