

House Study Bill 592 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON CARLSON)

A BILL FOR

1 An Act relating to self-service storage insurance, and
2 including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 522F.1 Definitions.

2 As used in this chapter, unless the context otherwise
3 requires:

4 1. "*Commissioner*" means the commissioner of insurance.

5 2. "*Endorsee*" means an employee or an authorized
6 representative of an owner authorized to sell or offer
7 self-service storage insurance at one or more of the owner's
8 locations.

9 3. "*Financial institution*" means any bank, savings and loan
10 association, credit union, or other entity subject to Title
11 XIII, subtitle 2.

12 4. "*Insurance producer*" means the same as defined in section
13 522B.1.

14 5. "*Insurer*" means the same as defined in section 522B.1.

15 6. "*License*" means the same as defined in section 522B.1.

16 7. "*Limited lines producer*" means the same as defined in
17 section 522B.1.

18 8. "*Location*" means any physical location in this state, or
19 any internet site, call center site, or other location at which
20 an owner engages in transactions related to a self-service
21 storage facility located in this state.

22 9. "*Occupant*" means a person, or the person's successors or
23 assigns, entitled to the use of space at a self-service storage
24 facility under a rental agreement.

25 10. "*Owner*" means a resident or a nonresident person that is
26 the owner, operator, property management company, lessor, or
27 sublessor of a self-service storage facility. "*Owner*" does not
28 mean an occupant.

29 11. "*Person*" means the same as defined in section 522B.1.

30 12. "*Personal property*" means movable property not affixed
31 to land, including goods, wares, merchandise, household items,
32 and furnishings.

33 13. "*Rental agreement*" means any written agreement that
34 establishes or modifies the terms or conditions concerning an
35 occupant's use of space at a self-service storage facility.

1 14. "*Self-service storage facility*" or "*facility*" means
2 any real property used for the purpose of renting or leasing
3 individual storage space to occupants who have access to the
4 space for the purpose of storing personal property, but does
5 not include a garage used primarily for storage of motor
6 vehicles, or a repository at a financial institution used by
7 the financial institution's customers for storage of money or
8 valuables. If an owner issues a warehouse receipt, bill of
9 lading, or other document of title for an occupant's personal
10 property stored at the facility, the owner and the occupant are
11 subject to chapter 554, article 7, and this chapter shall not
12 apply.

13 15. "*Self-service storage insurance*" means insurance
14 providing coverage for the loss of, or damage to, personal
15 property that is contained in a storage space at a facility, or
16 is in transit to or from the storage space, during the term of a
17 rental agreement covering an occupant's use of storage space at
18 the facility.

19 16. "*Sell*" means the same as defined in section 522B.1.

20 17. "*Solicit*" means the same as defined in section 522B.1.

21 18. "*Supervising entity*" means a person licensed as an
22 insurance producer under chapter 522B who is appointed by an
23 insurer to supervise the administration of self-service storage
24 insurance at an owner's locations.

25 **Sec. 2. NEW SECTION. 522F.2 License required.**

26 1. Except as provided in subsection 2, an owner or endorsee
27 shall not sell or solicit self-service storage insurance
28 unless the owner is licensed pursuant to chapter 522B as a
29 self-service storage insurance limited lines producer and the
30 sale or solicitation of self-service storage insurance is in
31 conjunction with and incidental to the rental of self-service
32 storage to an occupant.

33 2. A license shall not be required for an owner or an
34 endorsee, on behalf of an insurer, to display and provide
35 promotional information regarding self-service storage

1 insurance to occupants and prospective occupants.

2 3. Any owner or endorsee that has solicited or sold
3 self-service storage insurance before July 1, 2020, shall
4 obtain a self-service storage insurance limited lines producer
5 license on or before October 1, 2020, or shall be prohibited
6 from continuing to solicit or sell self-service storage
7 insurance until licensed. Any owner or endorsee that begins
8 to solicit or sell self-service storage insurance on or after
9 July 1, 2020, shall obtain a self-service storage limited lines
10 insurance producer license prior to soliciting or selling
11 self-service storage insurance.

12 Sec. 3. NEW SECTION. 522F.3 Application for license —
13 requirements.

14 1. The commissioner shall issue a self-service storage
15 insurance limited lines producer license to an owner pursuant
16 to section 522B.6 or 522B.7 if the owner satisfies the
17 applicable requirements of section 522B.5 and as part of the
18 application for the license the owner provides all of the
19 following information:

20 a. The physical address of the home office of the owner's
21 facility and the physical address and internet sites of all
22 locations.

23 b. If less than fifty percent of the facility's revenue
24 is derived from the sale of self-service storage insurance,
25 the owner shall provide the name, residential address, and
26 any other information required by the commissioner for one
27 employee or one authorized representative of the owner, or for
28 one employee or one authorized representative of a supervising
29 entity, designated as the person responsible for the owner's
30 compliance with the requirements of this chapter.

