

# D R A F T

## SUMMARY

Prohibits owner of self-service storage facility from selling or offering to sell insurance unless owner applies for and receives limited license from Director of Department of Consumer and Business Services. Prescribes information required for application.

Specifies type of and conditions under which licensee may sell insurance. Requires licensee to provide training program to licensee's employees or agents.

Specifies circumstances under which director may suspend or revoke license or impose other penalties on licensee or owner of self-service storage facility.

Becomes operative January 1, 2014.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to limited licenses for owners of self-service storage facilities to sell  
3 insurance; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Sections 2 to 8 of this 2013 Act are added to and made**  
6 **a part of ORS chapter 744.**

7 **SECTION 2. As used in sections 2 to 7 of this 2013 Act:**

8 (1) **“Insurer” means an insurer, a surplus lines insurer or an in-**  
9 **surance producer.**

10 (2) **“Licensee” means an owner that receives a limited license to sell**  
11 **insurance in accordance with sections 2 to 7 of this 2013 Act.**

12 (3) **“Occupant” has the meaning given that term in ORS 87.685.**

13 (4) **“Owner” has the meaning given that term in ORS 87.685.**

14 (5) **“Personal property” means movable property that is not affixed**

1 to land, examples of which are goods, merchandise, household items  
2 and furnishings, motor vehicles, watercraft and other vehicles, mo-  
3 torized or not.

4 (6) “Self-service storage facility” has the meaning given that term  
5 in ORS 87.685.

6 **SECTION 3.** (1)(a) An owner may not sell insurance to an occupant  
7 without applying for and receiving a limited license under this section.

8 (b) An owner does not require a license under this section if the  
9 owner displays or makes available materials related to an insurer’s  
10 insurance coverage but does not sell the insurance or otherwise benefit  
11 from the insurer’s insurance sales.

12 (2) An owner may apply to the Director of the Department of Con-  
13 sumer and Business Services for a limited license to sell insurance  
14 under the provisions of sections 2 to 7 of this 2013 Act. The owner shall  
15 apply for the limited license on a form with contents the director  
16 specifies by rule.

17 (3)(a) An owner shall disclose in the application described in sub-  
18 section (1) of this section the physical addresses for each of the self-  
19 service storage facilities at which the owner will sell insurance under  
20 the limited license and shall certify that the owner is an owner with  
21 respect to each of the self-service storage facilities.

22 (b) A licensee may sell insurance at a self-service storage facility  
23 other than the self-service storage facilities the licensee disclosed in  
24 an application under this section if the licensee notifies the director  
25 30 days before the licensee begins to sell insurance at the other self-  
26 service storage facility.

27 (c) A licensee shall notify the director within 30 days after the  
28 licensee no longer sells insurance at a self-service storage facility.

29 (d) The director may issue and permit the owner to retain a limited  
30 license to sell insurance on the condition that the owner sells insur-  
31 ance only at the self-service storage facilities the owner discloses in

1 the application for the limited license or at a self-service storage fa-  
2 cility with respect to which the owner gives the director a notice under  
3 paragraph (b) of this subsection.

4 (4)(a) The director may issue a limited license to sell insurance to  
5 an owner if the director is satisfied that the owner has provided the  
6 information and made the disclosures the director requires under  
7 subsection (2) of this section.

8 (b) A limited license that the director issues under this subsection  
9 authorizes a licensee to sell insurance at all of the self-service storage  
10 facilities the licensee disclosed in an application under subsection (2)  
11 of this section. A licensee does not need a separate limited license for  
12 each self-service storage facility.

13 **SECTION 4. (1) A licensee may sell insurance only:**

14 (a) Of the type described in subsection (2) of this section;

15 (b) In connection with and incident to renting individual storage  
16 space to an occupant at a self-service storage facility; and

17 (c) In accordance with the requirements set forth in subsection (3)  
18 of this section.

19 (2) A licensee may sell insurance that covers an occupant only for  
20 personal property that is lost or damaged at the self-service storage  
21 facility where the licensee sold the insurance to the occupant.

22 (3)(a) A licensee that offers to sell insurance to an occupant shall  
23 provide written material that the Director of the Department of Con-  
24 sumer and Business Services approves and that:

25 (A) Summarizes the material terms of the insurance coverage,  
26 identifies the insurer, states the premium price and describes the  
27 benefits, exclusions and conditions of the insurance policy;

28 (B) Discloses that the insurance may duplicate or overlap with  
29 coverage the occupant may have from other insurance policies, such  
30 as a renter's policy, a homeowner's policy, a vehicle policy, a  
31 watercraft policy or another source of property insurance;

1 (C) States that renting individual storage space at the self-service  
2 storage facility does not require an occupant to purchase property in-  
3 surance from the licensee or that, if renting individual storage space  
4 does require the occupant to have property insurance, that the occu-  
5 pant may satisfy the requirement by providing evidence that the oc-  
6 cupant has coverage from another source of property insurance;

7 (D) Describes the process for filing a claim under the terms of the  
8 insurance policy; and

9 (E) Lists all costs to the occupant in connection with the insurance.

