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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

RELATING TO INSURANCE -- SELF-SERVICE STORAGE INSURANCE

Introduced By: Representative Jacquelyn M. Baginski

Date Introduced: April 29, 2022

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 2.8

4 SELF-SERVICE STORAGE INSURANCE

5 **27-2.8-1. Definitions.**

6 For purposes of this section, the following terms shall have the following meanings:

7 (1) "Commissioner" means the definition prescribed by § 42-14-5;

8 (2) "Location" means any physical location in the State of Rhode Island or any website,
9 call center site or similar location directed to residents of the State of Rhode Island;

10 (3) "Occupant" means a person, or his or her sublessee, successor, or assign, who is entitled
11 to the use of storage space at a self-service storage facility under a rental agreement, to the exclusion
12 of others;

13 (4) "Owner" means a person or business entity, whether a resident or non-resident of this
14 state, that is the proprietor, operator, lessor, or sublessor of a self-service storage facility, an agent
15 of any of the foregoing, or any other person or business entity authorized to manage the facility or
16 to receive rent from an occupant under a rental agreement.

17 (5) "Personal property" means movable property not affixed to land.

18 (6) "Rental agreement" means any written agreement or lease that establishes or modifies
19 the terms, conditions, rules, or any other provisions concerning the use and occupancy of storage

1 space at a self-service storage facility.

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

5 (8) "Self-service storage insurance" means personal property insurance offered in
6 connection with and incidental to the rental of storage space at a self-service storage facility and
7 which provides coverage to occupants for the loss of or damage to personal property occurring at
8 the facility or when the property is in transit to or from the facility during the period of the rental
9 agreement.

10 (9) "Supervising entity" means a business entity that is a licensed insurer or insurance
11 producer that is authorized by an insurer to supervise the administration of a self-service storage
12 insurance program.

13 **27-2.8-2. Licensure exemption for owners.**

14 (a) An owner and its authorized representatives and employees may sell, solicit, and offer
15 self-service storage insurance coverage without obtaining an insurance producer license provided
16 that the requirements of this chapter are met.

17 (b) The supervising entity shall maintain a registry of owner locations at which self-service
18 storage insurance is sold, solicited, or offered in this state. Upon request by the commissioner and
19 with ten (10) days' notice to the supervising entity, the registry shall be open to inspection and
20 examination by the commissioner during regular business hours of the supervising entity.

21 **27-2.8-3. Requirements for sale of self-service storage insurance.**

22 (a) At every location where self-service storage insurance is offered to occupants,
23 brochures or other written or electronic materials must be made available which:

24 (1) Disclose that self-service storage insurance may provide a duplication of coverage
25 already provided by a homeowner's insurance policy, renter's insurance policy or other source of
26 coverage;

27 (2) State that the enrollment in the self-service storage insurance program offered by the
28 owner is not required in order to lease storage space at the self-service storage facility;

29 (3) Provide the actual terms of the insurance coverage, or summarize the material terms of
30 the insurance coverage, including:

31 (i) The identity of the insurer;

32 (ii) The identity of the supervising entity;

33 (iii) The amount of any applicable deductible and how it is to be paid;

34 (iv) Benefits of the coverage; and

1 (v) Key terms and conditions of coverage.
2 (4) Summarize the process for filing a claim; and
3 (5) State that an occupant may cancel enrollment for self-service storage insurance
4 coverage at any time and the person paying the premium shall receive a refund of any applicable
5 unearned premium.

6 (b) Self-service storage insurance may be provided under a commercial, corporate, group,
7 or master policy.

8 **27-2.8-4. Authority of owners.**

9 (a) The employees and authorized representatives of owners may sell, solicit, and offer
10 self-service storage insurance and shall not be subject to licensure as an insurance producer under
11 this title provided that:

12 (1) The insurer issuing the self-service storage insurance either directly supervises or
13 appoints a supervising entity to supervise the administration of the program including development
14 and implementation of a training program for employees and authorized representatives of the
15 owners who are directly engaged in the activity of selling, soliciting, or offering self-service storage
16 insurance. The training required by this subsection shall comply with the following:

17 (i) The training shall be delivered to employees and authorized representatives of owners
18 who are directly engaged in the activity of selling, soliciting, or offering self-service storage
19 insurance;

20 (ii) The training may be provided in electronic form. The supervising entity shall
21 implement a system to monitor whether the electronic training has been taken by all relevant
22 employees; and

23 (iii) Each employee and authorized representative shall receive basic instruction about the
24 self-service storage insurance offered and the disclosures required under § 27-2.8-3(a).

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

27 (b) Notwithstanding any other provision of law, employees or authorized representatives
28 of an owner shall not be compensated based primarily on the number of occupants enrolled for self-
29 service storage insurance coverage but may receive compensation for self-service storage insurance
30 which is incidental to their overall compensation.

31 (c) The charges for self-service storage insurance coverage may be billed and collected by
32 the owner. Any charge for the self-service storage insurance coverage that is not included in the
33 cost associated with the lease of storage space at the self-service storage facility shall be separately
34 itemized on the occupant's bill. If the self-service storage insurance coverage is included in the cost

1 associated with the lease of storage space at the self-service storage facility, the owner shall clearly
2 and conspicuously disclose to the occupant that the self-service storage insurance coverage is
3 included in the cost associated with the lease of storage space at the self-service storage facility.
4 Owners billing and collecting such charges shall not be required to maintain such funds in a
5 segregated account; provided that, the owner is authorized by the insurer or supervising entity to
6 hold such funds in an alternative manner and remits the premiums to the insurer or supervising
7 entity within sixty (60) days of receipt. All premiums received by an owner from an occupant for
8 the sale of self-service storage insurance shall be considered funds held by the owner in a fiduciary
9 capacity for the benefit of the insurer. Owners may receive compensation for billing and collection
10 services.

11 **27-2.8-5. Penalties.**

12 If an owner or its employee or authorized representative violates any provision of this
13 section, the commissioner, after notice and opportunity for a hearing, may impose any penalty as
14 appropriate pursuant to § 42-14-16.

15 SECTION 2. This act shall take effect on January 1, 2023.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO INSURANCE -- SELF-SERVICE STORAGE INSURANCE

1 This act would create a legal framework for regulating self-service storage insurance in
2 this state. It would declare that the sale, solicitation or offer of self-service storage insurance, as
3 defined, would not require an insurance producer license.

4 This act would take effect on January 1, 2023.

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