
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 a
4 homeowners' or renters' insurance policy. Stored property
5 insurance policies typically insure the contents within a
6 storage unit located at a storage facility.

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 unit. Even if the occupant has a homeowner's
12 or renter's policy that covers property stored off-premises, the
13 occupant will have 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 wishing 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 a limited lines license to
11 sell, solicit, or offer coverage under a stored
12 property insurance policy.

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

20 "Owner" has the same meaning as in section 507-61.



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

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

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

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



1 (b) A limited lines license issued under this article
2 shall authorize any employee or authorized representative of the
3 owner to sell, solicit, and offer coverage under a policy of
4 stored property insurance to an occupant at each location at
5 which the owner engages in self-service storage transactions.

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

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

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



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



1 (5) Disclose that the employee of the self-service storage
2 facility is not qualified or authorized to evaluate
3 the adequacy of the occupant's existing coverages,
4 unless otherwise licensed;

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

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

17 (b) Eligibility and underwriting standards for occupants
18 electing to enroll in coverage shall be established for each
19 stored property insurance program.

20 §431: -104 Authority of owners. (a) The employees and
21 authorized representatives of owners may sell, solicit, and



1 offer stored property insurance and shall not be subject to
2 licensure as an insurance producer under this chapter; provided
3 that:

4 (1) The owner obtains a limited lines license to authorize
5 its employees and authorized representatives to sell,
6 solicit, and offer stored property insurance pursuant
7 to this section;

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

15 (A) The training shall be delivered to employees and
16 authorized representatives of the owner who are
17 directly engaged in the activity of selling,
18 soliciting, or offering stored property
19 insurance;

20 (B) The training may be conducted in electronic form;
21 provided that, if the training is conducted in an



1 electronic form, the supervising entity shall
2 implement a supplemental education program
3 regarding the stored property insurance product
4 that is conducted and overseen by a licensed
5 employee of the supervising entity; and

6 (C) Each employee and authorized representative
7 directly engaged in the activity of selling,
8 soliciting, or offering stored property insurance
9 shall receive basic instruction about the stored
10 property insurance offered to occupants and the
11 disclosures required under section 431: -103;
12 and

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

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



1 If the stored property insurance coverage is included with the
2 rental of storage space or related services, the owner shall
3 clearly and conspicuously disclose to the enrolled occupant that
4 the stored property insurance coverage is included with the
5 rental of storage space or related services. An owner that
6 bills and collects the charges shall not be required to maintain
7 the funds in a segregated account; provided that the owner is
8 authorized by the insurer or supervising entity to hold the
9 funds in an alternative manner and remits the funds to the
10 insurer or supervising entity within sixty days of receipt. All
11 premiums received by an owner from an enrolled occupant for the
12 sale of stored property insurance shall be held in a fiduciary
13 capacity for the benefit of the insurer. Owners may receive
14 compensation for billing and collection services.

15 **§431: -105 Sanctions for violations.** An owner or its
16 employee or authorized representative shall be subject to
17 sanctions pursuant to this chapter for the violation of any
18 provision of this chapter.

19 **§431: -106 Application for license and fees.** (a) A
20 sworn application for a license under this article shall be



1 filed with the commissioner on forms prescribed and furnished by
2 the commissioner.

3 (b) The application for a license shall provide the
4 following:

5 (1) Name, residence address, electronic-mail address, and
6 other information required by the commissioner for an
7 employee or officer of the owner or supervising entity
8 that is designated by the applicant as the person
9 responsible for the owner's compliance with the
10 requirements of this article; provided that, if the
11 owner derives more than fifty per cent of its revenue
12 from the sale of stored property insurance, the
13 information in this paragraph shall be provided for
14 all officers, directors, and shareholders of record
15 having beneficial ownership of ten per cent or more of
16 any class of securities registered under the federal
17 securities law; and

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

19 (c) Any owner engaging in stored property insurance
20 transactions on or before the effective date of Act , Session
21 Laws of Hawaii 2019, shall apply for licensure within ninety



1 days of the date the application is made available by the
2 commissioner. Any applicant commencing operations after the
3 effective date of Act , Session Laws of Hawaii 2019, shall
4 obtain a license prior to offering stored property insurance.

5 (d) Initial licenses issued pursuant to this article shall
6 be valid for a period of not less than twenty-four months.
7 Renewed licenses shall be valid for a period of twenty-four
8 months.

9 (e) Each owner licensed under this article shall pay to
10 the commissioner a fee of \$2 for the issuance of the initial
11 stored property limited lines license, plus a license fee of \$1
12 per year for the renewal term. A pro rata portion of the
13 license fee may be applied for a partial year of the initial
14 term."

15 SECTION 3. This Act does not affect rights and duties that
16 matured, penalties that were incurred, and proceedings that were
17 begun before its effective date.

18 SECTION 4. The revisor of statutes shall insert the
19 effective date of this Act in the appropriate places in section
20 2 of this Act.

21 SECTION 5. This Act shall take effect on July 1, 3000.



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. (SB817 HD1)

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