31 c. If fifty percent or more of the facility's revenue is
32 derived from the sale of self-service storage insurance, the
33 owner shall provide the residential address and any other
34 information required by the commissioner for all officers,
35 directors, and shareholders of record that have ten percent or

1 more beneficial ownership of the facility.

2 2. An owner applying for a self-service storage limited
3 lines producer license shall be exempt from the examination
4 requirements pursuant to section 522B.4 and section 522B.5,
5 subsection 1, paragraph "d".

6 3. An owner applying to renew a self-service storage limited
7 lines producer license shall be exempt from the continuing
8 education requirements pursuant to section 522B.6, subsection
9 3.

10 Sec. 4. NEW SECTION. 522F.4 Endorsees — conditions and
11 limitations.

12 1. An owner licensed pursuant to section 522F.3 may
13 authorize endorsees to solicit, offer, or sell self-service
14 storage insurance to occupants and prospective occupants at any
15 location.

16 2. An endorsee shall not be required to be licensed as an
17 insurance producer if all of the following requirements are
18 met:

19 a. The endorsee is eighteen years of age or older.

20 b. The insurer issuing the self-service storage insurance
21 either directly supervises, or appoints a supervising entity
22 to supervise, the administration of the self-service storage
23 insurance, including the development and implementation of a
24 training program for endorsees pursuant to subsection 3.

25 c. The owner has filed an affidavit with the commissioner,
26 in the form and manner required by the commissioner,
27 acknowledging that the owner is legally responsible for the
28 actions of all endorsees relating to an endorsee's solicitation
29 or sale of self-service storage insurance in conjunction with
30 and incidental to the rental of storage space to an occupant at
31 any location.

32 3. An owner, or the supervising entity, shall provide
33 a training program for all endorsees who solicit or sell
34 self-service storage insurance. The training program shall
35 meet all of the following requirements:

1 *a.* The training shall be delivered to each endorsee
2 who sells or offers self-service storage insurance at any
3 location. The owner, or the supervising entity, shall maintain
4 documentation evidencing that each endorsee has completed the
5 training. The documentation and all training materials shall
6 be made available to the commissioner within five business days
7 of the commissioner's request to review the documentation or
8 the training materials.

9 *b.* If the training is conducted in an electronic form, the
10 supervising entity shall implement a supplemental education
11 program regarding self-service storage insurance that is
12 conducted and overseen by an employee of the supervising entity
13 who is licensed as an insurance producer pursuant to chapter
14 522B.

15 *c.* The training program shall include basic information
16 about self-service storage insurance and shall address all of
17 the following:

18 (1) No endorsee shall advertise or otherwise represent the
19 endorsee as a licensed insurance producer unless the endorsee
20 holds a license.

21 (2) No endorsee shall solicit or sell self-service storage
22 insurance except in conjunction with and incidental to the
23 rental of storage space to an occupant at a location.

24 4. An endorsee shall not be paid directly by an insurer,
25 and an owner shall not pay an endorsee commission or compensate
26 an endorsee based primarily on the number of occupants the
27 endorsee enrolls for self-service storage insurance. An
28 owner may, however, include an endorsee's performance related
29 to soliciting or selling self-service storage insurance to
30 occupants and prospective occupants in an overall performance
31 incentive compensation program the owner offers for all
32 endorsees.

33 Sec. 5. NEW SECTION. 522F.5 Registry of locations.

34 The owner, or the supervising entity, shall maintain a
35 registry of all locations and of all endorsees at each location

1 that are authorized to sell or solicit self-service storage
2 insurance. The owner, or the supervising entity, shall make
3 the registry available to the commissioner within five business
4 days of the commissioner's request for the registry.

5 **Sec. 6. NEW SECTION. 522F.6 Required documents and**
6 **disclosures.**

7 1. At any location where self-service storage insurance
8 is offered to occupants or prospective occupants, written or
9 electronic documents shall be available to the occupants or
10 prospective occupants and must include all of the following:

11 *a.* The material terms of the self-service storage
12 insurance coverage, or a summary of the material terms of the
13 self-service storage insurance coverage, including all of the
14 following:

15 (1) The identity of the insurer.

16 (2) The identity of the supervising entity, if applicable.

17 (3) All benefits provided by the coverage.

18 (4) The key terms and conditions of the coverage, including
19 all exclusions.

20 (5) The amount of any deductibles and the process for paying
21 a deductible.

22 *b.* A summary of the claims process.

23 *c.* A disclosure specifying that self-service storage
24 insurance may be a duplication of coverage already provided by
25 an occupant's or prospective occupant's homeowner's insurance
26 policy, renter's insurance policy, or other source of insurance
27 coverage.

