SPONSOR: Sen. Townsend & Sen. Bushweller & Rep. Paradee
Sen. Pettyjohn; Reps. Bennett, Ramone

DELAWARE STATE SENATE
149th GENERAL ASSEMBLY

SENATE BILL NO. 184
AS AMENDED BY
SENATE AMENDMENT NO. 1

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO SELF-SERVICE STORAGE INSURANCE PRODUCER LICENSURE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend § 1702, Title 18 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows and by redesignating accordingly:

(t) "Self-Service Storage Insurance" means insurance offered in connection with and incidental to the rental of space at a self-service storage facility.

Section 2. Amend § 1707(b), Title 18 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows and by redesignating accordingly:

(6) Self-Service Storage Insurance.

Section 3. Amend § 1709, Title 18 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows and by redesignating accordingly:

(f) An applicant for a license as a self-service storage producer shall not be required to complete any prelicensing education or examination.

Section 4. Amend Title 18 of the Delaware Code by creating a new Chapter 20B as follows:

§ 2060. Short Title.

This chapter shall be known as the "Self-Service Storage Producer Limited License Act."

§ 2061. Definitions.

As used in this chapter:

(1) "Occupant" means a person or the person's sublesee, successor, or assign entitled to the use of a storage space or spaces at a self-service storage facility, to the exclusion of others.

(2) "Owner" means the owner, operator, lessor, or sublessor of a self-service storage facility, her agent or any other person authorized by her to manage the facility or to receive rent from an occupant under a rental agreement.

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(3) “Personal property” means movable property that is not affixed to land and includes but is not limited to all of the following:

(a) Goods, wares, merchandise, household items, and furnishings.

(b) Vehicles, motor vehicles, trailers, and semitrailers.

(c) Watercraft and motorized watercraft.

(4) “Self-Service Storage Insurance” means insurance offered in connection with and incidental to the rental of space at a self-service storage facility.

(5) “Self-Service Storage Producer” means an owner who is licensed under this section.

(6) “Self-Service Storage Facility” means any real property designed and used for the purpose of renting or leasing individual storage space to occupants who are to have access to such for the purpose of storing and removing personal property.

§ 2062. Licensure of Self-Service Storage Producers.

(1) The Commissioner may issue to an owner that has complied with the requirements of this chapter a limited lines license authorizing the owner to offer, sell, solicit, or negotiate the kinds of insurance prescribed in this section in connection with and incidental to the rental of space at a self-service storage facility.

(2) As a prerequisite for the issuance of a limited lines license under this chapter, a written application in a form and manner prescribed by the Commissioner must be filed with the Commissioner. The application must specify all locations in this State at which the self-service storage producer may conduct business under the license.

(a) An owner is only required to obtain 1 self-service storage producer license for all of its self-service storage facility locations in the State where insurance is transacted.

(b) The self-service storage producer must notify the department within 30 days after commencing business under the self-service storage producer's license at any additional locations in this State or of those locations in this State that cease to do business under the license.

(3) A self-service storage producer may offer or sell insurance only in connection with and incidental to the rental of space at a self-service storage facility on a master, corporate, commercial, group, or individual policy basis and only with respect to personal property insurance that provides primary coverage to occupants at the self-service storage facility where the insurance is transacted for the loss of or damage to personal property that occurs at that facility or when such property is in transit during the period of the self-service storage rental agreement.

(4) A self-service storage producer may not offer or sell insurance under this section unless each of the following:

(a) The self-service storage producer makes readily available to the prospective purchaser brochures or other written materials that do all of the following:

(i) Summarize the material terms of insurance coverage offered to occupants, including the identity of the insurer, price, benefits, deductibles, exclusions, and conditions, or provide the actual terms of insurance coverage.

(ii) Disclose that the policies offered by the self-service storage producer may provide a duplication of coverage already provided by an occupant's homeowner's insurance policy, renter's insurance policy, vehicle insurance policy, watercraft insurance policy, or other source of property insurance coverage. This disclosure must be prominently displayed in the brochure or other written materials in at least 12-point type bold print.

(iii) State that the insurance prescribed in this section is primary coverage over any other coverage covering the same loss.

