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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 177

01/14/2015 Authored by Sanders, Halverson, Hoppe, Ward and Atkins

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to insurance; regulating self-service storage insurance agents; proposing
1.3 coding for new law in Minnesota Statutes, chapter 60K.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. [60K.382] SALE OF SELF-STORAGE INSURANCE; LICENSING
1.6 OF AGENTS.

1.7 Subdivision 1. Definitions. (a) For purposes of this section, the terms defined in
1.8 this subdivision have the meanings given.

1.9 (b) "Occupant" means a person or the person's sublessee, successor, or assignee
1.10 who is entitled to the use of a leased space or spaces at a self-service storage facility, to
1.11 the exclusion of others.

1.12 (c) "Owner" means the owner or the owner's managing agent of a self-service
1.13 storage facility.

1.14 (d) "Personal property" means movable property that is not affixed to land and
1.15 includes:

- 1.16 (1) goods, wares, merchandise, household items, and furnishings;
1.17 (2) vehicles, motor vehicles, trailers, and semitrailers; and
1.18 (3) watercraft and motorized watercraft.

1.19 (e) "Self-service storage agent" means an owner who is licensed under this section.

1.20 (f) "Self-service storage facility" means any real property that is used for renting or
1.21 leasing storage space in which the occupants themselves customarily store and remove
1.22 personal property on a self-service basis.

1.23 Subd. 2. Self-service storage agents; license. (a) The commissioner may issue a
1.24 self-service storage agent license to an owner who has complied with the requirements

2.1 of this section, authorizing the owner to offer or to sell the kinds of insurance prescribed
2.2 in this section in connection with and incidental to the rental of space at a self-service
2.3 storage facility.

2.4 (b) An applicant for a self-service storage agent license shall file a written application
2.5 in a form prescribed by the commissioner. The application must specify all locations in
2.6 this state at which the self-service storage agent may conduct business under the license. A
2.7 self-service storage agent is not required to have an individual licensee in each self-service
2.8 storage facility or place where insurance is transacted. The self-service storage agent shall
2.9 notify the commissioner within 30 days after commencing business under the self-service
2.10 storage agent's license at any additional locations in this state or of any locations in this
2.11 state at which the self-service storage agent has ceased to do business under the license.

2.12 (c) A self-service storage agent may offer or sell insurance only in connection with
2.13 and incidental to the rental of space at a self-service storage facility as an individual
2.14 policy issued to an individual or as a group policy and only with respect to personal
2.15 property insurance that provides coverage to occupants at the self-service storage facility
2.16 at which the insurance is transacted, for the loss of or damage to stored personal property
2.17 that occurs at that facility.

2.18 (d) A self-service storage agent shall not offer or sell insurance under this section
2.19 unless:

2.20 (1) the self-service storage agent makes readily available to the prospective occupant
2.21 brochures or other written materials that:

2.22 (i) summarize the material terms of insurance coverage offered to occupants,
2.23 including the identity of the insurer, premium amount, benefits, exclusions, and conditions;

2.24 (ii) disclose that the policies offered by the self-service storage agent may provide
2.25 a duplication of coverage already provided by an occupant's homeowner's insurance
2.26 policy, renter's insurance policy, vehicle insurance policy, watercraft insurance policy, or
2.27 other source of property insurance coverage;

2.28 (iii) state that if insurance is required as a condition of rental, the requirement may
2.29 be satisfied by the occupant purchasing the insurance prescribed in this section or by
2.30 presenting evidence of other applicable insurance coverage; and

2.31 (iv) describe the process for filing a claim;

2.32 (2) all costs related to the insurance are stated in writing;

2.33 (3) evidence of coverage in a form approved by the insurer is provided to every
2.34 occupant who purchases the coverage; and

2.35 (4) the insurance is provided by an insurer authorized to transact the applicable kinds
2.36 of insurance in this state or by a surplus lines insurer under sections 60A.195 to 60A.2095.

3.1 (e) An employee or agent of a self-service storage agent may act on behalf of and
3.2 under the supervision of the self-service storage agent in matters relating to the conduct of
3.3 business under the license that is issued under this section. The conduct of an employee or
3.4 agent of a self-service storage agent acting within the scope of employment or agency is
3.5 deemed the conduct of the self-service storage agent for purposes of this section.

3.6 (f) Each self-service storage agent shall provide a training program that gives
3.7 employees and agents of the self-service storage agent basic instruction about the provisions
3.8 of this section, including the kinds of insurance coverage prescribed in this section.

3.9 (g) A self-service storage agent shall not:

3.10 (1) offer or sell insurance except in connection with and incidental to the rental of
3.11 space at a self-service storage facility; or

3.12 (2) advertise, represent, or otherwise portray itself or any of its employees or agents
3.13 as licensed insurers or insurance producers.

3.14 (h) Nothing in this section prohibits:

3.15 (1) an insurer from paying, and a self-service storage agent from receiving, a
3.16 commission, service fee, or other valuable consideration dependent upon the sale of
3.17 insurance; or

3.18 (2) a self-service storage agent from paying, and its employees or agents from
3.19 receiving, production payments or incentive payments if the payments are not dependent
3.20 on the sale of insurance.

3.21 (i) An owner is not required to be licensed under this section merely to display
3.22 and make available to prospective occupants brochures and other promotional materials
3.23 created by or on behalf of an authorized insurer or by a surplus lines insurer under sections
3.24 60A.195 to 60A.2095.

3.25 (j) A self-service storage agent is not subject to the continuing education
3.26 requirements of section 60K.56.

3.27 **EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to
3.28 self-service storage insurance sold on or after that date.