

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 504 Session of 2017

INTRODUCED BY CHARLTON, DRISCOLL, WATSON, DOWLING, LAWRENCE, PHILLIPS-HILL, D. COSTA AND ROEBUCK, FEBRUARY 15, 2017

AS REPORTED FROM COMMITTEE ON INSURANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, APRIL 9, 2018

AN ACT

1 Amending the act of May 17, 1921 (P.L.789, No.285), entitled, as
2 amended, "An act relating to insurance; establishing an
3 insurance department; and amending, revising, and
4 consolidating the law relating to the licensing,
5 qualification, regulation, examination, suspension, and
6 dissolution of insurance companies, Lloyds associations,
7 reciprocal and inter-insurance exchanges, and certain
8 societies and orders, the examination and regulation of fire
9 insurance rating bureaus, and the licensing and regulation of
10 insurance agents and brokers; the service of legal process
11 upon foreign insurance companies, associations or exchanges;
12 providing penalties, and repealing existing laws," IN <--
13 INSURANCE PRODUCERS, FURTHER PROVIDING FOR DEFINITIONS AND
14 providing for self-service storage facility insurance. <--

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 ~~Section 1. The act of May 17, 1921 (P.L.789, No.285), known <--
18 as The Insurance Department Act of 1921, is amended by adding an
19 article to read:~~

ARTICLE VI B

21 SECTION 1. THE DEFINITION OF "LINE OF AUTHORITY" IN SECTION <--
22 601-A OF THE ACT OF MAY 17, 1921 (P.L.789, NO.285), KNOWN AS THE
23 INSURANCE DEPARTMENT ACT OF 1921, IS AMENDED AND THE SECTION IS

1 AMENDED BY ADDING A DEFINITION TO READ:

2 SECTION 601-A. DEFINITIONS.

3 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE
4 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
5 CONTEXT CLEARLY INDICATES OTHERWISE:

6 * * *

7 "LIMITED LINE SELF-SERVICE STORAGE INSURANCE." INSURANCE
8 OFFERED IN CONNECTION WITH AND INCIDENTAL TO THE RENTAL OF SPACE
9 AT A SELF-SERVICE STORAGE FACILITY.

10 "LINE OF AUTHORITY." THE LICENSED ABILITY TO SELL, SOLICIT
11 OR NEGOTIATE PARTICULAR CLASSES OR TYPES OF INSURANCE, INCLUDING
12 THE FOLLOWING:

13 (1) LIFE. INSURANCE COVERAGE ON HUMAN LIVES, INCLUDING
14 BENEFITS OF ENDOWMENT AND ANNUITIES, AND MAY INCLUDE BENEFITS
15 IN THE EVENT OF DEATH OR DISMEMBERMENT BY ACCIDENT AND
16 BENEFITS FOR DISABILITY INCOME.

17 (2) ACCIDENT AND HEALTH OR SICKNESS. INSURANCE COVERAGE
18 FOR SICKNESS, BODILY INJURY OR ACCIDENTAL DEATH AND MAY
19 INCLUDE BENEFITS FOR DISABILITY INCOME.

20 (3) PROPERTY. INSURANCE COVERAGE FOR THE DIRECT OR
21 CONSEQUENTIAL LOSS OR DAMAGE TO PROPERTY OF EVERY KIND.

22 (4) CASUALTY. INSURANCE COVERAGE AGAINST LEGAL
23 LIABILITY, INCLUDING THAT FOR DEATH, INJURY OR DISABILITY OR
24 DAMAGE TO REAL OR PERSONAL PROPERTY.

25 (5) VARIABLE LIFE AND VARIABLE ANNUITY PRODUCTS.
26 INSURANCE COVERAGE PROVIDED UNDER VARIABLE LIFE INSURANCE
27 CONTRACTS AND VARIABLE ANNUITIES.

28 (6) PERSONAL LINES. PROPERTY AND CASUALTY INSURANCE
29 COVERAGE SOLD TO INDIVIDUALS AND FAMILIES PRIMARILY FOR
30 NONCOMMERCIAL PURPOSES.

