



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

**GOV. MSG. NO. 1404**

July 10, 2019

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirtieth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirtieth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

Re: SB817 SD2 HD1 CD1

Pursuant to Section 16 of Article III of the State Constitution, SB817 SD2 HD1 CD1, entitled "A BILL FOR AN ACT RELATING TO SELF-SERVICE STORAGE" became law as ACT 284 on July 10, 2019.

This bill proposes to permit the issuance of a limited lines self-storage insurance license.

Currently, occupants of self-service storage units may purchase property insurance from fully licensed property and casualty producers to insure their belongings. Product availability and access to purchase these products have not been problem issues for consumers.

This bill does not introduce a new product, lower premiums, or create more competition that would presumably result in lower pricing. Rather, this bill will provide the convenience of on-site purchases of insurance by consumers for their stored property by individuals selling property insurance through these limited lines licenses. These individuals will not have the complete knowledge, experience, or background information of insurance products that fully licensed property and casualty producers have.

The Honorable Ronald D. Kouchi  
The Honorable Scott K. Saiki  
July 10, 2019  
Page Two

The creation of the self-service storage limited lines license is reflective of proposals coming from business interests to increase the number of permitted limited lines licenses covering different niche areas. Consequently, with the numerous additions of limited lines licenses permitted (e.g., air travel, vending machines, accident and health or sickness, credit, credit life disability, and motor vehicle rental), the number of non-fully licensed producers selling insurance policies is growing through a patchwork of disjointed regulations. The growth of these types of licenses, while they may be convenient ways to sell insurance, is not the best way to regulate insurance to protect consumers.

For the foregoing reasons, I allowed SB817 SD2 HD1 CD1 to become law without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read "David Y. Ige". The signature is fluid and cursive, with a large, sweeping flourish at the end.

DAVID Y. IGE  
Governor, State of Hawaii

# 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 insurance option if those occupants do not have a homeowners' or  
4 renters' insurance policy. Stored property insurance policies  
5 typically insure the contents within a storage unit located at a  
6 storage facility.

7           The legislature also finds that some occupants of self-  
8 service storage facilities do not have homeowners' or renters'  
9 insurance policies and are unlikely to seek insurance from the  
10 traditional insurance market for the property in their storage  
11 facility unit.

12           Affording individuals the opportunity to purchase insurance  
13 at the point of rental will provide an accessible means to  
14 obtain coverage for their stored property.

15           The purpose of this Act is to:

- 16           (1) Establish regulations for the sale of stored property  
17           insurance by self-service storage facility owners; and



1 (2) Require owners to hold a limited lines license to  
2 sell, solicit, or offer coverage under a stored  
3 property insurance policy.

4 SECTION 2. Chapter 431, Hawaii Revised Statutes, is  
5 amended by adding a new part to article 9A to be appropriately  
6 designated and to read as follows:

7 "PART . LIMITED LINES SELF-SERVICE STORAGE STORED  
8 PROPERTY INSURANCE

9 §431:9A-A Definitions. For purposes of this part:

10 "Commissioner" means the insurance commissioner as defined  
11 in section 431:2-102.

12 "Occupant" has the same meaning as in section 507-61.

13 "Owner" means any business entity that owns or is  
14 authorized to manage a self-service storage facility, or to  
15 receive rent from an occupant under a rental agreement, and no  
16 real estate license is required.

17 "Self-service storage facility" has the same meaning as in  
18 section 507-61.

19 "Stored property insurance" means insurance under a group,  
20 individual, corporate, commercial, or master policy to provide  
21 insurance coverage to occupants of a self-service storage



1 facility for the loss of, or damage to, tangible personal  
2 property that is contained in a storage space located at a self-  
3 service storage facility or is in transit during the term of a  
4 self-service storage facility rental agreement.

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

9 §431:9A-B Licensure of owners. (a) An owner of a self-  
10 service storage facility shall hold a limited lines license to  
11 sell, solicit, or offer coverage under a policy of stored  
12 property insurance. An owner is not required to hold a license  
13 solely to display and make available to occupants and  
14 prospective occupants brochures and other promotional materials  
15 created by or on behalf of an authorized insurer.

16 (b) A limited lines license issued under this part shall  
17 authorize any employee or authorized representative of the owner  
18 to sell, solicit, and offer coverage under a policy of stored  
19 property insurance to an occupant at each location at which the  
20 owner engages in self-service storage transactions.



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

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

13 §431:9A-C Requirements for sale of stored property  
14 insurance. At every location at which stored property insurance  
15 is offered, brochures or other written or electronic materials  
16 shall be made available to occupants. The brochures or other  
17 written or electronic materials shall:

18 (1) Disclose that stored property insurance may provide a  
19 duplication of coverage already provided by an  
20 occupant's homeowner's insurance policy, renter's  
21 insurance policy, or other source of coverage;



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



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

6 (7) State that stored property insurance may also be  
7 purchased through licensed property and casualty  
8 producers, who may have more general knowledge and  
9 experience selling insurance and may better assist the  
10 occupant. Owners and employees selling stored  
11 property insurance under a limited lines license are  
12 not required to meet all of the requirements of a  
13 licensed insurance producer.

