

1 HOUSE BILL NO. 290

2 INTRODUCED BY B. TSCHIDA

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE SELF-STORAGE INSURANCE ACT; PROVIDING
5 FOR INSURANCE LICENSURE FOR OPERATORS OF SELF-STORAGE FACILITIES; PROVIDING
6 RULEMAKING FOR THE COMMISSIONER OF INSURANCE; PROVIDING REQUIREMENTS FOR SELF-
7 STORAGE INSURANCE; PROVIDING FOR APPLICATIONS AND FEES TO SELL SELF-STORAGE
8 INSURANCE; PROVIDING FOR OPERATOR LICENSE PENALTIES; PROVIDING RULEMAKING
9 AUTHORITY; AND PROVIDING DEFINITIONS."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12
13 NEW SECTION. Section 1. Short title -- purpose. [Sections 1 through 7] may be cited as the "Self-
14 Storage Insurance Act". The purpose of this act is to coordinate with the Self-Storage Facilities Act, Title 70,
15 chapter 6, part 6, and allow for operators of the facilities to offer self-storage insurance to their renters.

16
17 NEW SECTION. Section 2. Definitions. As used in [sections 1 through 7], the following definitions
18 apply:

19 (1) "Location" means any physical location in this state or any website, call center site, or similar
20 location directed to residents of this state.

21 (2) (a) "Operator" means a business entity that is the owner, operator, lessor, or sublessor of a self-
22 storage facility or an agent or another person authorized to manage the facility or to receive rent from a renter
23 under a rental agreement.

24 (b) The term does not include a warehouse operator if the warehouse operator issues a warehouse
25 receipt, bill of lading, or other document of title for the personal property stored. The operator may be a resident
26 or nonresident of this state.

27 (3) "Personal property" means movable property not affixed to land.

28 (4) "Rental agreement" means a written agreement or lease that establishes or modifies the terms,

1 conditions, or rules concerning the use and occupancy of a leased space at a self-storage facility.

2 (5) "Renter" means a person entitled to the use of a leased space at a self-storage facility under a
3 rental agreement or the person's successors or assigns.

4 (6) "Self-storage facility" means real property consisting of individual storage spaces in which a renter
5 customarily stores and removes personal property on a self-service basis.

6 (7) "Self-storage insurance" means insurance offered in connection with and incidental to the rental of
7 a leased space at a self-storage facility and which provides coverage to renters for the loss of or damage to
8 personal property occurring at the facility or when the property is in transit to or from the facility during the term
9 of the rental agreement.

10 (8) "Supervising entity" means a business entity that is a licensed insurer or insurance producer that
11 is authorized by a licensed insurer to supervise the administration of a self-storage insurance program.

12
13 **NEW SECTION. Section 3. Licensure of operators -- rulemaking.** (1) An operator must hold a
14 limited lines insurance producer license in order to sell or offer self-storage insurance coverage. An operator is
15 not required to hold a license solely to display and make available to renters and prospective renters brochures
16 and other promotional materials created by or on behalf of an authorized insurer or surplus lines insurer.

17 (2) A license issued under [sections 1 through 7] authorizes the operator and the employees and
18 authorized representatives of the operator to sell and offer self-storage insurance coverage to renters at each
19 location at which the operator conducts business.

20 (3) The supervising entity shall maintain a registry of the locations where the operator sells or offers
21 self-storage insurance coverage in this state. On request by the commissioner and with 10 days' notice to the
22 supervising entity, the registry must be open to inspection and examination by the commissioner during regular
23 business hours of the supervising entity.

24 (4) A license issued under [sections 1 through 7] authorizes the operator and its employees and
25 authorized representatives to engage in those activities that are permitted in [sections 1 through 7].

26 (5) Operators and their employees and authorized representatives are exempt from all examination
27 and education requirements.

28 (6) The commissioner may adopt rules to implement the provisions of [sections 1 through 7].

1

2 NEW SECTION. Section 4. Requirements for self-storage insurance. (1) At each location where
3 self-storage insurance coverage is offered to renters, brochures or other written or electronic materials must be
4 made available to renters that:

5 (a) disclose that self-storage insurance may provide a duplication of coverage already provided by a
6 renter's homeowner's insurance policy, renter's insurance policy, or other source of coverage;

7 (b) state that the enrollment by the renter in a self-storage insurance program offered by the operator
8 is not required in order to rent a leased space at the self-storage facility;

9 (c) provide the actual terms of the self-storage insurance coverage, or summarize the material terms
10 of the insurance coverage, including:

11 (i) the identity of the insurer;

12 (ii) the identity of the supervising entity;

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

14 (iv) benefits of the coverage; and

15 (v) key terms and conditions of the coverage;

16 (d) summarize the process for filing a claim; and

17 (e) state that a renter that purchases self-storage insurance coverage may cancel the coverage at
18 any time and that the person paying the premium must receive a refund of any applicable unearned premium.

19 (2) The written materials required by this section are not subject to filing with or approval by the
20 commissioner.

21 (3) Self-storage insurance coverage may be offered on a month-to-month or other periodic basis
22 under an individual, master, corporate, commercial, or group policy.