1 (7) CREDIT. LIMITED LINE CREDIT INSURANCE.

2 (8) MOTOR VEHICLE RENTAL. LIMITED LINE MOTOR VEHICLE
3 RENTAL INSURANCE.

4 (8.1) SELF-SERVICE STORAGE. LIMITED LINE SELF-SERVICE
5 STORAGE INSURANCE.

6 (9) LIMITED LINE. ANY OTHER LINE OF INSURANCE AS
7 DETERMINED BY THE INSURANCE COMMISSIONER.

8 * * *

9 SECTION 2. SUBARTICLE B OF ARTICLE VI-A OF THE ACT IS
10 AMENDED BY ADDING A DIVISION TO READ:

11 DIVISION 2.1

12 SELF-SERVICE STORAGE ~~FACILITY~~ INSURANCE

<--

13 Section ~~601-B~~ 681-A. Self-service storage ~~agent~~ PRODUCER
14 licenses.

<--

15 (a) Authority to issue licenses.--The Insurance Department
16 DEPARTMENT may issue a self-service storage ~~agent~~ PRODUCER
17 license to an owner that has complied with the requirements of
18 this section authorizing the owner to offer or to sell the kinds
19 of insurance prescribed in this section in connection with and
20 incidental to the rental of space at a self-service storage
21 facility. THE SELF-SERVICE STORAGE PRODUCER SHALL ALSO BE
22 SUBJECT TO THE REQUIREMENTS OF THIS ARTICLE, ARTICLE XI AND THE
23 ACT OF JULY 22, 1974 (P.L.589, NO.205), KNOWN AS THE UNFAIR
24 INSURANCE PRACTICES ACT.

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25 (b) Application.--

26 (1) An applicant for a self-service storage ~~agent~~
27 PRODUCER license shall file a written application in a form
28 prescribed by the department. The application shall specify
29 all locations in this Commonwealth that the self-service
30 storage ~~agent~~ PRODUCER may conduct business under the

<--

<--

<--

1 license.

2 (2) A self-service storage agent PRODUCER is not <--
3 required to have an individual licensee in each self-service
4 storage facility or place where insurance is transacted.

5 (3) The self-service storage agent PRODUCER shall notify <--
6 the department within 30 days after commencing business under
7 the self-service storage agent's PRODUCER'S license at any <--
8 additional locations in this Commonwealth or of those
9 locations in this Commonwealth that cease to do business
10 under the license.

11 (c) Sale of insurance.--A self-service storage agent <--
12 PRODUCER may offer or sell insurance only in connection with and <--
13 incidental to the rental of space at a self-service storage
14 facility on a master, corporate, commercial, group or individual
15 policy basis and only with respect to personal property
16 insurance that provides PRIMARY coverage to occupants at the <--
17 self-service storage facility where the insurance is transacted
18 for the loss of or damage to stored personal property that <--
19 occurs at that facility OR WHILE THE PERSONAL PROPERTY IS IN <--
20 TRANSIT DURING THE RENTAL AGREEMENT.

21 (d) Requirements.--A self-service storage agent PRODUCER <--
22 shall not offer or sell insurance under this section unless:

23 (1) The self-service storage agent PRODUCER makes <--
24 readily available to the prospective occupant brochures or
25 other written materials that:

26 (i) Summarize the material terms of insurance
27 coverage offered to occupants, including the identity of
28 the insurer, price, benefits, DEDUCTIBLES, exclusions and <--
29 conditions.

30 (ii) Disclose that the policies offered by the self-

1 service storage agent PRODUCER may provide a duplication <--
2 of coverage already provided by an occupant's homeowner's
3 insurance policy, renter's insurance policy, vehicle
4 insurance policy, watercraft insurance policy or other
5 source of property insurance coverage. THE DISCLOSURE <--
6 SHALL BE PROMINENTLY DISPLAYED IN THE BROCHURE OR OTHER
7 WRITTEN MATERIALS WITH AT LEAST 12-POINT BOLD TYPE.

