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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

RELATING TO INSURANCE -- SELF-SERVICE STORAGE INSURANCE

Introduced By: Senator Roger Picard

Date Introduced: February 27, 2020

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 2.8

4 SELF-SERVICE STORAGE INSURANCE

5 **27-2.8-1. Definitions.**

6 For purposes of this section, the following terms shall have the following meanings:

7 (1) "Commissioner" means the definition prescribed by § 42-14-5.

8 (2) "Location" means any physical location in the state of Rhode Island or any website, call
9 center site or similar location directed to residents of the state of Rhode Island.

10 (3) "Occupant" means a person, or his or her sublessee, successor, or assign, who is entitled
11 to the use of storage space at a self-service storage facility under a rental agreement, to the exclusion
12 of others.

13 (4) "Owner" means a person or business entity, whether a resident or non-resident of this
14 state, that is the proprietor, operator, lessor, or sublessor of a self-service storage facility, an agent
15 of any of the foregoing, or any other person or business entity authorized to manage the facility or
16 to receive rent from an occupant under a rental agreement. An owner is not a warehouseman, as
17 defined in § 6A-7-102(1)(h) except that if an owner issues a warehouse receipt, bill of lading, or
18 other document of title for the personal property sold, the owner is subject to the provisions of
19 chapter 7 of title 6A, and the provisions of this chapter shall not apply.

1 (5) "Personal property" means movable property not affixed to land and includes, but is
2 not limited to, goods, wares, merchandise, motor vehicles, watercraft, motorcycles, trailers,
3 recreational vehicles (RVs), furniture or household items.

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

7 (7) "Self-service storage facility" means any real property designed and used for the
8 purpose of renting or leasing individual storage space to occupants who are to have access to the
9 space for the purpose of storing and removing personal property. No occupant shall use a self-
10 storage facility for any habitation or any other residential purposes.

11 (8) "Self-service storage insurance" means personal property insurance offered in
12 connection with and incidental to the rental of storage space at a self-service storage facility and
13 which provides coverage to occupants for the loss of or damage to personal property occurring at
14 the facility or when the property is in transit to or from the facility during the period of the rental
15 agreement.

16 (9) "Supervising entity" means a business entity that is a licensed insurer or insurance
17 producer that is authorized by an insurer to supervise the administration of a self-service storage
18 insurance program.

19 **27-2.8-2. Licensure exemption for owners.**

20 (a) An owner and its authorized representatives and employees may sell, solicit, and offer
21 self-service storage insurance coverage without obtaining an insurance producer license provided
22 that the requirements of this chapter are met.

23 (b) The supervising entity shall maintain a registry of owner locations at which self-service
24 storage insurance is sold, solicited, or offered in this state. Upon request by the commissioner and
25 with ten (10) days' notice to the supervising entity, the registry shall be open to inspection and
26 examination by the commissioner during regular business hours of the supervising entity.

27 **27-2.8-3. Requirements for sale of self-service storage insurance.**

28 (a) At every location where self-service storage insurance is offered to occupants,
29 brochures or other written or electronic materials must be made available which:

30 (1) Disclose that self-service storage insurance may provide a duplication of coverage
31 already provided by a homeowner's insurance policy, renter's insurance policy or other source of
32 coverage;

33 (2) State that the enrollment in the self-service storage insurance program offered by the
34 owner is not required in order to lease storage space at the self-service storage facility;

1 (3) Provide the actual terms of the insurance coverage, or summarize the material terms of
2 the insurance coverage, including:

3 (i) The identity of the insurer;

4 (ii) The identity of the supervising entity;

5 (iii) The amount of any applicable deductible and how it is to be paid;

6 (iv) Benefits of the coverage; and

7 (v) Key terms and conditions of coverage.

8 (4) Summarize the process for filing a claim; and

9 (5) State that an occupant may cancel enrollment for self-service storage insurance
10 coverage at any time and the person paying the premium shall receive a refund of any applicable
11 unearned premium.

12 (b) Self-service storage insurance may be provided under a commercial, corporate, group,
13 or master policy.

14 **27-2.8-4. Authority of owners.**

15 (a) The employees and authorized representatives of owners may sell, solicit, and offer
16 self-service storage insurance and shall not be subject to licensure as an insurance producer under
17 this title provided that:

18 (1) The insurer issuing the self-service storage insurance either directly supervises or
19 appoints a supervising entity to supervise the administration of the program including development
20 and implementation of a training program for employees and authorized representatives of the
21 owners who are directly engaged in the activity of selling, soliciting, or offering self-service storage
22 insurance. The training required by this subdivision shall comply with the following:

23 (i) The training shall be delivered to employees and authorized representatives of owners
24 who are directly engaged in the activity of selling, soliciting, or offering self-service storage
25 insurance;

26 (ii) The training may be provided in electronic form. The supervising entity shall
27 implement a system to monitor whether the electronic training has been taken by all relevant
28 employees; and

29 (iii) Each employee and authorized representative shall receive basic instruction about the
30 self-service storage insurance offered and the disclosures required under § 27-2.8-3(a).

31 (2) No employee or authorized representative of an owner shall advertise, represent or
32 otherwise hold himself or herself out as a licensed insurance producer, unless so licensed.

33 (b) Notwithstanding any other provision of law, employees or authorized representatives
34 of an owner shall not be compensated based primarily on the number of occupants enrolled for self-

1 service storage insurance coverage but may receive compensation for self-service storage insurance
2 which is incidental to their overall compensation.

3 (c) The charges for self-service storage insurance coverage may be billed and collected by
4 the owner. Any charge for the self-service storage insurance coverage that is not included in the
5 cost associated with the lease of storage space at the self-service storage facility shall be separately
6 itemized on the occupant's bill. If the self-service storage insurance coverage is included in the cost
7 associated with the lease of storage space at the self-service storage facility, the owner shall clearly
8 and conspicuously disclose to the occupant that the self-service storage insurance coverage is
9 included in the cost associated with the lease of storage space at the self-service storage facility.
10 Owners billing and collecting such charges shall not be required to maintain such funds in a
11 segregated account provided that the owner is authorized by the insurer or supervising entity to
12 hold such funds in an alternative manner and remits the premiums to the insurer or supervising
13 entity within sixty (60) days of receipt. All premiums received by an owner from an occupant for
14 the sale of self-service storage insurance shall be considered funds held by the owner in a fiduciary
15 capacity for the benefit of the insurer. Owners may receive compensation for billing and collection
16 services.

17 **27-2.8-5. Penalties.**

18 If an owner or its employee or authorized representative violates any provision of this
19 section, the commissioner, after notice and opportunity for a hearing, may impose any penalty as
20 appropriate pursuant to the insurance administrative penalties provided in § 42-14-16.

21 SECTION 2. This act shall take effect on January 1, 2021.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO INSURANCE -- SELF-SERVICE STORAGE INSURANCE

- 1 This act would provide for the sale of self-service storage insurance in this state.
- 2 This act would take effect on January 1, 2021.

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