

1 **SENATE FLOOR VERSION**

2 February 25, 2019

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 886

6 By: Montgomery of the Senate

7 and

8 McEntire of the House

9 An Act relating to limited lines insurance; amending
10 36 O.S. 2011, Sections 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 insurance, pursuant to Section 2 of this act.

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

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

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

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

7 A. As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

21 3. Provide:

- 22 a. the identity of the insurer,
- 23 b. the identity of the owner,
- 24 c. the process for filing a claim, and

1 d. that the insured may cancel the coverage at any time
2 and receive a refund of any applicable unearned
3 premium.

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

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

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

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

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

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

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

21 O. The application for licensure shall provide the name,
22 residence address, principal place of business, facilities covered
23 by the license, authorized representatives and other information
24 required by the Insurance Commissioner for the owner and the

1 licensed producer that is designated by the applicant as the person
2 supervising compliance with the requirements of this section. Such
3 information shall be updated within thirty (30) days of any change.
4 The licensed producer that is designated by the applicant does not
5 need to own or be employed by the owner.

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

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

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

12 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
13 February 25, 2019 - DO PASS AS AMENDED and withdrawn from second
14 committee

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