

MAINE STATE LEGISLATURE

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130th MAINE LEGISLATURE

FIRST SPECIAL SESSION-2021

Legislative Document

No. 1494

S.P. 481

In Senate, April 14, 2021

An Act To Create Limited Lines Self-storage Insurance

Received by the Secretary of the Senate on April 12, 2021. Referred to the Committee on Health Coverage, Insurance and Financial Services pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator SANBORN of Cumberland.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 24-A MRSA §1420-C, sub-§2, ¶G,** as amended by PL 2011, c. 297, §3, is
3 further amended to read:

4 G. A salaried full-time employee who counsels or advises that person's employer
5 relative to the insurance interests of the employer or of the subsidiaries or business
6 affiliates of the employer if the employee does not sell or solicit insurance or receive a
7 commission; or

8 **Sec. 2. 24-A MRSA §1420-C, sub-§2, ¶H,** as enacted by PL 2011, c. 297, §4, is
9 amended to read:

10 H. A person who offers to sell or sells portable electronic device insurance pursuant
11 to a license issued by the superintendent under chapter 89; or

12 **Sec. 3. 24-A MRSA §1420-C, sub-§2, ¶I** is enacted to read:

13 I. A person who offers to sell or sells self-storage insurance pursuant to a license issued
14 by the superintendent under chapter 97.

15 **Sec. 4. 24-A MRSA c. 97** is enacted to read:

16 **CHAPTER 97**

17 **LIMITED LINES SELF-STORAGE INSURANCE**

18 **§7501. Definitions**

19 As used in this chapter, unless the context otherwise indicates, the following terms
20 have the following meanings.

21 **1. Customer.** "Customer" means a person who rents or leases a storage space within
22 a self-storage facility under a rental agreement with a self-storage provider. "Customer"
23 includes the sublessee, assignee or successor in interest of the person originally a party to
24 a rental agreement with a self-storage provider.

25 **2. Covered customer.** "Covered customer" means a customer who elects to receive
26 coverage under a self-storage insurance policy.

27 **3. Limited lines license.** "Limited lines license" means a license to sell or offer a
28 policy for self-storage insurance.

29 **4. Location.** "Location" means any physical location in the State or any publicly
30 accessible website, call center or similar operation directed to residents of the State.

31 **5. Rental agreement.** "Rental agreement" means a written agreement between a
32 customer and self-storage provider that establishes or modifies the terms, conditions or
33 other provisions governing a customer's occupancy and use of a storage space within a self-
34 storage facility owned or operated by the self-storage provider.

35 **6. Self-storage facility.** "Self-storage facility" means any real property or facility in
36 which individual storage spaces rented or leased by a self-storage provider to a customer
37 are located and within which a customer is generally responsible for placing and removing
38 property the customer stores within a rented or leased storage space.

1 **7. Self-storage insurance.** "Self-storage insurance" means personal property
2 insurance authorized under section 705 providing coverage for the repair or replacement of
3 personal property of a covered customer stored at a self-storage facility or in transit to or
4 from a self-storage facility against various causes of loss, including loss or damage. "Self-
5 storage insurance" does not include a homeowner's or renter's insurance, private passenger
6 automobile insurance, commercial multiple peril insurance or any similar policy.

7 **8. Self-storage provider.** "Self-storage provider" means a person or business entity,
8 as defined in section 1151-A, subsection 4, that is the owner, operator, lessor or sublessor
9 of a self-storage facility.

10 **9. Supervising entity.** "Supervising entity" means a business entity that is a licensed
11 insurance producer or insurer.

12 **§7502. Licensure of self-storage providers**

13 **1. License required.** A self-storage provider must obtain a limited lines license under
14 this chapter prior to selling or offering coverage under a policy of self-storage insurance.

15 **2. Authority provided by license.** A limited lines license issued under this chapter
16 authorizes any employee or authorized representative of a self-storage provider to sell or
17 offer coverage under a policy of self-storage insurance to a customer at each location at
18 which the self-storage provider engages with a customer or prospective customer.

19 **3. List of locations.** In connection with a self-storage provider's application for a
20 license under section 7506 and upon request by the superintendent, the self-storage
21 provider shall provide a list to the superintendent of all locations in this State at which the
22 self-storage provider offers coverage.

23 **4. Activities authorized by license.** Notwithstanding any provision of law to the
24 contrary, a license issued pursuant to this chapter authorizes the licensee and its employees
25 or authorized representatives to engage only in those activities that are expressly permitted
26 in this chapter.

27 **§7503. Requirements for the sale of self-storage insurance**

28 **1. Brochures.** At each location where a self-storage provider sells or offers self-
29 storage insurance to customers, the self-storage provider shall make available to a
30 prospective customer brochures or other written materials that:

31 A. Disclose that self-storage insurance may provide a duplication of coverage already
32 provided by a customer's homeowner's insurance policy, renter's insurance policy or
33 other source of coverage;

34 B. State that the enrollment by the customer in a self-storage insurance policy is not
35 required in order to rent or lease storage space within a self-storage facility;

36 C. Summarize the material terms of the insurance coverage, including:

37 (1) The identity of the insurer;

38 (2) The identity of the supervising entity;

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

40 (4) Benefits of the coverage;

41 D. Summarize the process for filing a claim; and

1 E. State that the customer may cancel enrollment for coverage under a self-storage
2 insurance policy at any time and the person paying the premium must receive a refund
3 of any applicable unearned premium.

4 **2. Periodic basis of coverage.** Self-storage insurance may be offered on a month-to-
5 month or other periodic basis as a group or master commercial inland marine policy issued
6 to a self-storage provider under which individual customers may elect to enroll for
7 coverage.

8 **3. Eligibility and underwriting standards.** Eligibility and underwriting standards
9 for customers that elect to enroll in self-storage insurance must be established by an insurer
10 for each self-storage insurance program.

11 **§7504. Authority of self-storage providers**

12 **1. Requirements for employees and authorized representatives of self-storage**
13 **providers.** An employee or authorized representative of a self-storage provider may sell
14 or offer self-storage insurance to a customer and is not subject to licensure as an insurance
15 producer under this chapter if:

16 A. The self-storage provider obtains a limited lines license to authorize its employees
17 or authorized representatives to sell or offer self-storage insurance pursuant to this
18 section;

19 B. The insurer issuing the self-storage insurance either directly supervises or appoints
20 a supervising entity to supervise the administration of the sale of insurance, including
21 development of a training program for employees and authorized representatives of the
22 self-storage providers.

23 (1) The training must be delivered to all employees and authorized representatives
24 of the self-storage provider who are directly engaged in the activity of selling or
25 offering self-storage insurance. The training may be provided in electronic form.
26 If the training is conducted in electronic form, the supervising entity shall
27 implement a supplemental education program that is conducted and overseen by
28 licensed employees of the supervising entity to supplement the electronic training.

29 (2) Each employee and authorized representative must receive basic instruction
30 about the self-storage insurance offered to customers and the disclosures required
31 under section 7503, subsection 1; and

32 C. The employee or authorized representative of the self-storage provider does not
33 advertise, represent or otherwise hold that employee or authorized representative out
34 as other than a nonlimited lines licensed insurance producer.

35 **2. Charges.** The charges for self-storage insurance coverage may be billed and
36 collected by the self-storage provider. Any charge to the customer for coverage that is not
37 included in the cost associated with the rental or lease of self-storage or related services
38 must be separately itemized on the customer's bill. If the self-storage insurance coverage
39 is included with the rental or lease of self-storage or related services, the self-storage
40 provider shall clearly and conspicuously disclose to the customer that the self-storage
41 insurance coverage is included with the rented or leased storage space. A self-storage
42 provider billing and collecting charges for coverage is not required to maintain those funds
43 in a segregated account as long as the self-storage provider is authorized by the insurer to
44 hold such funds in an alternative manner and remits the funds to the supervising entity

1 within 60 days of receipt. All funds received by a self-storage provider from a customer
2 for the sale of self-storage insurance are considered funds held in trust by the self-storage
3 provider in a fiduciary capacity for the benefit of the insurer. A self-storage provider may
4 receive compensation for billing and collection services.

5 **§7505. Violations**

6 **1. Penalties.** If a self-storage provider or its employee or authorized representative
7 violates any provision of this chapter, the superintendent may enforce this chapter in
8 accordance with section 12-A except the superintendent may not impose a fine exceeding
9 \$15,000 for aggregate conduct in violation of this chapter.

10 **2. Suspension or revocation.** In addition to any other penalties authorized by law,
11 the superintendent may:

12 A. Suspend the authority of a self-storage provider to transact self-storage insurance;

13 B. Suspend the authority of a self-storage provider to transact self-storage insurance
14 pursuant to this chapter at specific business locations where violations have occurred;
15 and

16 C. Suspend or revoke the authority of an individual employee or authorized
17 representative of a self-storage provider to act under a limited lines license under
18 section 7502, subsection 2.

19 **§7506. Application for license and fees**

20 **1. Application for license to be filed with superintendent.** A self-storage provider
21 must file a sworn application for a license under this chapter with the superintendent on
22 forms prescribed and furnished by the superintendent.

23 **2. Contents of application.** In addition to other information required by the
24 superintendent, the application for a license under this chapter must:

25 A. Provide the name, residence address and other information required by the
26 superintendent for an employee or authorized representative of the self-storage
27 provider who is designated by the applicant as the person responsible for the self-
28 storage provider's compliance with the requirements of this chapter. If the self-storage
29 provider derives more than 50% of its revenue from the sale of self-storage insurance,
30 the information specified in this paragraph must be provided for all officers, directors
31 and shareholders of record having beneficial ownership of 10% or more of any class
32 of securities registered under the federal securities laws;

33 B. Appoint the superintendent as the applicant's attorney to receive service of all legal
34 process issued against it in any civil action or proceeding in this State and agree that
35 process so served is valid and binding against the applicant. The appointment is
36 irrevocable, binds the company and any successor in interest as well as the assets or
37 liabilities of the applicant and must remain in effect as long as the applicant's license
38 remains in force in this State; and

39 C. Provide the location of the applicant's home office.

40 **3. Time of application.** An application for a license under this chapter must be made
41 within 90 days of the application's being made available by the superintendent.

1 **4. Initial license valid for 24 months.** An initial license issued pursuant to this
2 chapter is valid for 24 months and expires on the last day of the 24th month.

3 **5. Fee.** Each self-storage provider licensed under this chapter shall pay to the
4 superintendent a fee equal to the amount prescribed by section 601, subsection 29.

5 **SUMMARY**

6 This bill creates self-storage insurance as a limited line insurance that provides
7 coverage against loss or damage to the personal property of a self-storage customer that
8 occurs while the property is inside a self-storage space or in transit to or from a self-storage
9 facility. The bill permits certain self-storage providers and their employees to sell or offer
10 self-storage insurance to customers who rent or lease self-storage space. The bill describes
11 the application process for a self-storage insurance limited lines license and requires that
12 self-storage providers obtain a limited lines license or receive training from a licensed
13 insurer before selling or offering self-storage insurance to a customer. The bill requires
14 that certain disclosures be made to customers when selling or offering self-storage
15 insurance, describes the duration and fees associated with a limited lines license and
16 authorizes the Superintendent of Insurance to assess penalties for violations of the
17 provisions related to self-storage insurance.