

SENATE BILL REPORT

SHB 2013

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, March 25, 2009

Title: An act relating to self-service storage specialty producers.

Brief Description: Allowing the owner of a self-service storage facility to offer self-service storage insurance.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Green, Roach, Kirby, Warnick and Morrell).

Brief History: Passed House: 3/03/09, 97-0.

Committee Activity: Financial Institutions, Housing & Insurance: 3/18/09, 3/25/09 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Franklin, McDermott, Parlette and Schoesler.

Staff: Philip Brady (786-7460)

Background: The Insurance Commissioner (commissioner) regulates insurance in Washington. This includes oversight of rates, forms, financial conditions, claims practices, and other matters related to the business of insurance. In order to sell insurance in Washington, a person must be licensed by the commissioner.

Self-service storage facilities are regulated under the Washington Self-Storage Facility Act (Act). Facilities are not licensed or registered with any state agency. The Act requires that all rental and lease agreements are in writing. Owners of a self-storage facility must comply with certain procedures when addressing past due rent, terminating the rental or lease agreement, placing liens on personal property stored in the unit, and disposing of unclaimed personal property. Owners are not required to provide insurance coverage to tenants, and there are no discrete penalties for violations of the Act.

Summary of Bill: Self-service storage facilities may be licensed by the commissioner as specialty lines insurance producers (producers) to sell insurance on behalf of an insurer. Unless owners are licensed with either a property line of authority or as a specialty line

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insurance producer under this act, they may not offer, sell, or solicit the purchase of self-service storage insurance (insurance). They may, however, continue to display and make available materials from authorized insurers.

Applications for licensure must include a written application with verification and certification from the insurer. Producers must provide written disclosure materials at all locations with a summary of the material terms of insurance and other specified information. Disclosure must include a statement that if insurance is required as a condition of rental, that requirement is met by the product offered by the producers. Producers must submit and maintain with the commissioner a list of employees authorized to sell insurance, which must be reported annually. Changes to the list must be reported within 30 days. Producers must also provide a training and education program for authorized employees that meets requirements set out in statute, which must be approved by the commissioner. The commissioner must respond to receipt of training program materials within 30 days or is deemed to have approved the program.

The commissioner may adopt rules to implement this chapter, and fees are specified. Proceeds from required fees are directed to the General Fund.

The list of insurance specialty lines is amended to include self-service storage.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2010.

Staff Summary of Public Testimony: PRO: There are 225,000 self-storage tenants in Washington, and many don't have homeowner's insurance to cover their rental spaces. Many tenants may also not realize that they're not covered by the owner's policy and are therefore unprotected. The number of carriers in Washington has decreased, and this bill might help bring some back and make the market more competitive. The bill also requires owners to inform tenants that they might be covered under other insurance policies, which is good for those tenants to know. If this bill passes, industry will be doing statewide seminars to make sure everyone knows about it.

Persons Testifying: PRO: Alan Ameche, NW Storage Properties; Patrick Reilly, Terry Kohl, Washington State Self-Storage Association; Don Arsenault, Arsenault Realty Advisors, LLC.