

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   1st Session of the 57th Legislature (2019)

4   ENGROSSED SENATE  
5   BILL NO. 886

By: Montgomery of the Senate

and

McEntire of the House

6  
7  
8  
9       An Act relating to limited lines insurance; amending  
10      36 O.S. 2011, Section 1435.20, as last amended by  
11      Section 1, Chapter 159, O.S.L. 2018 (36 O.S. Supp.  
12      2018, Section 1435.20), which relates to limited  
13      lines producers; adding self-storage facility  
14      insurance to list of limited lines producer licenses;  
15      defining terms; authorizing owner of a self-service  
16      storage facility to sell, solicit and offer coverage  
17      for self-service storage insurance; requiring owner  
18      to hold certain license; providing limited exception  
19      to license requirement; requiring licensee to  
20      authorize certain persons to offer self-service  
21      storage insurance at certain locations; exempting  
22      certain limited lines licensee from examination and  
23      continuing education requirements; requiring owner of  
24      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

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

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

11 SECTION 1. AMENDATORY 36 O.S. 2011, Section 1435.20, as  
12 last amended by Section 1, Chapter 159, O.S.L. 2018 (36 O.S. Supp.  
13 2018, Section 1435.20), is amended to read as follows:

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

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

22 2. Crop - insurance providing protection against damage to  
23 crops from unfavorable weather conditions, fire or lightning, flood,  
24 hail, insect infestation, disease or other yield-reducing conditions  
or perils provided by the private insurance market, or that is

1 subsidized by the Federal Crop Insurance Corporation, including  
2 Multi-Peril Crop Insurance;

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

8 a. is nontransferable,

9 b. applies only to the rental car that is the subject of  
10 the rental agreement, and

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

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

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

22 (3) personal effects insurance that provides coverage  
23 to renters and other vehicle occupants for loss  
24

1 of, or damage to, personal effects in the rental  
2 car during the rental period,

3 (4) roadside assistance and emergency sickness  
4 protection insurance, or

5 (5) any other coverage designated by the Insurance  
6 Commissioner.

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

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

21 5. Surety - insurance or bond that covers obligations to pay  
22 the debts of, or answer for the default of another, including  
23 faithlessness in a position of public or private trust. For purpose  
24

1 of limited line licensing, surety does not include surety bail  
2 bonds; ~~and~~

3 6. Travel; and

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

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

17 2. The Commissioner shall issue to the insurance agent or  
18 limited insurance representative a special vending machine license  
19 for each such machine to be used. The license shall specify the  
20 name and address of the insurer and licensee, the kind of insurance  
21 and type of policy to be sold, and the place where the machine is to  
22 be in operation. The license shall expire, be renewable, and be  
23 suspended or revoked coincidentally with the insurance agent license  
24 or limited representative license of the licensee. The license fee

1 for each vending machine shall be that stated in the provisions of  
2 Section 1435.23 of this title. Proof of existence of the license  
3 shall be displayed on or about each machine in such manner as the  
4 Commissioner may reasonably require.

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

8 A. As used in this section:

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

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

22 3. "Owner" means the owner, operator, lessor or sublessor of a  
23 self-service storage facility, or any person authorized by him or  
24

1 her to manage the facility or to receive rent from an occupant under  
2 a rental agreement;

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

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

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

11 C. An owner is required to hold a limited lines license,  
12 pursuant to Section 1435.20 of Title 36 of the Oklahoma Statutes, to  
13 sell, solicit or offer coverage for self-service storage insurance.  
14 An owner is not required to be licensed solely to display and make  
15 available brochures and other promotional materials created by or on  
16 behalf of an authorized insurer or surplus lines insurer. A limited  
17 lines license shall authorize any employee or authorized  
18 representative of the owner to sell, solicit and offer coverage for  
19 self-service storage insurance to occupants at each location at  
20 which the owner conducts business.

21 D. An owner holding a limited lines license pursuant to Section  
22 1435.20 of Title 36 of the Oklahoma Statutes is exempt from the  
23 examination requirements in Section 1435.6 of Title 36 of the  
24

1 Oklahoma Statutes and the continuing education requirements in  
2 Section 1435.29 of Title 36 of the Oklahoma Statutes.

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

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

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

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

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

23 3. Provide:

24 a. the identity of the insurer,



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

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

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

11       J.   Self-service storage insurance rules, rates and forms are  
12 subject to the provisions of Sections 1201 through 1219, Sections  
13 309.1 through 309.7, and Section 1435.26 of Title 36 of the Oklahoma  
14 Statutes.

15       K.   The insurer issuing the self-service storage insurance shall  
16 either directly supervise or appoint a supervising entity to oversee  
17 compliance with applicable law. The insurer or supervising entity  
18 shall provide a training program for employees and authorized  
19 representatives of the owner that sell, solicit or offer self-  
20 service storage insurance. The training required by this subsection  
21 shall include each employee and authorized representative that  
22 sells, solicits or offers self-service storage insurance receiving  
23 basic instruction about the self-service storage insurance offered  
24

1 to occupants and the disclosures required pursuant to subsection G  
2 of this section.

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

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

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

23 O. The application for licensure shall provide the name,  
24 residence address, principal place of business, facilities covered

1 by the license, authorized representatives and other information  
2 required by the Insurance Commissioner for the owner and the  
3 licensed producer that is designated by the applicant as the person  
4 supervising compliance with the requirements of this section. Such  
5 information shall be updated within thirty (30) days of any change.  
6 The licensed producer that is designated by the applicant does not  
7 need to own or be employed by the owner.

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

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

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

14  
15 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 04/02/2019 - DO  
16 PASS.  
17  
18  
19  
20  
21  
22  
23  
24