

An Act

ENROLLED SENATE
BILL NO. 886

By: Montgomery of the Senate

and

McEntire of the House

An Act relating to limited lines insurance; amending 36 O.S. 2011, Section 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 insurance limited lines license be submitted to Commissioner; specifying information required in application; requiring license information be updated within certain time period; establishing term for self-service storage insurance license; requiring certain persons to pay fee to Commissioner; providing for codification; and providing an effective date.

SUBJECT: Limited lines insurance

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

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

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

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

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

3. Car rental - insurance offered, sold or solicited in connection with and incidental to the rental of rental cars for a period of two (2) years, whether at the rental office or by

preselection of coverage in master, corporate, group or individual agreements that:

- a. is nontransferable,
- b. applies only to the rental car that is the subject of the rental agreement, and
- c. is limited to the following kinds of insurance:
 - (1) personal accident insurance for renters and other rental car occupants, for accidental death or dismemberment, and for medical expenses resulting from an accident that occurs with the rental car during the rental period,
 - (2) liability insurance that provides protection to the renters and other authorized drivers of a rental car for liability arising from the operation or use of the rental car during the rental period,
 - (3) personal effects insurance that provides coverage to renters and other vehicle occupants for loss of, or damage to, personal effects in the rental car during the rental period,
 - (4) roadside assistance and emergency sickness protection insurance, or
 - (5) any other coverage designated by the Insurance Commissioner.

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

4. Credit - credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life,

mortgage guaranty, mortgage disability, guaranteed automobile protection insurance, or any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation and that is designated by the Insurance Commissioner as limited line credit insurance;

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

6. Travel; and

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

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

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

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

A. As used in this section:

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

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

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

4. "Self-service storage facility" means any real property designed and used for the purpose of renting or leasing individual storage space to occupants who are to have access to such facility for the purpose of storing and removing personal property;

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

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

C. An owner is required to hold a limited lines license, pursuant to Section 1435.20 of Title 36 of the Oklahoma Statutes, to sell, solicit or offer coverage for self-service storage insurance. An owner is not required to be licensed solely to display and make

available brochures and other promotional materials created by or on behalf of an authorized insurer or surplus lines insurer. A limited lines license shall authorize any employee or authorized representative of the owner to sell, solicit and offer coverage for self-service storage insurance to occupants at each location at which the owner conducts business.

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

E. An owner or supervising entity shall maintain a registry of agents of the owner at each self-service storage facility who are engaged in selling, soliciting or offering self-service storage insurance coverage under the authority of the limited lines license of the owner.

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

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

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

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

3. Provide:

- a. the identity of the insurer,

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

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

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

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

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

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

M. The premium for self-service storage insurance coverage may be billed and collected by the owner. The premium for the coverage shall be separately itemized on the bill of the occupant. All premiums received by an owner for the sale of self-service storage insurance shall be considered funds held by the owner in a fiduciary capacity for the benefit of the insurer. An owner billing and

collecting charges for self-service storage insurance shall not be required to maintain the funds in a segregated account provided that the owner is authorized by the insurer or supervising entity to hold the funds in an alternative manner and to remit the amounts to the supervising entity or insurer within sixty (60) days of receipt. Owners may receive compensation for billing and collection services.

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

O. The application for licensure shall provide the name, residence address, principal place of business, facilities covered by the license, authorized representatives and other information required by the Insurance Commissioner for the owner and the licensed producer that is designated by the applicant as the person supervising compliance with the requirements of this section. Such information shall be updated within thirty (30) days of any change. The licensed producer that is designated by the applicant does not need to own or be employed by the owner.

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

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

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

Passed the Senate the 12th day of March, 2019.

Presiding Officer of the Senate

Passed the House of Representatives the 24th day of April, 2019.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____