

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

COMMITTEE SUBSTITUTE
FOR

SENATE BILL 886

By: Montgomery

COMMITTEE SUBSTITUTE

An Act relating to limited lines insurance; amending 36 O.S. 2011, Sections 1435.20, as last amended by Section 1, Chapter 159, O.S.L. 2018 (36 O.S. Supp. 2018, Section 1435.20), which relates to limited lines producers; adding self-storage facility insurance to list of limited lines producer licenses; defining terms; authorizing owner of a self-service storage facility to sell, solicit and offer coverage for self-service storage insurance; requiring owner to hold certain license; providing limited exception to license requirement; requiring licensee to authorize certain persons to offer self-service storage insurance at certain locations; exempting certain limited lines licensee from examination and continuing education requirements; requiring owner of self-service storage facility to maintain certain registry; authorizing Insurance Commissioner to examine books and records of owners after certain notice; requiring certain self-service storage facilities to provide written materials with certain information; requiring copy of policy be provided to purchasers of self-service storage insurance; authorizing self-service storage insurance be provided under certain policies; applying certain provisions to self-service storage insurance; requiring certain insurer to supervise or appoint entity to oversee compliance with statutes; requiring insurer to provide certain training program; establishing requirements for training program; prohibiting certain persons from holding out as licensed insurance producer; establishing procedures for billing and collection of certain premiums; requiring sworn application for self-service storage

1 insurance limited lines license be submitted to
2 Commissioner; specifying information required in
3 application; requiring license information be updated
4 within certain time period; establishing term for
5 self-service storage insurance license; requiring
6 certain persons to pay fee to Commissioner; providing
7 for codification; and providing an effective date.

8 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

9 SECTION 1. AMENDATORY 36 O.S. 2011, Section 1435.20, as
10 last amended by Section 1, Chapter 159, O.S.L. 2018 (36 O.S. Supp.
11 2018, Section 1435.20), is amended to read as follows:

12 Section 1435.20. A. A limited lines producer may receive
13 qualification for a license in one or more of the following
14 categories:

15 1. Prepaid legal liability insurance, which means the
16 assumption of an enforceable contractual obligation to provide
17 specified legal services or to reimburse policyholders for specified
18 legal expenses, pursuant to the provisions of a group or individual
19 policy;

20 2. Crop - insurance providing protection against damage to
21 crops from unfavorable weather conditions, fire or lightning, flood,
22 hail, insect infestation, disease or other yield-reducing conditions
23 or perils provided by the private insurance market, or that is
24 subsidized by the Federal Crop Insurance Corporation, including
Multi-Peril Crop Insurance;

1 3. Car rental - insurance offered, sold or solicited in
2 connection with and incidental to the rental of rental cars for a
3 period of two (2) years, whether at the rental office or by
4 preselection of coverage in master, corporate, group or individual
5 agreements that:

6 a. is nontransferable,

7 b. applies only to the rental car that is the subject of
8 the rental agreement, and

9 c. is limited to the following kinds of insurance:

10 (1) personal accident insurance for renters and other
11 rental car occupants, for accidental death or
12 dismemberment, and for medical expenses resulting
13 from an accident that occurs with the rental car
14 during the rental period,

15 (2) liability insurance that provides protection to
16 the renters and other authorized drivers of a
17 rental car for liability arising from the
18 operation or use of the rental car during the
19 rental period,

20 (3) personal effects insurance that provides coverage
21 to renters and other vehicle occupants for loss
22 of, or damage to, personal effects in the rental
23 car during the rental period,
24

- 1 (4) roadside assistance and emergency sickness
2 protection insurance, or
3 (5) any other coverage designated by the Insurance
4 Commissioner.