8 (III) STATE THAT THE INSURANCE PRESCRIBED IN THIS
9 SECTION IS PRIMARY COVERAGE OVER ANY OTHER COVERAGE
10 COVERING THE SAME LOSS.

11 ~~(iii)~~ (IV) State that if insurance is required as a <--
12 condition of rental, the requirement may be satisfied by
13 the occupant purchasing the insurance prescribed in this
14 section or by presenting evidence of other applicable
15 insurance coverage.

16 (V) STATE THAT THE PURCHASE OF THE INSURANCE <--
17 PRESCRIBED IN THIS SECTION IS NOT REQUIRED IN ORDER TO
18 RENT STORAGE SPACE. THE STATEMENT SHALL BE PROMINENTLY
19 DISPLAYED IN THE BROCHURE OR OTHER WRITTEN MATERIALS WITH
20 AT LEAST 12-POINT BOLD TYPE.

21 ~~(iv)~~ (VI) Describe the process for filing a claim. <--

22 (VII) INCLUDE CONTACT INFORMATION FOR FILING A <--
23 COMPLAINT WITH THE COMMISSIONER.

24 (2) All costs related to the insurance are stated in
25 writing.

26 (3) Evidence of coverage in a form approved by the
27 insurer is provided to every occupant who purchases the
28 coverage.

29 (4) The insurance is provided by an insurer authorized
30 to transact the applicable kinds of insurance in this

1 Commonwealth or by a surplus lines insurer under Article V.
2 (e) Employee or ~~agent~~ AUTHORIZED REPRESENTATIVE.-- <--
3 (1) An employee or ~~agent~~ AUTHORIZED REPRESENTATIVE of a <--
4 self-service storage ~~agent~~ PRODUCER may act on behalf of and <--
5 under the supervision of the self-service storage ~~agent~~ <--
6 PRODUCER in matters relating to the conduct of business under <--
7 the license that is issued under this section.
8 (2) The conduct of an employee or ~~agent~~ AUTHORIZED <--
9 REPRESENTATIVE of a self-service storage ~~agent~~ PRODUCER <--
10 acting within the scope of employment or agency is deemed the
11 conduct of the self-service storage ~~agent~~ PRODUCER for <--
12 purposes of this section.
13 (3) THE SELF-SERVICE STORAGE PRODUCER SHALL MAINTAIN A <--
14 REGISTER, ON A FORM WHICH THE COMMISSIONER REQUIRES, OF EACH
15 EMPLOYEE OR AUTHORIZED REPRESENTATIVE OF THE SELF-SERVICE
16 STORAGE PRODUCER WHO OFFERS THE INSURANCE PRESCRIBED IN THIS
17 SECTION ON BEHALF OF THE SELF-SERVICE STORAGE PRODUCER AND
18 SHALL, UPON REQUEST OF THE COMMISSIONER, SUBMIT THE REGISTER
19 FOR INSPECTION BY THE COMMISSIONER.
20 (f) Training.--Each self-service storage ~~agent~~ PRODUCER <--
21 shall provide, OR CAUSE A LICENSED PRODUCER TO PROVIDE, a <--
22 training program APPROVED BY THE COMMISSIONER that gives <--
23 employees and ~~agents~~ AUTHORIZED REPRESENTATIVES of the self- <--
24 service storage ~~agent~~ PRODUCER basic instruction about the <--
25 provisions of this section, ~~including the kinds of insurance~~ <--
26 ~~coverage prescribed in this section.~~, INCLUDING THE FOLLOWING: <--
27 (1) GENERAL INFORMATION ABOUT HOMEOWNERS, RENTERS,
28 BUSINESS AND SIMILAR INSURANCE THAT AN OCCUPANT MAY HAVE THAT
29 MAY PROVIDE COVERAGE FOR PROPERTY STORED AT A SELF-SERVICE
30 STORAGE FACILITY.

1 (2) INFORMATION ABOUT THE MATERIAL TERMS OF INSURANCE
2 COVERAGE OFFERED TO OCCUPANTS, INCLUDING THE PRICE, BENEFITS,
3 DEDUCTIBLES, EXCLUSIONS AND CONDITIONS OF THE INSURANCE.

