

House Bill 2845

Sponsored by COMMITTEE ON BUSINESS AND LABOR (at the request of Self Storage Association)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

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 insurance; and de-
3 claring 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 a part of ORS chapter**
6 **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 insurance producer.**

9 (2) **"Licensee" means an owner that receives a limited license to sell insurance in ac-**
10 **cordance with sections 2 to 7 of this 2013 Act.**

11 (3) **"Occupant" has the meaning given that term in ORS 87.685.**

12 (4) **"Owner" has the meaning given that term in ORS 87.685.**

13 (5) **"Personal property" means movable property that is not affixed to land, examples of**
14 **which are goods, merchandise, household items and furnishings, motor vehicles, watercraft**
15 **and other vehicles, motorized or not.**

16 (6) **"Self-service storage facility" has the meaning given that term in ORS 87.685.**

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

19 (b) **An owner does not require a license under this section if the owner displays or makes**
20 **available materials related to an insurer's insurance coverage but does not sell the insurance**
21 **or otherwise benefit from the insurer's insurance sales.**

22 (2) **An owner may apply to the Director of the Department of Consumer and Business**
23 **Services for a limited license to sell insurance under the provisions of sections 2 to 7 of this**
24 **2013 Act. The owner shall apply for the limited license on a form with contents the director**
25 **specifies by rule.**

26 (3)(a) **An owner shall disclose in the application described in subsection (1) of this section**
27 **the physical addresses for each of the self-service storage facilities at which the owner will**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 sell insurance under the limited license and shall certify that the owner is an owner with
 2 respect to each of the self-service storage facilities.

3 (b) A licensee may sell insurance at a self-service storage facility other than the self-
 4 service storage facilities the licensee disclosed in an application under this section if the
 5 licensee notifies the director 30 days before the licensee begins to sell insurance at the other
 6 self-service storage facility.

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

9 (d) The director may issue and permit the owner to retain a limited license to sell in-
 10 surance on the condition that the owner sells insurance only at the self-service storage fa-
 11 cilities the owner discloses in the application for the limited license or at a self-service
 12 storage facility with respect to which the owner gives the director a notice under paragraph
 13 (b) of this subsection.

14 (4)(a) The director may issue a limited license to sell insurance to an owner if the di-
 15 rector is satisfied that the owner has provided the information and made the disclosures the
 16 director requires under subsection (2) of this section.

17 (b) A limited license that the director issues under this subsection authorizes a licensee
 18 to sell insurance at all of the self-service storage facilities the licensee disclosed in an ap-
 19 plication under subsection (2) of this section. A licensee does not need a separate limited li-
 20 cense for each self-service storage facility.

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

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

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

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

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

29 (3)(a) A licensee that offers to sell insurance to an occupant shall provide written mate-
 30 rial that the Director of the Department of Consumer and Business Services approves and
 31 that:

32 (A) Summarizes the material terms of the insurance coverage, identifies the insurer,
 33 states the premium price and describes the benefits, exclusions and conditions of the insur-
 34 ance policy;

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

38 (C) States that renting individual storage space at the self-service storage facility does
 39 not require an occupant to purchase property insurance from the licensee or that, if renting
 40 individual storage space does require the occupant to have property insurance, that the oc-
 41 cupant may satisfy the requirement by providing evidence that the occupant has coverage
 42 from another source of property insurance;

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

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

45 (b) A licensee that completes a transaction with an occupant that purchases insurance

1 from the licensee shall provide evidence to the occupant of the insurer's coverage on a form
2 that the insurer has approved.

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

5 (5) A licensee may not advertise, represent or otherwise cause another person to under-
6 stand or suppose that the licensee is a licensed insurer.

7 **SECTION 5.** (1)(a) A licensee must provide a training program for the licensee's em-
8 ployees or agents that sell insurance on the licensee's behalf. The training program must
9 instruct the employees or agents about the coverage the insurance provides and about the
10 provisions of sections 2 to 7 of this 2013 Act.

11 (b) The licensee each year shall submit to the Director of the Department of Consumer
12 and Business Services for the director's approval an outline of, and copies of materials the
13 licensee uses in, the training program.

14 (c) A licensee each year shall certify to the director that the licensee's employees or
15 agents that sell insurance have completed or will complete the training program the licensee
16 provides under paragraph (a) of this subsection before the employees or agents sell insur-
17 ance.

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

21 (2) The director may audit the licensee's compliance with the provisions of subsection (1)
22 of this section.

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

26 (b) For purposes of sections 2 to 7 of this 2013 Act, the conduct of a licensee's agent or
27 employee who is acting within the scope of the employee's or agent's duties toward the
28 licensee is the conduct of the licensee.

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

32 (a) A licensee sells or offers to sell insurance other than insurance described in section
33 4 of this 2013 Act;

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

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

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

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

40 (1) An insurer from paying, or a licensee from receiving, a commission, fee or other
41 compensation for selling the insurer's insurance; or

42 (2) A licensee or owner from paying an employee or agent of the licensee or owner a
43 bonus, incentive payment or other compensation if the bonus, incentive payment or com-
44 pensation does not depend on the employee's or agent's selling insurance.

45 **SECTION 8.** The Director of the Department of Consumer and Business Services may

1 **adopt rules to implement and administer the provisions of sections 2 to 7 of this 2013 Act.**

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

3 **(2) The Director of the Department of Consumer and Business Services may take any**
4 **action before the operative date specified in subsection (1) of this section that is necessary**
5 **for the director to exercise, on and after the operative date specified in subsection (1) of this**
6 **section, all of the duties, functions and powers conferred on the director by sections 2 to 8**
7 **of this 2013 Act.**

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

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