

Honolulu, Hawaii

APR 26 2019

RE: S.B. No. 817
S.D. 2
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 817, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SELF-SERVICE STORAGE,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Authorize the sale of stored property insurance by self-service storage facility owners under certain conditions; and
- (2) Require self-service storage facility owners to hold a limited lines license to sell, solicit, or offer coverage under a stored property insurance policy.

Your Committee on Conference finds that the storage tenant is responsible for insuring the property that is stored in a self-



service storage unit. However, approximately fifty percent of storage tenants are in transition and do not have a homeowner's policy or renter's insurance policy covering their stored property, while tenants that do have homeowner's or renter's insurance are subject to a much larger deductible. Furthermore, stand-alone insurance coverage for stored property is not typically offered by insurance agents because the commission payments are low. This measure fills the existing gap in the State's insurance market and allows licensed self-service storage facility owners to provide stored property insurance.

Your Committee on Conference has amended this measure by:

- (1) Establishing provisions related to self-storage occupants' insurance as a new part in chapter 431, article 9A, Hawaii Revised Statutes, rather than as a new article in this chapter;
- (2) Inserting a definition for "commissioner";
- (3) Clarifying the definition of "owner";
- (4) Clarifying that a self-storage facility owner is not required to hold a license for purposes of displaying brochures and promotional materials on behalf of an authorized insurer, rather than an authorized insurer or surplus lines insurer;
- (5) Clarifying that the supervising entity shall maintain a registry of owner locations, employees, and representatives that are authorized to sell, solicit, or offer stored property insurance and clarifying the Insurance Commissioner's authority to inspect and examine the registry;
- (6) Deleting language that would have required each stored property insurance program to establish eligibility and underwriting standards for occupants electing to enroll in coverage;
- (7) Clarifying that an employee or authorized representative shall receive training prior to engaging in the activity of selling, soliciting, or offering stored property insurance;



- (8) Deleting language that would have permitted owners to receive compensation for billing and collection services;
- (9) Clarifying the length of time that initial and renewed licenses shall remain valid;
- (10) Clarifying the application and license fees that shall be paid by each licensed owner;
- (11) Inserting language that permits the Insurance Commissioner to issue a limited license to any owner of a self-service storage facility to sell stored property insurance;
- (12) Updating the purpose section;
- (13) Changing the effective date to January 1, 2020; and
- (14) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 817, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 817, S.D. 2, H.D. 1, C.D. 1.

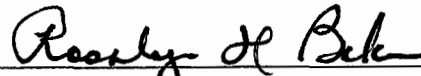
Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



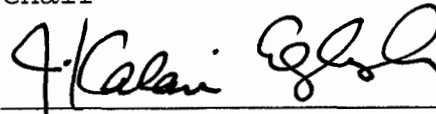
TAKASHI OHNO
Co-Chair



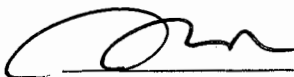
ROSALYN H. BAKER
Chair



ROY M. TAKUMI
Co-Chair



J. KALANI ENGLISH
Co-Chair



SCOTT Y. NISHIMOTO
Co-Chair