10 (b) A licensee that completes a transaction with an occupant that  
11 purchases insurance from the licensee shall provide evidence to the  
12 occupant of the insurer's coverage on a form that the insurer has ap-  
13 proved.

14 (4) A licensee may sell only insurance provided by an insurer that  
15 is authorized under the Insurance Code to transact, in this state, the  
16 line of insurance that the licensee sells.

17 (5) A licensee may not advertise, represent or otherwise cause an-  
18 other person to understand or suppose that the licensee is a licensed  
19 insurer.

20 SECTION 5. (1)(a) A licensee must provide a training program for  
21 the licensee's employees or agents that sell insurance on the licensee's  
22 behalf. The training program must instruct the employees or agents  
23 about the coverage the insurance provides and about the provisions  
24 of sections 2 to 7 of this 2013 Act.

25 (b) The licensee each year shall submit to the Director of the De-  
26 partment of Consumer and Business Services for the director's ap-  
27 proval an outline of, and copies of materials the licensee uses in, the  
28 training program.

29 (c) A licensee each year shall certify to the director that the  
30 licensee's employees or agents that sell insurance have completed or  
31 will complete the training program the licensee provides under para-

1 **graph (a) of this subsection before the employees or agents sell insur-**  
2 **ance.**

3 **(d) An employee or agent that has completed the training program**  
4 **under paragraph (a) of this subsection is not required to undergo**  
5 **continuing education in the topics covered in the training program.**

6 **(2) The director may audit the licensee's compliance with the pro-**  
7 **visions of subsection (1) of this section.**

8 **(3)(a) An employee or agent of a licensee may act on behalf and**  
9 **under the supervision of the licensee in matters within the scope of a**  
10 **license issued under section 3 of this 2013 Act.**

11 **(b) For purposes of sections 2 to 7 of this 2013 Act, the conduct of**  
12 **a licensee's agent or employee who is acting within the scope of the**  
13 **employee's or agent's duties toward the licensee is the conduct of the**  
14 **licensee.**

15 **SECTION 6. (1) The Director of the Department of Consumer and**  
16 **Business Services may suspend or revoke a limited license the director**  
17 **issued under section 3 of this 2013 Act, or may impose another penalty**  
18 **the director prescribes by rule, if:**

19 **(a) A licensee sells or offers to sell insurance other than insurance**  
20 **described in section 4 of this 2013 Act;**

21 **(b) An owner sells or offers to sell insurance to an occupant without**  
22 **obtaining a limited license in accordance with section 3 of this 2013**  
23 **Act; or**

24 **(c) An owner or licensee violates another provision of sections 2 to**  
25 **7 of this 2013 Act.**

26 **(2) The director may suspend or revoke a limited license under this**  
27 **section with respect to all or a portion of the licensee's self-service**  
28 **storage facilities.**

29 **SECTION 7. Sections 2 to 7 of this 2013 Act do not prohibit:**

30 **(1) An insurer from paying, or a licensee from receiving, a com-**  
31 **mission, fee or other compensation for selling the insurer's insurance;**

1 or

2 (2) A licensee or owner from paying an employee or agent of the  
3 licensee or owner a bonus, incentive payment or other compensation  
4 if the bonus, incentive payment or compensation does not depend on  
5 the employee's or agent's selling insurance.

6 SECTION 8. The Director of the Department of Consumer and  
7 Business Services may adopt rules to implement and administer the  
8 provisions of sections 2 to 7 of this 2013 Act.

9 SECTION 9. (1) Sections 2 to 8 of this 2013 Act become operative  
10 on January 1, 2014.

11 (2) The Director of the Department of Consumer and Business Ser-  
12 vices may take any action before the operative date specified in sub-  
13 section (1) of this section that is necessary for the director to exercise,  
14 on and after the operative date specified in subsection (1) of this sec-  
15 tion, all of the duties, functions and powers conferred on the director  
16 by sections 2 to 8 of this 2013 Act.

17 SECTION 10. This 2013 Act being necessary for the immediate  
18 preservation of the public peace, health and safety, an emergency is  
19 declared to exist, and this 2013 Act takes effect on its passage.

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