4 (3) THE DISCLOSURES REQUIRED UNDER SUBSECTION (D).

5 (g) Prohibitions.--A self-service storage ~~agent~~ PRODUCER may <--
6 not:

7 (1) Offer or sell insurance except in connection with
8 and incidental to the rental of space at a self-service
9 storage facility.

10 (2) Advertise, represent or otherwise portray itself or
11 any of its employees or ~~agents~~ AUTHORIZED REPRESENTATIVES as <--
12 licensed insurers or insurance producers.

13 (H) ENFORCEMENT.--A VIOLATION OF THIS SECTION SHALL <--
14 CONSTITUTE A VIOLATION OF THIS ACT AND SHALL BE SUBJECT TO THE
15 PROVISIONS OF SECTIONS 691-A AND 692-A.

16 ~~(h)~~ (I) Exclusions.--Nothing in this section shall be <--
17 construed to prohibit:

18 (1) An insurer from paying, and a self-service storage
19 ~~agent~~ PRODUCER from receiving, a commission, service fee or <--
20 other valuable consideration dependent on the sale of
21 insurance.

22 (2) A self-service storage ~~agent~~ PRODUCER from paying, <--
23 and its employees or ~~agent~~ AUTHORIZED REPRESENTATIVES from <--
24 receiving, production payments or incentive payments if the
25 payments are not dependent on the sale of insurance.

26 ~~(i)~~ (J) Promotional materials.--An owner is not required to <--
27 be licensed under this section solely to display and make
28 available to prospective occupants brochures and other
29 promotional materials created by or on behalf of an authorized
30 insurer or by a surplus lines insurer under this article-, IF <--

1 THE OWNER AND ITS UNLICENSED EMPLOYEES AND AUTHORIZED
2 REPRESENTATIVES DO NOT SOLICIT PROSPECTIVE OCCUPANTS TO PURCHASE
3 THE INSURANCE.

4 ~~(j)~~ (K) Continuing education.--A self-service storage agent <--
5 PRODUCER is not subject to continuing education requirements. <--

6 ~~(k)~~ (L) Definitions.--As used in this section, the following <--
7 words and phrases shall have the meanings given to them in this
8 subsection unless the context clearly indicates otherwise:

9 "Occupant." A person or the person's sublessee, successor or <--
10 assign who is entitled to the use of a leased space or spaces at
11 a self-service storage facility, to the exclusion of others.

12 "Owner." The owner or owner's managing agent of a self-
13 service storage facility.

14 "Personal property." Movable property that is not affixed to
15 land and includes:

16 (1) Goods, wares, merchandise, household items and
17 furnishings.

18 (2) Vehicles, motor vehicles, trailers and semitrailers.

19 (3) Watercraft and motorized watercraft.

20 "OCCUPANT." AS DEFINED IN SECTION 2 OF THE ACT OF DECEMBER <--
21 20, 1982 (P.L.1404, NO.325), KNOWN AS THE SELF-SERVICE STORAGE
22 FACILITY ACT.

23 "OWNER." AS DEFINED IN SECTION 2 OF THE SELF-SERVICE STORAGE
24 FACILITY ACT.

25 "PERSONAL PROPERTY." AS DEFINED IN SECTION 2 OF THE SELF-
26 SERVICE STORAGE FACILITY ACT.

27 "SELF-SERVICE STORAGE FACILITY." AS DEFINED IN SECTION 2 OF
28 THE SELF-SERVICE STORAGE FACILITY ACT.

29 "Self-service storage agent PRODUCER." An owner or self- <--
30 service storage facility operator who is licensed under this <--

1 section.

2 ~~"Self service storage facility." Real property that is used <--~~
3 ~~for renting or leasing storage space in which the occupants~~
4 ~~themselves customarily store and remove personal property on a~~
5 ~~self service basis.~~

6 Section 2 3. This act shall take effect in 60 days. <--