28 *d.* A disclosure specifying that self-service storage
29 insurance sold by the owner or an endorsee is not required as a
30 condition of obtaining a rental agreement.

31 *e.* Any other disclosures specified by rule as adopted by the
32 commissioner.

33 2. The written or electronic documents provided pursuant to
34 subsection 1 shall not be subject to filing with, or be subject
35 to the approval of, the commissioner.

1 **Sec. 7. NEW SECTION. 522F.7 Authority conveyed by license.**

2 1. All charges for self-service storage insurance on a
3 master, corporate, group, or individual policy basis may be
4 billed and collected by an owner or an endorsee, and the owner
5 may receive compensation for performing billing and collection
6 services if all of the following conditions are met:

7 *a.* If any charges for self-service storage insurance are
8 not included in the costs associated with an occupant's rental
9 of self-service storage space, the owner shall itemize the
10 charges for the self-service storage insurance separately on
11 the occupant's bill.

12 *b.* If any charges for self-service storage insurance are
13 included in the costs associated with an occupant's rental
14 of self-service storage space, the owner shall clearly and
15 conspicuously disclose that information to the occupant in
16 writing.

17 2. All premiums received by an owner or endorsee from an
18 occupant for self-service storage insurance shall be considered
19 funds held by the owner in a fiduciary capacity for the benefit
20 of the insurer that issues the self-service storage insurance.
21 An owner that bills and collects such moneys shall not be
22 required to maintain the moneys in a segregated account if any
23 of the following apply:

24 *a.* The owner is authorized by the insurer to hold the funds
25 in an alternate manner.

26 *b.* The owner remits the funds to the supervising entity as
27 required by the supervising entity.

28 **Sec. 8. NEW SECTION. 522F.8 License suspension, revocation,**
29 **denial, nonrenewal.**

30 The commissioner may suspend, revoke, or refuse to issue or
31 renew an owner's limited lines self-service storage insurance
32 producer license pursuant to section 522B.11.

33 **Sec. 9. NEW SECTION. 522F.9 Rules.**

34 The commissioner shall adopt rules pursuant to chapter 17A
35 as necessary to implement and administer this chapter.

1 an owner to obtain a limited lines producer license, and the
2 conditions and limitations imposed on endorsees, are contained
3 in the bill.

4 At any location where insurance is offered to occupants or
5 prospective occupants, written or electronic documents must
6 be available to the occupants or prospective occupants and
7 must include the material terms of the insurance coverage as
8 outlined in the bill. The documents are not subject to filing
9 with, or requiring the approval of, the commissioner. The bill
10 defines "location" as any physical location in this state, or
11 any internet site, call center site, or other location at which
12 an owner engages in transactions related to a facility located
13 in this state.

14 An endorsee cannot be paid directly by an insurer, and
15 an owner cannot pay an endorsee commission, or compensate
16 an endorsee based primarily on the number of occupants the
17 endorsee enrolls for insurance. An owner may, however, include
18 an endorsee's performance related to soliciting or selling
19 insurance to occupants in an overall performance incentive
20 compensation program the owner offers all endorsees.

21 The bill allows all charges for insurance on a master,
22 corporate, group, or individual basis to be billed and
23 collected by the owner or an endorsee. The owner may receive
24 compensation for performing billing and collection services if
25 the owner itemizes the charges for the insurance separately on
26 an occupant's bill if any charges for the insurance are not
27 included in the costs associated with the occupant's rental of
28 storage space; or the owner clearly and conspicuously discloses
29 to the occupant that the charges for insurance are included
30 with the storage space rental.

31 All premiums received by an owner from an occupant for
32 insurance must be considered funds held by the owner in a
33 fiduciary capacity for the benefit of the insurer that issues
34 the insurance. An owner that bills and collects such funds
35 is not required to maintain the funds in a segregated account

1 if the owner is authorized by the insurer to hold the funds
2 in an alternate manner, or the owner remits the funds to a
3 supervising entity as required by the supervising entity, if
4 applicable. "Supervising entity" is defined in the bill as a
5 person licensed as an insurance producer who is appointed by an
6 insurer to supervise the administration of self-service storage
7 insurance at an owner's locations.

8 The bill gave the commissioner the authority to suspend,
9 revoke, or refuse to issue or renew an owner's limited
10 lines producer license. The commissioner must adopt rules
11 as necessary to implement and administer the provisions of
12 the bill, and may take any action within the commissioner's
13 authority to enforce compliance with the provisions of the
14 bill.

15 The provisions of the bill are applicable to self-service
16 storage insurance that is delivered, issued for delivery,
17 continued, or renewed in this state on or after July 1, 2020.