23

24 NEW SECTION. Section 5. Authority of operators. (1) An employee or authorized representative of
25 an operator may sell and offer self-storage insurance coverage to a renter and is not subject to licensure as an
26 insurance producer under this title provided that:

27 (a) the operator obtains a limited lines insurance producer license to authorize its employees or
28 authorized representatives to sell and offer self-storage insurance coverage;

1 (b) the insurer issuing the self-storage insurance either directly supervises or appoints a supervising
2 entity to supervise the administration of the program, including development of a training program for
3 employees and authorized representatives of the operator. The training required by this subsection (1)(b) must
4 comply with the following:

5 (i) the training must be delivered to employees and authorized representatives of an operator who are
6 directly engaged in the activity of selling and offering self-storage insurance coverage;

7 (ii) if the training is provided in an electronic form, the supervising entity shall implement a
8 supplemental education program regarding the self-storage insurance that is conducted and overseen by
9 licensed insurance producers or adjusters; and

10 (iii) each employee and authorized representative who is directly engaged in the activity of selling and
11 offering self-storage insurance must receive basic instruction about the self-storage insurance offered to renters
12 and the disclosures required under [section 4(1)]; and

13 (c) employees and authorized representatives of an operator may not advertise, represent, or
14 otherwise hold out to the public that they are nonlimited lines licensed insurance producers unless otherwise
15 licensed.

16 (2) Employees or authorized representatives of an operator may not be compensated based primarily
17 on the number of renters enrolled for self-storage insurance coverage but may receive compensation for
18 activities under the limited lines insurance producer license that is incidental to their overall compensation.

19 (3) (a) The charges for self-storage insurance coverage may be billed and collected by the operator
20 and its employees and authorized representatives. Any charge to the renter for coverage that is not included in
21 the cost associated with the rental of the leased space must be separately itemized on the renter's bill.

22 (b) If the self-storage insurance coverage is included with the rental of the leased space, the operator
23 shall clearly and conspicuously disclose to the renter, on the rental invoice or elsewhere, that the self-storage
24 insurance coverage is included with the rental of the leased space.

25 (c) Operators that are billing and collecting the charges are not required to maintain the funds in a
26 segregated account if the operator is authorized by the insurer or supervising entity to hold the funds in an
27 alternative manner and remits the premiums to the insurer or supervising entity within 60 days of receipt. All
28 premiums received by an operator from a renter for the sale of self-storage insurance are considered funds

1 held by the operator in a fiduciary capacity for the benefit of the insurer. Operators may receive compensation
2 for billing and collection services.

3
4 **NEW SECTION. Section 6. Application for operator license -- fees.** (1) An applicant for a license
5 under [sections 1 through 7] shall file with the commissioner an application on forms prescribed by the
6 commissioner. The applicant may be a resident or nonresident of this state.

7 (2) (a) The application must provide:

8 (i) the name, residence address, and other information required by the commissioner for an
9 authorized representative of the operator or supervising entity that is designated by the applicant as the person
10 responsible for the operator's compliance with the requirements of [sections 1 through 7]; and

11 (ii) the location of the operator's home office.

12 (b) If the operator derives more than 50% of its revenue from the sale of self-storage insurance, the
13 information required by subsection (2)(a) must be provided for all officers, directors, and shareholders of record
14 having beneficial ownership of 10% or more of any class of securities registered under federal securities law.

15 (3) Any operator engaging in self-storage insurance transactions on or before October 1, 2021, shall
16 apply for licensure within 90 days of the application being made available by the commissioner. Any applicant
17 commencing operations after October 1, 2021, shall obtain a license prior to offering self-storage insurance.

18 (4) Initial licenses issued under [sections 1 through 7] are valid for a period of 24 months.

19 (5) Each operator licensed under [sections 1 through 7] shall pay to the commissioner a fee
20 determined by the commissioner as follows:

21 (a) for an operator that sells self-storage insurance at 10 or fewer locations in the state, the fee may
22 not exceed \$100 for an initial license or for each renewal; and

23 (b) for an operator that sells self-storage insurance at more than 10 locations in the state, the fee may
24 not exceed \$250 for an initial license or \$100 for each renewal.

25
26 **NEW SECTION. Section 7. Suspension or revocation of operator license.** If an operator or its
27 employee or authorized representative violates any provision of [sections 1 through 7], the commissioner may
28 do any of the following after notice and the opportunity for a hearing:

- 1 (1) impose fines not to exceed \$500 for each violation or \$5,000 in the aggregate for violations; or
2 (2) impose other penalties that the commissioner considers reasonable to carry out the purpose of
3 [sections 1 through 7], including:
- 4 (a) suspending the privilege of transacting self-storage insurance under [sections 1 through 7] at
5 specific business locations where violations have occurred; or
6 (b) suspending or revoking the ability of individual employees or authorized representatives to act
7 under the license.

8
9 **NEW SECTION. Section 8. Codification instruction.** [Sections 1 through 7] are intended to be
10 codified as a new part in Title 33, chapter 24, and the provisions of Title 33, chapter 24, apply to [sections 1
11 through 7].

12 - END -