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**REVISOR *of* STATUTES**

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**MEMORANDUM**

To: House Committee on Insurance  
From: Jason Thompson, Senior Assistant Revisor of Statutes  
Date: March 7, 2017  
Subject: Bill Brief for SB 14

SB 14, as amended by Senate Committee, provides for limited lines of insurance coverage relating to the rental of self-service storage units. The bill would enact new law authorizing the commissioner of insurance to issue a limited license to a self-service storage company enabling that company to act as the agent for any insurer authorized to write insurance of the type applicable to self-service storage units.

Subsection (a) provides definitions used in the new section, including “self-service storage company” and “storage unit”.

Subsection (b) provides authority to the commissioner of insurance to issue a limited license to a self-service storage company or the franchisee of a self-storage company to act as an agent for any insurer authorized to write such kinds of insurance specified in the section.

Subsection (c) lists the requirements for issuance of the limited license.

Subsection (d) provides the conditions under which a limited license may be suspended or revoked.

Subsection (e) specifies that the self-service storage agent may act as agent for an authorized insurer only in connection with the rental of storage units and only with respect to: (1) Personal effects insurance that provides coverage to renters of storage units at the same facility for the loss of, or damage to, personal effects that occurs at the same facility during the rental period; and (2) any other coverage that the commissioner may approve as meaningful and appropriate in connection with the rental of storage units.

Subsection (f) specifies 5 criteria that must be met in order for insurance to be issued under this section: (1) The rental period of the rental agreement does not exceed two years; (2) at every self-service storage location where self-service storage agreements are executed, brochures

or other written materials are readily available to the prospective renter that provide certain information; (3) at every self-service storage location where self-service storage agreements are executed, a sign, approved by the Kansas insurance department, is posted that contains certain information; (4) the insurance policy issued by the self-service storage company is in an amount that does not exceed \$5,000 of coverage per customer per storage unit; and (5) evidence of coverage is provided to every renter who elects to purchase such coverage.

Subsection (g) states that the issuance of a limited license pursuant to this section will authorize any employee of the licensee, trained pursuant to subsection (h), to act individually on behalf and under the supervision of the licensee with respect to the kinds of insurance specified in the section.

Subsection (h) requires a self-service storage company or franchisee of a self-service storage company to conduct a training program which shall be submitted to the commissioner for approval prior to its use and shall meet the specified minimum standards.

Subsection (i) requires limited licensees to comply with all provisions of the section. The subsection specifies that a limited licensee shall not be required to treat premiums collected from renters purchasing such insurance when renting storage units as funds received in a fiduciary capacity, if two conditions apply: (1) The insurer represented by the limited licensee has consented in writing that premiums need not be segregated from funds received by the self-service storage company on account of storage unit rentals; and (2) the charges for insurance coverage are itemized and not billed to the renter separately from rental charges.

Subsection (j) prohibits a limited licensee from advertising, representing, or otherwise holding itself or any of its employees out as licensed insurance agents or brokers. The subsection further provides that no renter shall be required to obtain insurance pursuant to this section and that the renter must be informed of that fact.