

INSURANCE DEPARTMENT ACT OF 1921 - SELF-SERVICE STORAGE  
INSURANCE

Act of Oct. 24, 2018, P.L. 667, No. 97

Cl. 40

Session of 2018

No. 2018-97

HB 504

AN ACT

Amending the act of May 17, 1921 (P.L.789, No.285), entitled, as amended, "An act relating to insurance; establishing an insurance department; and amending, revising, and consolidating the law relating to the licensing, qualification, regulation, examination, suspension, and dissolution of insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and certain societies and orders, the examination and regulation of fire insurance rating bureaus, and the licensing and regulation of insurance agents and brokers; the service of legal process upon foreign insurance companies, associations or exchanges; providing penalties, and repealing existing laws," in insurance producers, further providing for definitions and providing for self-service storage insurance.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The definition of "line of authority" in section 601-A of the act of May 17, 1921 (P.L.789, No.285), known as The Insurance Department Act of 1921, is amended and the section is amended by adding a definition to read:

Section 601-A. Definitions.

The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:

\* \* \*

**"Limited line self-service storage insurance." Insurance offered in connection with and incidental to the rental of space at a self-service storage facility.**

"Line of authority." The licensed ability to sell, solicit or negotiate particular classes or types of insurance, including the following:

(1) Life. Insurance coverage on human lives, including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income.

(2) Accident and health or sickness. Insurance coverage for sickness, bodily injury or accidental death and may include benefits for disability income.

(3) Property. Insurance coverage for the direct or consequential loss or damage to property of every kind.

(4) Casualty. Insurance coverage against legal liability, including that for death, injury or disability or damage to real or personal property.

(5) Variable life and variable annuity products. Insurance coverage provided under variable life insurance contracts and variable annuities.

(6) Personal lines. Property and casualty insurance coverage sold to individuals and families primarily for noncommercial purposes.

- (7) Credit. Limited line credit insurance.
- (8) Motor vehicle rental. Limited line motor vehicle rental insurance.

**(8.1) Self-service storage. Limited line self-service storage insurance.**

- (9) Limited line. Any other line of insurance as determined by the Insurance Commissioner.

\* \* \*

Section 2. Subarticle B of Article VI-A of the act is amended by adding a division to read:

**DIVISION 2.1**

**SELF-SERVICE STORAGE INSURANCE**

**Section 681-A. Self-service storage producer licenses.**

(a) Authority to issue licenses.--The department may issue a self-service storage producer license to an owner that has complied with the requirements of this section authorizing the owner to offer or to sell the kinds of insurance prescribed in this section in connection with and incidental to the rental of space at a self-service storage facility. The self-service storage producer shall also be subject to the requirements of this article, Article XI and the act of July 22, 1974 (P.L.589, No.205), known as the Unfair Insurance Practices Act.

(b) Application.--

(1) An applicant for a self-service storage producer license shall file a written application in a form prescribed by the department. The application shall specify all locations in this Commonwealth at which the self-service storage producer may conduct business under the license.

(2) A self-service storage producer is not required to have an individual licensee in each self-service storage facility or place where insurance is transacted.

(3) The self-service storage producer shall notify the department within 30 days after commencing business under the self-service storage producer's license at any additional locations in this Commonwealth or of those locations in this Commonwealth that cease to do business under the license.

(c) Sale of insurance.--A self-service storage producer may offer or sell insurance only in connection with and incidental to the rental of space at a self-service storage facility on a master, corporate, commercial, group or individual policy basis and only with respect to personal property insurance that provides primary coverage to occupants at the self-service storage facility where the insurance is transacted for the loss of or damage to personal property that occurs at that facility or while the personal property is in transit during the rental agreement.

(d) Requirements.--A self-service storage producer shall not offer or sell insurance under this section unless:

(1) The self-service storage producer makes readily available to the prospective occupant brochures or other written materials that:

(i) Summarize the material terms of insurance coverage offered to occupants, including the identity of the insurer, price, benefits, deductibles, exclusions and conditions.

(ii) Disclose that the policies offered by the self-service storage producer may provide a duplication of coverage already provided by an occupant's homeowner's insurance policy, renter's insurance policy, vehicle insurance policy, watercraft insurance policy or other source of property insurance coverage. The disclosure

shall be prominently displayed in the brochure or other written materials with at least 12-point bold type.

(iii) State that the insurance prescribed in this section is primary coverage over any other coverage covering the same loss.

(iv) State that if insurance is required as a condition of rental, the requirement may be satisfied by the occupant purchasing the insurance prescribed in this section or by presenting evidence of other applicable insurance coverage.

(v) State that the purchase of the insurance prescribed in this section is not required in order to rent storage space. The statement shall be prominently displayed in the brochure or other written materials with at least 12-point bold type.

(vi) Describe the process for filing a claim.

(vii) Include contact information for filing a complaint with the commissioner.

(2) All costs related to the insurance are stated in writing.

(3) Evidence of coverage in a form approved by the insurer is provided to every occupant who purchases the coverage.

(4) The insurance is provided by an insurer authorized to transact the applicable kinds of insurance in this Commonwealth or by a surplus lines insurer under Article V.

(e) Employee or authorized representative.--

(1) An employee or authorized representative of a self-service storage producer may act on behalf of and under the supervision of the self-service storage producer in matters relating to the conduct of business under the license that is issued under this section.

(2) The conduct of an employee or authorized representative of a self-service storage producer acting within the scope of employment or agency is deemed the conduct of the self-service storage producer for purposes of this section.

(3) The self-service storage producer shall maintain a register, on a form which the commissioner requires, of each employee or authorized representative of the self-service storage producer who offers the insurance prescribed in this section on behalf of the self-service storage producer and shall, upon request of the commissioner, submit the register for inspection by the commissioner.

(f) Training.--Each self-service storage producer shall provide, or cause a licensed producer to provide, a training program approved by the commissioner that gives employees and authorized representatives of the self-service storage producer basic instruction about the provisions of this section, including the following:

(1) General information about homeowners, renters, business and similar insurance that an occupant may have that may provide coverage for property stored at a self-service storage facility.

(2) Information about the material terms of insurance coverage offered to occupants, including the price, benefits, deductibles, exclusions and conditions of the insurance.

(3) The disclosures required under subsection (d).

(g) Prohibitions.--A self-service storage producer may not:

(1) Offer or sell insurance except in connection with and incidental to the rental of space at a self-service storage facility.

(2) Advertise, represent or otherwise portray itself or any of its employees or authorized representatives as licensed insurers or insurance producers.

(h) Enforcement.--A violation of this section shall constitute a violation of this act and shall be subject to the provisions of sections 691-A and 692-A.

(i) Exclusions.--Nothing in this section shall be construed to prohibit:

(1) An insurer from paying, and a self-service storage producer from receiving, a commission, service fee or other valuable consideration dependent on the sale of insurance.

(2) A self-service storage producer from paying, and its employees or authorized representatives from receiving, production payments or incentive payments if the payments are not dependent on the sale of insurance.

(j) Promotional materials.--An owner is not required to be licensed under this section solely to display and make available to prospective occupants brochures and other promotional materials created by or on behalf of an authorized insurer or by a surplus lines insurer under this article, if the owner and its unlicensed employees and authorized representatives do not solicit prospective occupants to purchase the insurance.

(k) Continuing education.--A self-service storage producer is not subject to continuing education requirements.

(l) Definitions.--As used in this section, the following words and phrases shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

"Occupant." As defined in section 2 of the act of December 20, 1982 (P.L.1404, No.325), known as the Self-Service Storage Facility Act.

"Owner." As defined in section 2 of the Self-Service Storage Facility Act.

"Personal property." As defined in section 2 of the Self-Service Storage Facility Act.

"Self-service storage facility." As defined in section 2 of the Self-Service Storage Facility Act.

"Self-service storage producer." An owner or self-service storage facility operator licensed under this section.

Section 3. This act shall take effect in 60 days.

APPROVED--The 24th day of October, A.D. 2018.

TOM WOLF