

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 SENATE BILL NO. 886

By: Montgomery

6 AS INTRODUCED

7 An Act relating to limited lines insurance; amending
8 36 O.S. 2011, Sections 1435.20, as last amended by
9 Section 1, Chapter 159, O.S.L. 2018 (36 O.S. Supp.
10 2018, Section 1435.20), which relates to limited
11 lines producers; adding self-storage facility
12 insurance to list of limited lines producer licenses;
13 defining terms; requiring limited lines license to
14 sell or offer self-service storage insurance;
15 providing exception to licensing; providing exception
16 from examination and continuing education
17 requirements; authorizing certain additional persons
18 to work under licensee; requiring registry of
19 locations authorized to sell certain insurance;
20 authorizing inspection of certain registry upon
21 request and notice by Insurance Commissioner;
22 requiring certain written materials be offered to
23 customers; providing required information for
24 materials; authorizing types of policy self-storage
insurance may be offered under; requiring certain
standards be developed for self-storage insurance;
providing certain exception to licensure as an
insurance producer; requiring certain supervision and
training; providing certain training parameters;
prohibiting certain persons from claiming licensure;
proscribing billing practices for owner of self-
storage facility licensed to sell insurance;
authorizing compensation for billing and collection
services; establishing terms for violations of act;
requiring certain application for licensing;
establishing procedures for application; authorizing
certain licensing fees; providing for codification;
and providing an effective date.

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

2 SECTION 1. AMENDATORY 36 O.S. 2011, Section 1435.20, as
3 last amended by Section 1, Chapter 159, O.S.L. 2018 (36 O.S. Supp.
4 2018, Section 1435.20), is amended to read as follows:

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

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

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

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

24 a. is nontransferable,

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

22 A car rental limited lines license issued to a rental or leasing
23 company shall authorize any employee or authorized representative of
24 the rental or leasing company to sell or offer coverage at each

1 location at which the rental or leasing company operates. Employees
2 or authorized representatives are not required to be individually
3 licensed;

4 4. Credit - credit life, credit disability, credit property,
5 credit unemployment, involuntary unemployment, mortgage life,
6 mortgage guaranty, mortgage disability, guaranteed automobile
7 protection insurance, or any other form of insurance offered in
8 connection with an extension of credit that is limited to partially
9 or wholly extinguishing that credit obligation and that is
10 designated by the Insurance Commissioner as limited line credit
11 insurance;

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

17 6. Travel; and

18 7. Self-storage facility insurance, pursuant to Sections 2
19 through 7 of this act.

20 B. 1. An insurance producer or limited lines producer may
21 solicit applications for and issue travel accident policies or
22 baggage insurance by means of mechanical vending machines supervised
23 by the insurance producer or limited lines producer only if the
24 Insurance Commissioner shall determine that the form of policy to be

1 sold is reasonably suited for sale and issuance through vending
2 machines, that use of vending machines for the sale of policies
3 would be of convenience to the public, and that the type of vending
4 machine to be used is reasonably suitable and practical for the sale
5 and issuance of policies. Policies so sold do not have to be
6 countersigned.

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

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

23 1. "Commissioner" means the Insurance Commissioner;
24

1 2. "Location" means any physical location in the state or any
2 website, call center site or similar location directed to residents
3 of the state;

4 3. "Occupant" means a person, or his sublessee, successor or
5 assign, entitled to the use of the storage space at a self-service
6 storage facility under a rental agreement, to the exclusion of all
7 others;

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

12 5. "Personal property" means movable property not affixed to
13 land and includes, but is not limited to, goods, merchandise and
14 household items;

15 6. "Self-service storage insurance" means personal property
16 insurance offered in connection with and incidental to the rental of
17 a storage space at a self-service storage facility for the loss of
18 or damage to personal property that occurs at the self-service
19 storage facility or when such property is in transit to or from that
20 facility during the period of the rental agreement;

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

1 8. "Supervising entity" means a business entity that is a
2 licensed insurer or insurance producer.

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

6 A. An owner shall be required to hold a limited lines license
7 to sell or offer coverage for self-service storage insurance. An
8 owner is not required to be licensed solely to display and make
9 available brochures and other promotional materials created by or on
10 behalf of an authorized insurer or a surplus lines insurer to
11 occupants and prospective occupants.

12 B. An owner who holds a limited lines license to sell or offer
13 coverage for self-service storage insurance shall be exempt from the
14 examination requirements in Section 1435.6 of Title 36 of the
15 Oklahoma Statutes and the continuing education requirements in
16 Section 1435.29 of Title 36 of the Oklahoma Statutes.

17 C. A limited lines license issued pursuant to this section
18 shall authorize any employee or authorized representative of the
19 owner to sell, solicit and offer coverage for self-service storage
20 insurance to an occupant at each location at which the owner
21 conducts business.

22 D. The supervising entity shall maintain a registry of owner
23 locations which are authorized to sell, solicit or offer self-
24 service storage insurance coverage in this state. Upon request by

1 the Insurance Commissioner, the registry shall be open to inspection
2 and examination by the Insurance Commissioner during regular
3 business hours of the supervising entity, provided that at least ten
4 (10) days notice from the Commissioner is given to the supervising
5 entity.