5 A car rental limited lines license issued to a rental or leasing
6 company shall authorize any employee or authorized representative of
7 the rental or leasing company to sell or offer coverage at each
8 location at which the rental or leasing company operates. Employees
9 or authorized representatives are not required to be individually
10 licensed;

11 4. Credit - credit life, credit disability, credit property,
12 credit unemployment, involuntary unemployment, mortgage life,
13 mortgage guaranty, mortgage disability, guaranteed automobile
14 protection insurance, or any other form of insurance offered in
15 connection with an extension of credit that is limited to partially
16 or wholly extinguishing that credit obligation and that is
17 designated by the Insurance Commissioner as limited line credit
18 insurance;

19 5. Surety - insurance or bond that covers obligations to pay
20 the debts of, or answer for the default of another, including
21 faithlessness in a position of public or private trust. For purpose
22 of limited line licensing, surety does not include surety bail
23 bonds; ~~and~~

24 6. Travel; and

1 7. Self-service insurance, pursuant to Section 2 of this act.

2 B. 1. An insurance producer or limited lines producer may
3 solicit applications for and issue travel accident policies or
4 baggage insurance by means of mechanical vending machines supervised
5 by the insurance producer or limited lines producer only if the
6 Insurance Commissioner shall determine that the form of policy to be
7 sold is reasonably suited for sale and issuance through vending
8 machines, that use of vending machines for the sale of policies
9 would be of convenience to the public, and that the type of vending
10 machine to be used is reasonably suitable and practical for the sale
11 and issuance of policies. Policies so sold do not have to be
12 countersigned.

13 2. The Commissioner shall issue to the insurance agent or
14 limited insurance representative a special vending machine license
15 for each such machine to be used. The license shall specify the
16 name and address of the insurer and licensee, the kind of insurance
17 and type of policy to be sold, and the place where the machine is to
18 be in operation. The license shall expire, be renewable, and be
19 suspended or revoked coincidentally with the insurance agent license
20 or limited representative license of the licensee. The license fee
21 for each vending machine shall be that stated in the provisions of
22 Section 1435.23 of this title. Proof of existence of the license
23 shall be displayed on or about each machine in such manner as the
24 Commissioner may reasonably require.

1 SECTION 2. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 1435.20a of Title 36, unless
3 there is created a duplication in numbering, reads as follows:

4 A. As used in this section:

5 1. "Self-service storage insurance" means personal property
6 insurance offered to occupants of a self-service storage facility in
7 connection with and incidental to the rental of space at the self-
8 service storage facility. Self-service storage insurance is limited
9 to coverage against the loss of or physical damage to personal
10 property that occurs on the premises of the self-service storage
11 facility or when the personal property is in transit to or from the
12 self-service storage facility during the period of the rental
13 agreement;

14 2. "Occupant" means a person, or his or her sublessee,
15 successor or assign, entitled to the use of the storage space at a
16 self-service storage facility under a rental agreement, to the
17 exclusion of others;

18 3. "Owner" means the owner, operator, lessor or sublessor of a
19 self-service storage facility, or any person authorized by him or
20 her to manage the facility or to receive rent from an occupant under
21 a rental agreement;

22 4. "Self-service storage facility" means any real property
23 designed and used for the purpose of renting or leasing individual
24

1 storage space to occupants who are to have access to such facility
2 for the purpose of storing and removing personal property;

3 5. "Supervising entity" means a business entity that is a
4 licensed insurer or insurance producer.

5 B. The owner of a self-service storage facility may sell,
6 solicit and offer coverage for self-service storage insurance.

7 C. An owner is required to hold a limited lines license,
8 pursuant to Section 1435.20 of Title 36 of the Oklahoma Statutes, to
9 sell, solicit or offer coverage for self-service storage insurance.

10 An owner is not required to be licensed solely to display and make
11 available brochures and other promotional materials created by or on
12 behalf of an authorized insurer or surplus lines insurer. A limited
13 lines license shall authorize any employee or authorized
14 representative of the owner to sell, solicit and offer coverage for
15 self-service storage insurance to occupants at each location at
16 which the owner conducts business.

17 D. An owner holding a limited lines license pursuant to Section
18 1435.20 of Title 36 of the Oklahoma Statutes is exempt from the
19 examination requirements in Section 1435.6 of Title 36 of the
20 Oklahoma Statutes and the continuing education requirements in
21 Section 1435.29 of Title 36 of the Oklahoma Statutes.