(iv) State that if insurance is required as a condition of rental, the requirement may be satisfied by the occupant purchasing the insurance prescribed in this section or by presenting evidence of other applicable insurance coverage and that the purchase of the insurance prescribed in this section is not required in order to rent storage space. This statement must be prominently displayed in the brochure or other written materials in at least 12-point type bold print.

(v) Describe the process for filing a claim.

(vi) Include contact information for filing a complaint with the Commissioner.

(b) All costs related to the insurance are stated in writing.

(c) Evidence of coverage in a form approved by the insurer is provided to every occupant who purchases the coverage.

(d) The insurance is provided by an insurer authorized to transact the applicable kinds of insurance in this State or by a surplus lines insurer authorized under Chapter 19 of this title.

(5) An employee or authorized representative of a self-service storage producer may act on behalf of and under the supervision of the self-service storage producer in matters relating to the conduct of business under the license that is issued under this section if all of the following:

(a) The conduct of an employee or authorized representative of a self-service storage producer acting within the scope of employment or agency is deemed the conduct of the self-service storage producer for purposes of this section.

(b) The self-service storage producer must maintain a register, on a form the Commissioner requires, of each employee or authorized representative of the self-service storage producer who offers the insurance prescribed in this section on behalf of the self-service storage producer, and must submit the register for inspection by the Commissioner upon request. Such register must also include a certification that each employee or authorized representative of the self-service storage producer who offers the insurance prescribed in this section has completed the training program set forth in paragraph (c) below.

(c) Each self-service storage producer must provide or cause a licensed producer to provide a training program approved by the Commissioner that gives employees and authorized representatives of the self-service storage producer who offer the insurance prescribed in this section on behalf of the self-service storage producer basic instruction about the provisions of this section, including all of the following:

(i) General information about homeowners, renters, business, and similar insurance that an occupant may have that may provide coverage for property stored at a self-service storage facility.

(ii) General information about the material terms of insurance coverage offered to occupants including the price, benefits, deductibles, exclusions, and conditions of the insurance.

(iii) The provisions of this section including the required disclosures set forth in this section.

§ 2063. Prohibitions.

A self-service storage producer may not:

(1) Offer or sell insurance except in connection with and incidental to the rental of space at a self-service storage facility.

(2) Advertise, represent, or otherwise portray itself or any of its employees or authorized representatives as licensed insurers or insurance producers.

§ 2064. Suspension or Revocation of License.

The Commissioner may suspend, revoke, or refuse to renew a limited lines license issued under this chapter after notice and opportunity for a hearing if the self-service storage producer, or employee or authorized representative of the self-service storage producer who offers or sells limited lines insurance on behalf of the self-service storage producer, has done any of the following:

(1) Violated any provision of this chapter or Title 18.

(2) Operated without a limited lines license as required under this chapter.

(3) Failed to make readily available the disclosures required under section 2062(4) this chapter.

(4) Offered or sold unapproved insurance products.

(5) Failed to train employees or authorized representatives as required under this chapter.

(6) Misrepresented pertinent facts or policy provisions concerning the insurance prescribed in this chapter.

§ 2065. Additional Penalties.

Instead of, or in addition to, suspending or revoking a limited lines license issued under this chapter, the Commissioner may impose on the self-service storage producer administrative penalties as set forth in Chapter 3 of this title.

§ 2066. Exclusions.

(1) An insurer may pay, and a self-service storage producer may receive, a commission, service fee, or other valuable consideration dependent on the sale of insurance.

(2) A self-service storage producer may pay, and its employees or authorized representatives may receive, production payments or incentive payments if the payments are not dependent on the sale of insurance.

(3) An owner is not required to be licensed under this section solely to display and make available to occupants and prospective occupants brochures and other promotional materials created by or on behalf of an authorized insurer or by a surplus lines insurer.

§ 2067. Enforcement.

(1) If any of the provisions of this chapter are not satisfied by a self-storage producer, the sale of self-storage insurance by that producer is pursuant to the terms of Chapter 17 of this title.

(2) The self-storage producer offering, selling, soliciting and negotiating self-storage insurance is subject to Chapter 17 of this title, to the extent not inconsistent with this chapter, and Chapter 23 of this title.

Section 4. This act takes effect 60 days after its enactment.