
A BILL FOR AN ACT

RELATING TO SELF-SERVICE STORAGE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that self-service storage
2 facilities offer occupants stored property insurance as an
3 affordable insurance option if those occupants do not have
4 homeowners' or renters' insurance policies. Stored property
5 insurance policies typically insure the contents within storage
6 units located at storage facilities.

7 The legislature also finds that many of the occupants of
8 self-service storage facilities do not have homeowners' or
9 renters' insurance policies and are unlikely to seek insurance
10 from the traditional insurance market for the property in their
11 storage facility units. Even if an occupant has a homeowner's
12 or renter's policy that covers property stored off-premises, the
13 occupant is required to pay the full policy deductible to access
14 the coverage.

15 Moreover, the generally short-term and low-cost nature of a
16 storage unit rental provides little economic incentive for
17 insurance producers to pursue stored property insurance



1 customers on a regular basis. This makes it difficult for
 2 individuals who wish to purchase insurance to protect the value
 3 of their stored property. Affording individuals the opportunity
 4 to purchase insurance at the point of rental will provide a more
 5 accessible means to obtain optional affordable coverage for
 6 their stored property.

7 The purpose of this Act is to:

- 8 (1) Establish provisions for the sale of stored property
 9 insurance by self-service storage facility owners; and
- 10 (2) Require owners to hold limited lines licenses to sell,
 11 solicit, or offer coverage under stored property
 12 insurance policies.

13 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
 14 amended by adding a new article to be appropriately designated
 15 and to read as follows:

16 **"ARTICLE**

17 **SELF-SERVICE STORAGE OCCUPANTS' INSURANCE**

18 **§431: -101 Definitions.** For purposes of this article:
 19 "Occupant", "owner", and "self-service storage facility"
 20 have the same meanings as in section 507-61.



1 "Stored property insurance" means insurance under a group,
2 individual, corporate, commercial, or master policy to provide
3 insurance coverage to occupants of a self-service storage
4 facility for the loss of, or damage to, tangible personal
5 property that is contained in a storage space located at a self-
6 service storage facility or is in transit during the term of a
7 self-service storage facility rental agreement.

8 "Supervising entity" means a business entity that is a
9 licensed insurer or insurance producer that is appointed or
10 authorized by an insurer to supervise the administration of a
11 stored property insurance program.

12 **§431: -102 Licensure of owners.** (a) An owner shall hold
13 a limited lines license to sell, solicit, or offer coverage
14 under a policy of stored property insurance. An owner is not
15 required to hold a license solely to display and make available
16 to occupants and prospective occupants brochures and other
17 promotional materials created by or on behalf of an authorized
18 insurer or surplus lines insurer.

19 (b) A limited lines license issued under this article
20 shall authorize any employee or authorized representative of the
21 owner to sell, solicit, and offer coverage under a policy of



1 stored property insurance to an occupant at each location at
2 which the owner engages in self-service storage transactions.

3 (c) The supervising entity shall maintain a registry of
4 owner locations that are authorized to sell, solicit, or offer
5 stored property insurance coverage in the State. Upon request
6 by the commissioner and with ten days' notice to the supervising
7 entity, the registry shall be open to inspection and examination
8 by the commissioner during regular business hours of the
9 supervising entity.

10 (d) Notwithstanding any law to the contrary, a license
11 issued pursuant to this article shall authorize the licensee and
12 its employees and authorized representatives to engage in the
13 activities that are permitted in this section.

14 **§431: -103 Requirements for sale of stored property**
15 **insurance.** (a) At every location at which stored property
16 insurance is offered, brochures or other written or electronic
17 materials shall be made available to occupants. The brochures
18 or other written or electronic materials shall:

19 (1) Disclose that stored property insurance may provide a
20 duplication of coverage already provided by an



- 1 occupant's homeowner's insurance policy, renter's
2 insurance policy, or other source of coverage;
- 3 (2) State that purchase by the occupant of the stored
4 property insurance offered by the owner is not
5 required to rent storage space or that, if renting
6 storage space does require the occupant to have
7 property insurance, the occupant may satisfy the
8 requirement by providing evidence that the occupant
9 has coverage from another source of property
10 insurance;
- 11 (3) Contain the actual material terms of the stored
12 property insurance coverage, or summarize the material
13 terms of the insurance coverage, including the:
- 14 (A) Identity of the insurer;
- 15 (B) Identity of the supervising entity; and
- 16 (C) Price, deductible, benefits, exclusions, and
17 conditions or other limitations of the coverage;
- 18 (4) Summarize the process for filing a claim in the event
19 the occupant elects to purchase coverage;
- 20 (5) Disclose that the employee of the self-service storage
21 facility is not qualified or authorized to evaluate



1 the adequacy of the occupant's existing coverages,
2 unless otherwise licensed; and

3 (6) State that the occupant may cancel enrollment for
4 coverage under a stored property insurance policy at
5 any time and the person paying the premium shall
6 receive a refund of any applicable unearned premium.

7 (b) Eligibility and underwriting standards for occupants
8 electing to enroll in coverage shall be established for each
9 stored property insurance program.

10 **§431: -104 Authority of owners.** (a) The employees and
11 authorized representatives of owners may sell, solicit, and
12 offer stored property insurance and shall not be subject to
13 licensure as an insurance producer under this chapter; provided
14 that:

15 (1) The owner obtains a limited lines license to authorize
16 its employees and authorized representatives to sell,
17 solicit, and offer stored property insurance pursuant
18 to this article;

19 (2) The insurer issuing the stored property insurance
20 either directly supervises or appoints a supervising
21 entity to supervise the administration of a stored



1 property insurance program, including development of a
2 training program for employees and authorized
3 representatives of the owner. The training shall
4 comply with the following:

5 (A) The training shall be delivered to employees and
6 authorized representatives of the owner who are
7 directly engaged in the activity of selling,
8 soliciting, or offering stored property
9 insurance;

10 (B) The training may be conducted in electronic form;
11 provided that the supervising entity shall
12 implement a supplemental education program
13 regarding the stored property insurance product
14 that is conducted and overseen by a licensed
15 employee of the supervising entity; and

16 (C) Each employee and authorized representative
17 directly engaged in the activity of selling,
18 soliciting, or offering stored property insurance
19 shall receive basic instruction about the stored
20 property insurance offered to occupants and the



1 disclosures required under section 431: -103;

2 and

3 (3) No employee or authorized representative of an owner
4 shall advertise, represent, or otherwise portray the
5 employee or authorized representative as a non-limited
6 lines licensed insurance producer, unless so licensed.

7 (b) The charges for stored property insurance coverage may
8 be billed and collected by the owner. Any charge to the
9 enrolled occupant for coverage that is not included in the cost
10 associated with the rental of storage space or related services
11 shall be separately itemized on the enrolled occupant's bill.
12 If the stored property insurance coverage is included with the
13 rental of storage space or related services, the owner shall
14 clearly and conspicuously disclose to the enrolled occupant that
15 the stored property insurance coverage is included with the
16 rental of storage space or related services. An owner that
17 bills and collects the charges shall not be required to maintain
18 the funds in a segregated account; provided that the owner is
19 authorized by the insurer or supervising entity to hold the
20 funds in an alternative manner and remits the funds to the
21 insurer or supervising entity within sixty days of receipt. All



1 premiums received by an owner from an enrolled occupant for the
2 sale of stored property insurance shall be held in a fiduciary
3 capacity for the benefit of the insurer. Owners may receive
4 compensation for billing and collection services.

5 **§431: -105 Sanctions for violations.** An owner or its
6 employee or authorized representative shall be subject to
7 sanctions pursuant to this chapter for the violation of any
8 provision of this chapter.

9 **§431: -106 Application for license and fees.** (a) A
10 sworn application for a license under this article shall be
11 filed with the commissioner on forms prescribed and furnished by
12 the commissioner.

13 (b) The application for a license shall provide the
14 following:

15 (1) Name, residence address, electronic mail address, and
16 other information required by the commissioner for an
17 employee or officer of the owner or supervising entity
18 that is designated by the applicant as the person
19 responsible for the owner's compliance with the
20 requirements of this article; provided that if the
21 owner derives more than fifty per cent of its revenue



1 from the sale of stored property insurance, the
2 information in this paragraph shall be provided for
3 all officers, directors, and shareholders of record
4 having beneficial ownership of ten per cent or more of
5 any class of securities registered under the federal
6 securities law; and

7 (2) Location of the applicant's home office.

8 (c) Any owner engaging in stored property insurance
9 transactions on or before the effective date of Act , Session
10 Laws of Hawaii 2019, shall apply for licensure within ninety
11 days of the date the application is made available by the
12 commissioner. Any applicant commencing operations after the
13 effective date of Act , Session Laws of Hawaii 2019, shall
14 obtain a license prior to offering stored property insurance.

15 (d) Initial licenses issued pursuant to this article shall
16 be valid for a period of not less than twenty-four months.
17 Renewed licenses shall be valid for a period of twenty-four
18 months.

19 (e) Each owner licensed under this article shall pay to
20 the commissioner a fee of \$2 for the issuance of the initial
21 stored property limited lines license, plus a license fee of \$1



1 per year for the renewal term. A pro rata portion of the
2 license fee may be applied for a partial year of the initial
3 term."

4 SECTION 3. This Act does not affect rights and duties that
5 matured, penalties that were incurred, and proceedings that were
6 begun before its effective date.

7 SECTION 4. The revisor of statutes shall insert the
8 effective date of this Act in the appropriate places in section
9 2 of this Act.

10 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Self-service Storage; Stored Property Insurance; Limited Lines License

Description:

Authorizes the sale of stored property insurance by self-service storage facility owners under certain conditions. Requires self-service storage facility owners to hold a limited lines license in order to sell, solicit, or offer coverage under a stored property insurance policy. Effective 7/1/2050. (SD2)

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