22 E. An owner or supervising entity shall maintain a registry of
23 agents of the owner at each self-service storage facility who are
24 engaged in selling, soliciting or offering self-service storage

1 insurance coverage under the authority of the limited lines license
2 of the owner.

3 F. Upon request by the Insurance Commissioner and with ten-
4 days' notice, the books and records of the owner regarding the self-
5 service storage insurance shall be open to examination by the
6 Insurance Commissioner during regular business hours of the
7 supervising entity.

8 G. At every location where self-service storage insurance is
9 offered, brochures or other written or electronic materials must be
10 made available to prospective purchasers which:

11 1. Disclose that self-service storage insurance may provide a
12 duplication of coverage already provided by a homeowner's insurance
13 policy, renter's insurance policy or other source of coverage of the
14 occupant;

15 2. State that the purchase of the self-service storage
16 insurance offered by the owner is not required in order to lease
17 storage space;

18 3. Provide:

- 19 a. the identity of the insurer,
20 b. the identity of the owner,
21 c. the process for filing a claim, and
22 d. that the insured may cancel the coverage at any time
23 and receive a refund of any applicable unearned
24 premium.

1 H. Each prospective purchaser of self-service storage insurance
2 shall be provided, prior to the time of sale, a copy of the policy
3 or certificate, as applicable.

4 I. Self-service storage insurance may be provided under an
5 individual, master, corporate, commercial or group insurance policy.

6 J. Self-service storage insurance rules, rates and forms are
7 subject to the provisions of Sections 1201 through 1219, Sections
8 309.1 through 309.7, and Section 1435.26 of Title 36 of the Oklahoma
9 Statutes.

10 K. The insurer issuing the self-service storage insurance shall
11 either directly supervise or appoint a supervising entity to oversee
12 compliance with applicable law. The insurer or supervising entity
13 shall provide a training program for employees and authorized
14 representatives of the owner that sell, solicit or offer self-
15 service storage insurance. The training required by this subsection
16 shall include each employee and authorized representative that
17 sells, solicits or offers self-service storage insurance receiving
18 basic instruction about the self-service storage insurance offered
19 to occupants and the disclosures required pursuant to subsection G
20 of this section.

21 L. No employee or authorized representative of an owner shall
22 advertise, represent or otherwise hold himself or herself out as a
23 licensed insurance producer, unless so licensed.

1 M. The premium for self-service storage insurance coverage may
2 be billed and collected by the owner. The premium for the coverage
3 shall be separately itemized on the bill of the occupant. All
4 premiums received by an owner for the sale of self-service storage
5 insurance shall be considered funds held by the owner in a fiduciary
6 capacity for the benefit of the insurer. An owner billing and
7 collecting charges for self-service storage insurance shall not be
8 required to maintain the funds in a segregated account provided that
9 the owner is authorized by the insurer or supervising entity to hold
10 the funds in an alternative manner and to remit the amounts to the
11 supervising entity or insurer within sixty (60) days of receipt.
12 Owners may receive compensation for billing and collection services.

13 N. A sworn application for a self-service storage insurance
14 limited lines license provided for in Section 1435.20 of Title 36 of
15 the Oklahoma Statutes shall be made to and filed with the Insurance
16 Commissioner on forms prescribed and furnished by the Insurance
17 Commissioner.

18 O. The application for licensure shall provide the name,
19 residence address, principal place of business, facilities covered
20 by the license, authorized representatives and other information
21 required by the Insurance Commissioner for the owner and the
22 licensed producer that is designated by the applicant as the person
23 supervising compliance with the requirements of this section. Such
24 information shall be updated within thirty (30) days of any change.

1 The licensed producer that is designated by the applicant does not
2 need to own or be employed by the owner.

3 P. Limited lines licenses for self-service storage insurance
4 shall be valid for a period of twenty-four (24) months.

5 Q. Each owner licensed pursuant to this section shall pay to
6 the Insurance Commissioner a fee as prescribed by the Insurance
7 Commissioner.

8 SECTION 3. This act shall become effective November 1, 2019.

9
10 57-1-1989 CB 2/25/2019 10:23:17 AM

11
12
13
14
15
16
17
18
19
20
21
22
23
24