6 SECTION 4. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 1435.20c of Title 36, unless
8 there is created a duplication in numbering, reads as follows:

9 A. At every location where self-service storage insurance is
10 offered to occupants, brochures or other written or electronic
11 materials shall be made available to a prospective occupant which:

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

16 2. State that the enrollment by the occupant in the self-
17 service storage insurance program offered by the owner is not
18 required in order to lease storage space;

19 3. Provide the terms of the insurance coverage, or summarize
20 the material terms of the insurance coverage, including:

21 a. the identity of the insurer,
22 b. the identity of the supervising entity,
23 c. the amount of any applicable deductible and the
24 payment process,

1 d. benefits of the coverage, and

2 e. key terms and conditions of coverage;

3 4. Summarize the process for filing a claim; and

4 5. State that the occupant may cancel enrollment for coverage
5 under a self-service storage insurance program at any time and the
6 person paying the premium shall receive a refund or credit of any
7 applicable unearned premium refund.

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

11 C. Eligibility and underwriting standards for occupants
12 electing to enroll in coverage shall be established for each self-
13 service storage insurance program.

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

17 A. The employees and authorized representatives of the owner
18 may sell, solicit, and offer self-service storage insurance to
19 occupants and shall not be subject to licensure as an insurance
20 producer pursuant to Section 2 of this act if:

21 1. The owner obtains a limited lines license to authorize its
22 employees and authorized representatives to sell, solicit, and offer
23 self-service storage insurance pursuant to Section 2 of this act;

1 2. The insurer issuing the self-service storage insurance
2 either directly supervises or appoints a supervising entity to
3 supervise the administration of the program including development of
4 a training program for employees and authorized representatives of
5 the owners. The training required by this paragraph shall comply
6 with the following:

7 a. the training shall be delivered to employees and
8 authorized representatives of an owner who are
9 directly engaged in the activity of selling,
10 soliciting, or offering self-service storage
11 insurance,

12 b. the training may be provided in electronic form. If
13 conducted in an electronic form, the supervising
14 entity shall implement a supplemental education
15 program regarding self-service storage insurance that
16 is conducted and overseen by licensed employees of the
17 supervising entity, and

18 c. each employee and authorized representative shall
19 receive basic instruction about the self-service
20 storage insurance offered to occupants and the
21 disclosures required pursuant to Section 3 of this
22 act.

1 B. No employee or authorized representative of an owner shall
2 advertise, represent or otherwise hold himself or herself out as a
3 non-limited lines licensed insurance producer, unless so licensed.

4 C. The charges for self-service storage insurance coverage may
5 be billed and collected by the owner. Any charge to the occupant
6 for coverage that is not included in the cost associated with the
7 lease of storage space shall be separately itemized on the
8 occupant's bill. If the coverage is included with the lease of
9 storage space, the owner shall clearly and conspicuously disclose to
10 the occupant that the coverage is included. Owners billing and
11 collecting these charges shall not be required to maintain the funds
12 in a segregated account provided that the owner is authorized by the
13 insurer or supervising entity to hold the funds in an alternative
14 manner and to remit the amounts to the supervising entity within
15 sixty (60) days of receipt. All premiums received by an owner from
16 an occupant for the sale of self-service storage insurance shall be
17 considered funds held by the owner in a fiduciary capacity for the
18 benefit of the insurer. Owners may receive compensation for billing
19 and collection services.

20 SECTION 6. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 1435.20e of Title 36, unless
22 there is created a duplication in numbering, reads as follows:
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1 If an owner or an employee, authorized representative or
2 supervising entity violates any provision of this act, the Insurance
3 Commissioner may:

4 1. After notice and hearing, impose fines not to exceed Five
5 Hundred Dollars (\$500.00) per violation or Five Thousand Dollars
6 (\$5,000.00) in the aggregate for such conduct; or

7 2. After notice and hearing, impose other penalties that the
8 Commissioner deems necessary and reasonable to carry out the purpose
9 of this act, including:

10 a. suspending the privilege of transacting self-service
11 storage insurance at specific business locations where
12 violations have occurred, and

13 b. suspending or revoking the ability of individual
14 employees or authorized representatives to act under
15 the license.

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

19 A. A sworn application for the license provided for in Section
20 1435.7 of this Title 36 of the Oklahoma Statutes shall be made to
21 and filed with the Insurance Commissioner on forms prescribed and
22 furnished by the Insurance Commissioner.

23 B. The application shall:
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1 1. Provide the name, residence address and other information
2 required by the Insurance Commissioner for an employee or officer of
3 the owner that is designated by the applicant as the person
4 responsible for the owner's compliance and update such information
5 within thirty (30) days of a change in the same. The person
6 responsible for the owner's compliance with the licensing
7 requirements need not be a licensed insurance producer. If the
8 owner derives more than fifty percent (50%) of its revenue from the
9 sale of self-service storage insurance, the information required in
10 this subparagraph shall be provided for all officers, directors, and
11 shareholders of record having beneficial ownership of ten percent
12 (10%) or more of any class of securities registered under the
13 federal securities law; and

14 2. Specify the location of the applicant's home office.

15 C. Initial licenses issued shall be valid for a period of
16 twenty-four (24) months.

17 D. Each owner licensed pursuant to this act shall pay to the
18 Insurance Commissioner a fee as prescribed by the Insurance
19 Commissioner but in no event shall the fee exceed One Hundred
20 Dollars (\$100.00) for an initial self-service storage insurance
21 limited lines license and Fifty Dollars (\$50.00) for each renewal
22 thereof.

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

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