

**CHAPTER 59****( HB 357 )**

AN ACT relating to self-service storage space insurance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 304.9-230 is amended to read as follows:

- (1) The commissioner may issue, in accordance with KRS 304.9-080, an agent's license with the limited line of authority as follows:
  - (a) Surety;
  - (b) Travel;
  - (c) Limited line credit;
  - (d) Crop;
  - (e) Rental vehicle; ~~{or}~~
  - (f) ***Self-service storage space; or***
  - (g) Other limited lines, as specified by the commissioner through the promulgation of administrative regulations.
- (2) The commissioner shall promulgate administrative regulations to establish the requirements, if any, for prelicensing courses of instruction and examination for each limited line of authority.
- (3) On and after July 15, 2002, the commissioner shall not issue an agent license with a limited line of authority for motor vehicle physical damage or for mechanical breakdown insurance. However, an agent license with a limited line of authority for motor vehicle physical damage or for mechanical breakdown insurance in effect on July 15, 2002, shall continue in effect until surrendered or otherwise terminated in accordance with this subtitle.

➔SECTION 2. A NEW SECTION OF SUBTITLE 9 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

(1) ***For the purposes of Sections 2 to 4 of this Act:***

(a) ***"Limited lines self-service storage space producer" means a:***

1. ***Licensed managing general agent which has the same meaning as "managing general agent" in KRS 304.9-085(1);***
2. ***Licensed agent which has the same meaning as "agent" in KRS 304.9-020; or***
3. ***Limited lines self-service storage space insurance agent licensed pursuant to Section 1 of this Act;***

***designated by the insurer as the self-service storage space insurance supervising entity;***

- (b) ***"Occupant" has the same meaning as in KRS 359.200;***
- (c) ***"Offering and disseminating" means providing general information relating to the self-service storage space insurance offered, including a description of the coverage and price, receiving applications and premiums, and performing other activities permitted by the department which do not require a license;***
- (d) ***"Operator" has the same meaning as in KRS 359.200;***
- (e) ***"Personal property" has the same meaning as in KRS 359.200;***
- (f) ***"Self-service storage facility" has the same meaning as in KRS 359.200; and***
- (g) ***"Self-service storage space insurance" means insurance that provides primary coverage to an occupant of a self-service storage facility space for the loss of or damage to tangible personal***

*property that is contained in a self-service storage space, but does not include a homeowner's policy, renter's insurance policy, a private passenger motor vehicle insurance policy, or an insurance policy that provides coverage similar to the insurance provided by this subparagraph.*

➔SECTION 3. A NEW SECTION OF SUBTITLE 9 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

- (1) *An operator of a self-service storage facility may offer and disseminate insurance for personal property located within a leased space at a self-service storage facility on behalf of and under the control of a limited lines self-service storage space insurance producer only if the limited lines self-service storage space insurance producer complies with the following:*
  - (a) *The limited lines self-service storage space insurance producer is clearly identified, including the entity's name and contact information on marketing materials and fulfillment packages distributed by self-service storage facility operators to customers;*
  - (b) *At the time of licensure, the limited lines self-service storage space insurance producer shall establish and maintain a register on a form, prescribed by the commissioner, of each facility that offers self-service storage space insurance on the limited lines self-service storage space insurance producer's behalf. The register shall be maintained and updated annually by the limited lines self-service storage space insurance producer and shall include the name, address, contact information, and Federal Employment Identification Number of the operator and the name, address, and contact information of any officer or person employed by the operator who directs or controls the self-service storage facility operations. The limited lines self-service storage space insurance producer shall submit the register upon request from the commissioner. The limited lines self-service storage space insurance producer shall also certify that it complies with 18 U.S.C. sec. 1033;*
  - (c) *The limited lines self-service storage space insurance producer has designated one (1) of its employees as a licensed individual responsible for the business entity's compliance with Sections 2 to 4 of this Act and the insurance laws, rules, and administrative regulations of the state; and*
  - (d) *The limited lines self-service storage space insurance producer requires each employee of the operator whose duties include offering and disseminating insurance to receive a program of instruction or training, which may be subject to review by the commissioner. The training material shall, at a minimum, contain instructions on the types of insurance offered, ethical sales practices, and required disclosures to prospective customers.*
- (2) *Notwithstanding KRS 304.9-421 and 304.9-425, a self-service storage facility operator, including its employees, whose activities relating to insurance are limited to offering and disseminating insurance on behalf of and under the direction of a limited lines self-service storage space insurance producer meeting the conditions as set forth in this section may offer and disseminate insurance.*
- (3) *As the insurer's designee, the limited lines self-service storage space insurance producer is responsible for the acts of the self-service storage space operator.*

➔SECTION 4. A NEW SECTION OF SUBTITLE 9 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

*Self-service storage space insurance shall not be transacted under this subtitle at any location unless the following consumer protection disclosures are made in writing that meets the readability standards set forth in KRS 304.14-440 and the administrative regulations promulgated thereunder prior to the sale of self-service storage space insurance:*

- (1) *A clear and concise description of the material terms and conditions of the coverage, including a description of exclusions;*
- (2) *A description of the process for filing a claim and a toll free telephone number for reporting a claim;*
- (3) *A statement that the coverage offered by the self-service storage space insurance rental agreement may be a duplication of coverage already provided by an occupant's other source of property coverage;*
- (4) *A statement that if insurance is required as a condition of an operator's rental agreement with an occupant, the requirement may be satisfied by the customer's:*
  - (a) *Purchase of self-service storage space insurance that is offered or disseminated by the self-storage facility; or*

- (b) Presentation to the self-storage facility of evidence of other applicable insurance coverage;*
- (5) The name and address of the underwriting insurer;*
- (6) A separate itemization of all costs for the self-service storage space insurance;*
- (7) Confirmation that the insurer underwriting coverage is authorized to transact insurance in Kentucky; and*
- (8) A statement that the self-service storage space insurance is primary coverage over any other coverage, which may be made available to the occupant, covering the same loss.*

**Signed by Governor April 8, 2014.**