14 §431:9A-D Authority of owners. (a) The employees and  
15 authorized representatives of owners may sell, solicit, and  
16 offer stored property insurance and shall not be subject to  
17 licensure as an insurance producer under this chapter; provided  
18 that:

19 (1) The owner obtains a limited lines license to authorize  
20 its employees and authorized representatives to sell,





1 solicit, and offer stored property insurance pursuant  
2 to this part;

3 (2) The insurer issuing the stored property insurance  
4 either directly supervises or appoints a supervising  
5 entity to supervise the administration of a stored  
6 property insurance program, including development of a  
7 training program for employees and authorized  
8 representatives of the owner. The training shall  
9 comply with the following:

10 (A) Prior to an employee or authorized representative  
11 directly engaging in the activity of selling,  
12 soliciting, or offering stored property  
13 insurance, the employee or authorized  
14 representative shall receive the training set  
15 forth in this section;

16 (B) The training may be conducted in electronic form;  
17 provided that, if the training is conducted in an  
18 electronic form, the supervising entity shall  
19 implement a supplemental education program  
20 regarding the stored property insurance product



1 that is conducted and overseen by a licensed  
2 employee of the supervising entity; and

3 (C) Each employee and authorized representative  
4 directly engaged in the activity of selling,  
5 soliciting, or offering stored property insurance  
6 shall receive basic instruction about the stored  
7 property insurance offered to occupants and the  
8 disclosures required under section 431:9A-C; and

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

13 (b) The charges for stored property insurance coverage may  
14 be billed and collected by the owner. Any charge to the  
15 enrolled occupant for coverage that is not included in the cost  
16 associated with the rental of storage space or related services  
17 shall be separately itemized on the enrolled occupant's bill.  
18 If the stored property insurance coverage is included with the  
19 rental of storage space or related services, the owner shall  
20 clearly and conspicuously disclose to the enrolled occupant that  
21 the stored property insurance coverage is included with the



1 rental of storage space or related services. An owner that  
2 bills and collects the charges shall not be required to maintain  
3 the funds in a segregated account; provided that the owner is  
4 authorized by the insurer or supervising entity to hold the  
5 funds in an alternative manner and remits the funds to the  
6 insurer or supervising entity within sixty days of receipt. All  
7 premiums received by an owner from an enrolled occupant for the  
8 sale of stored property insurance shall be held in a fiduciary  
9 capacity for the benefit of the insurer.

10 §431:9A-E Sanctions for violations. An owner or its  
11 employee or authorized representative shall be subject to  
12 sanctions pursuant to this chapter for the violation of any  
13 provision of this chapter.

14 §431:9A-F Application for license and fees. (a) A sworn  
15 application for a license under this part shall be filed with  
16 the commissioner on forms prescribed and furnished by the  
17 commissioner.

18 (b) The application for a license shall provide the  
19 following:

20 (1) Name, residence address, electronic-mail address, and  
21 other information required by the commissioner for an



1 employee or officer of the owner or supervising entity  
 2 that is designated by the applicant as the person  
 3 responsible for the owner's compliance with the  
 4 requirements of this part; provided that, if the owner  
 5 derives more than fifty per cent of its revenue from  
 6 the sale of stored property insurance, the information  
 7 in this paragraph shall be provided for all officers,  
 8 directors, and shareholders of record having  
 9 beneficial ownership of ten per cent or more of any  
 10 class of securities registered under the federal  
 11 securities law; and

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

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

20 (d) Initial and renewed licenses issued pursuant to this  
 21 part shall be valid for periods consistent with this article.



1 (e) Each owner licensed under this part shall pay to the  
2 commissioner the limited lines producer's application fee and  
3 license fee pursuant to section 431:7-101."

4 SECTION 3. Section 431:9A-107.5, Hawaii Revised Statutes,  
5 is amended by amending subsection (a) to read as follows:

6 "(a) Notwithstanding any other provision of this article,  
7 the commissioner may issue:

8 (1) A limited license to persons selling travel tickets of  
9 a common carrier of persons or property who shall act  
10 only as to travel ticket policies of accident and  
11 health or sickness insurance or baggage insurance on  
12 personal effects;

13 (2) A limited license to each individual who has charge of  
14 vending machines used in this State for the  
15 effectuation of travel insurance;

16 (3) A limited license to any individual who sells policies  
17 of accident and health or sickness insurance as a  
18 promotional device to improve the circulation of a  
19 newspaper in this State; [~~or~~].



1 (4) A limited line credit insurance producer license to  
2 any individual who sells, solicits, or negotiates  
3 limited line credit insurance[-]; or

4 (5) A limited license to any owner of a self-service  
5 storage facility, as defined in section 507-61, to  
6 sell stored property insurance, as defined in section  
7 431:9A-A."

8 SECTION 4. This Act does not affect rights and duties that  
9 matured, penalties that were incurred, and proceedings that were  
10 begun before its effective date.

11 SECTION 5. The revisor of statutes shall insert the  
12 effective date of this Act in the appropriate places in section  
13 2 of this Act.

14 SECTION 6. In codifying the new sections added by section  
15 2 of this Act, the revisor of statutes shall substitute  
16 appropriate section numbers for the letters used in designating  
17 the new sections in this Act.

18 SECTION 7. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.


20 SECTION 8. This Act shall take effect on January 1, 2020.


21 APPROVED this day of , 2019

**THE SENATE OF THE STATE OF HAWAI'I**

Date: April 30, 2019  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirtieth Legislature of the State of Hawai'i, Regular Session of 2019.

  
President of the Senate

  
Clerk of the Senate

SB No. 817, SD 2, HD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 30, 2019  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirtieth Legislature of the State of Hawaii, Regular Session of 2019.



Scott K. Saiki  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives