
SUBSTITUTE HOUSE BILL 2013

State of Washington

61st Legislature

2009 Regular Session

By House Financial Institutions & Insurance (originally sponsored by Representatives Green, Roach, Kirby, Warnick, and Morrell)

READ FIRST TIME 02/20/09.

1 AN ACT Relating to self-service storage specialty producers;
2 amending RCW 48.14.010 and 48.17.170; adding a new chapter to Title 48
3 RCW; and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The definitions in this section apply
6 throughout this chapter unless the context clearly requires otherwise.

7 (1) "Commissioner" means the insurance commissioner of this state.

8 (2) "Occupant" means a person, or his or her sublessee, successor,
9 or assign, who is entitled to the use of the storage space at a self-
10 service storage facility under a rental agreement, to the exclusion of
11 others.

12 (3) "Owner" means the owner, operator, property management company,
13 lessor, or sublessor of a self-service storage facility. "Owner" does
14 not mean an occupant.

15 (4) "Personal property" means movable property not affixed to land,
16 and includes, but is not limited to, goods, merchandise, furniture, and
17 household items.

18 (5) "Self-service storage insurance producer" means any owner of a

1 facility that is licensed as a specialty lines insurance producer under
2 chapter 48.17 RCW to offer, sell, or solicit self-service storage
3 insurance under this chapter.

4 (6) "Self-service storage facility" or "facility" means any real
5 property designed and used for the purpose of renting or leasing
6 individual storage space to occupants who are to have access to the
7 space for the purpose of storing and removing personal property on a
8 self-service basis, but does not include a garage or other storage area
9 in a private residence.

10 (7) "Self-service storage insurance" is insurance that in
11 connection with and incidental to the rental of space at a facility
12 provides coverage to occupants at the facility for the loss of or
13 damage to stored personal property that occurs at that facility.

14 NEW SECTION. **Sec. 2.** (1) An owner; or officer, director, or
15 employee of an owner; may not offer, sell, or solicit the purchase of
16 self-service storage insurance unless that person is:

17 (a) Licensed as an insurance producer with a property line of
18 authority under chapter 48.17 RCW; or

19 (b) Licensed as a self-service storage insurance producer under
20 chapter 48.17 RCW and is in compliance with this chapter.

21 (2) If the owner is licensed as a self-service storage insurance
22 producer under chapter 48.17 RCW and is in compliance with this
23 chapter, then an employee of the owner who is in compliance with
24 section 8(1) of this act is not required to be individually licensed.

25 (3) The commissioner may issue a specialty line insurance producer
26 license to an owner that is in compliance with this chapter authorizing
27 the owner to act as a self-service storage insurance producer under
28 this chapter, in connection with and incidental to rental agreements,
29 on behalf of any insurer authorized to write self-service storage
30 insurance in this state.

31 NEW SECTION. **Sec. 3.** An owner may apply to be licensed as a self-
32 service storage insurance producer under, and if in compliance with,
33 this chapter by filing the following documents with the commissioner:

34 (1) A written application for licensure, signed by the applicant or
35 by an officer of the applicant, in the form prescribed by the

1 commissioner that includes a listing of all locations at which the
2 owner intends to offer, sell, or solicit self-service storage
3 insurance; and

4 (2)(a) A certificate by the insurer that is to be named in self-
5 service storage insurance producer license, stating that the insurer:

6 (i) Has satisfied itself that the named applicant is trustworthy
7 and competent to act as its self-service storage insurance producer,
8 limited to this purpose;

9 (ii) Has reviewed the employee training and education program
10 required by section 8(1)(c) of this act and that it satisfies the
11 statutory requirements; and

12 (iii) Will appoint the applicant to act as its self-service storage
13 insurance producer to offer, sell, or solicit self-service storage
14 insurance, if the license for which the applicant is applying is issued
15 by the commissioner.

16 (b) The certification shall be subscribed by an authorized
17 representative of the insurer on a form prescribed by the commissioner.

18 NEW SECTION. **Sec. 4.** An owner issued a self-service storage
19 insurance producer license under this chapter is not subject to the
20 prelicensure or continuing education requirements in chapter 48.17 RCW.

21 NEW SECTION. **Sec. 5.** (1) A self-service storage insurance
22 producer license authorizes a self-service storage insurance producer
23 and its employees to offer and sell to, enroll in, and bill and collect
24 premiums from occupants for insurance covering the loss of or damage to
25 personal property stored at a facility on a master, corporate, group,
26 or individual policy basis.

27 (2) A self-service storage insurance producer is not required to
28 treat moneys collected from occupants purchasing insurance under this
29 chapter as funds received in a fiduciary capacity, if:

30 (a) The insurer represented by the self-service storage insurance
31 producer has consented in writing, signed by an officer of the insurer,
32 that the premiums need not be segregated from funds received by the
33 self-service storage insurance producer; and

34 (b) The charges for insurance coverage are itemized and ancillary
35 to the rental agreement.

1 (3) An owner is not required to be licensed pursuant to this
2 section merely to display and make available to prospective occupants
3 brochures and other promotional materials created by or on behalf of an
4 authorized insurer, provided that either the owner or its employees, or
5 both, are not paid a commission or other consideration.

6 NEW SECTION. **Sec. 6.** A self-service storage insurance producer
7 may not solicit insurance under section 2 of this act unless:

8 (1) At every location where occupants are enrolled in self-service
9 storage insurance programs, written disclosure material regarding the
10 program is made available to prospective occupants; and

11 (2) All employees who offer and sell to, enroll in, and bill and
12 collect premiums from occupants for insurance have completed a training
13 program for employees of the licensed self-service storage insurance
14 producer as approved by the commissioner.

15 NEW SECTION. **Sec. 7.** The written disclosure material required in
16 section (6)(1) of this act must:

17 (1) Summarize the material terms of insurance coverage offered to
18 occupants, including the name, address, telephone number of the
19 insurer, price, benefits, exclusions, and conditions;

20 (2) Prominently and conspicuously disclose that the policies
21 offered by the self-service storage insurance producer may provide a
22 duplication of coverage already provided by an occupant's homeowner's
23 insurance policy, renter's insurance policy, vehicle insurance policy,
24 watercraft insurance policy, or other source of property insurance
25 coverage;

26 (3) State that if self-service storage insurance is required as a
27 condition of rental, the requirement may be satisfied by the occupant
28 purchasing the insurance being offered to the occupant by the owner or
29 by presenting evidence of other applicable insurance coverage;

30 (4) Describe the process for filing a claim;

31 (5) State in writing all costs related to the insurance; and

32 (6) Disclose any other information required by rule by the
33 commissioner.

34 NEW SECTION. **Sec. 8.** (1) An employee of a self-service storage
35 insurance producer may be authorized to offer, sell, or solicit self-

1 service storage insurance under the authority of the self-service
2 storage insurance producer's license, if all of the following
3 conditions have been satisfied:

4 (a) The employee is eighteen years of age or older;

5 (b) The employee is a trustworthy person and has not committed any
6 act set forth in RCW 48.17.530;

7 (c) The employee has completed a training and education program;

8 (d) The self-service storage insurance producer, at the time it
9 submits its self-service storage insurance producer license
10 application, also submits a list of the names of all employees to its
11 self-service storage insurance producer license on forms prescribed by
12 the commissioner. The list shall be submitted to the commissioner
13 annually and kept current by reporting all changes, deletions, or
14 additions within thirty days after the change, deletion, or addition
15 occurred. Each list shall be retained by the self-service storage
16 insurance producer for a period of three years from submission; and

17 (e) The self-service storage insurance producer submits to the
18 commissioner with its initial self-service storage insurance producer
19 license application, and annually thereafter, a certification
20 subscribed by an officer of the self-service storage insurance producer
21 on a form prescribed by the commissioner, stating all of the following:

22 (i) No person other than an employee offers, sells, or solicits
23 self-service storage insurance on its behalf or while working as an
24 employee of the self-service storage insurance producer; and

25 (ii) All employees have completed the training and education
26 program under subsection (4) of this section.

27 (2) A self-service storage insurance producer's employee may only
28 act on behalf of the self-service storage insurance producer in the
29 offer, sale, or solicitation of self-service storage insurance. A
30 self-service storage insurance producer is responsible for, and must
31 supervise, all actions of its employees related to the offering, sale,
32 or solicitation of self-service storage insurance. The conduct of an
33 employee is the same as the conduct of the self-service storage
34 insurance producer for purposes of this chapter.

35 (3) The manager at each location of a self-service storage
36 insurance producer, or the direct supervisor of the self-service
37 storage insurance producer's employees at each location, must be an
38 employee of that self-service storage insurance producer and is

1 responsible for the supervision of each additional employee at that
2 location. Each self-service storage insurance producer shall identify
3 the employee who is the manager or direct supervisor at each location
4 in the employee list that it submits under subsection (1)(d) of this
5 section.

6 (4) Each self-service storage insurance producer shall provide a
7 training and education program for each employee prior to allowing an
8 employee to offer, sell, or solicit self-service storage insurance.
9 Details of the program must be submitted to the commissioner, along
10 with the license application, for approval prior to use, and
11 resubmitted for approval of any changes prior to use. This training
12 program shall meet the following minimum standards:

13 (a) Each employee shall receive instruction about the insurance
14 authorized under this chapter that may be offered for sale to
15 prospective occupants; and

16 (b) Each employee shall receive training about the requirements and
17 limitations imposed on self-service storage insurance producer and
18 employees under this chapter. The training must include specific
19 instruction that the employee is prohibited by law from making any
20 statement or engaging in any conduct express or implied, that would
21 lead a consumer to believe that the:

22 (i) Occupant does not have insurance policies in place that already
23 provide the coverage being offered by the self-service storage producer
24 under this chapter; or

25 (ii) Employee is qualified to evaluate the adequacy of the
26 occupant's existing insurance coverages.

27 (5) The training and education program submitted to the
28 commissioner is approved if no action is taken within thirty days of
29 its submission.

30 (6) An employee's authorization to offer, sell, or solicit self-
31 service storage insurance expires when the employee's employment with
32 the self-service storage insurance producer is terminated.

33 (7) The self-service storage insurance producer shall retain for a
34 period of one year from the date of each transaction records which
35 enable it to identify the name of the employee involved in each rental
36 transaction when an occupant purchases self-service storage insurance.

1 NEW SECTION. **Sec. 9.** The commissioner may adopt rules necessary
2 to implement and administer this chapter.

3 **Sec. 10.** RCW 48.14.010 and 2007 c 117 s 37 are each amended to
4 read as follows:

5 (1) The commissioner shall collect in advance the following fees:

- 6 **(a) For filing charter documents:**
- 7 (i) Original charter documents, bylaws
- 8 or record of organization of
- 9 insurers, or certified copies thereof,
- 10 required to be filed \$250.00
- 11 (ii) Amended charter documents, or
- 12 certified copy thereof, other than
- 13 amendments of bylaws \$ 10.00
- 14 (iii) No additional charge or fee shall be
- 15 required for filing any of such
- 16 documents in the office of the
- 17 secretary of state.
- 18 **(b) Certificate of authority:**
- 19 (i) Issuance \$ 25.00
- 20 (ii) Renewal \$ 25.00
- 21 **(c) Annual statement of insurer, filing \$ 20.00**
- 22 **(d) Organization or financing of domestic insurers and**
- 23 **affiliated corporations:**
- 24 (i) Application for solicitation permit,
- 25 filing \$100.00
- 26 (ii) Issuance of solicitation permit \$ 25.00
- 27 **(e) Insurance producer licenses:**
- 28 (i) License application \$ 55.00
- 29 (ii) License renewal, every two years
- 30 \$ 55.00
- 31 (iii) Initial appointment and renewal of
- 32 appointment of each insurance
- 33 producer, every two years \$ 20.00

1		(iv) Limited <u>line</u> insurance producer	
2		license application and renewal,	
3		every two years	\$ 20.00
4	(f)	Reinsurance intermediary licenses:	
5		(i) Reinsurance intermediary-broker,	
6		each year	\$ 50.00
7		(ii) Reinsurance intermediary-	
8		manager, each year	\$100.00
9	(g)	Surplus line broker license application	
10		and renewal, every two years	\$200.00
11	(h)	Adjusters' licenses:	
12		(i) Independent adjuster, every two	
13		years	\$ 50.00
14		(ii) Public adjuster, every two	
15		years	\$ 50.00
16	(i)	Managing general agent appointment,	
17		every two years	\$200.00
18	(j)	Examination for license, each examination:	
19		All examinations, except examinations	
20		administered by an independent	
21		testing service, the fees for which are	
22		to be approved by the commissioner	
23		and collected directly by and retained	
24		by such independent testing service	
25		\$ 20.00
26	(k)	Miscellaneous services:	
27		(i) Filing other documents	\$ 5.00
28		(ii) Commissioner's certificate under	
29		seal	\$ 5.00
30		(iii) Copy of documents filed in the	
31		commissioner's office, reasonable	
32		charge therefor as determined by	
33		the commissioner.	
34	(l)	<u>Self-service storage specialty insurance producer</u>	
35		<u>license application and renewal:</u>	

1 Every two years, \$130.00 for an owner
2 with under fifty employees or
3 \$375.00 for an owner with fifty or
4 more employees; plus a location fee
5 of \$35.00 for each additional location
6 of an owner.

7 (2) All fees so collected shall be remitted by the commissioner to
8 the state treasurer not later than the first business day following,
9 and shall be placed to the credit of the general fund.

10 (a) Fees for examinations administered by an independent testing
11 service that are approved by the commissioner under subsection (1)(j)
12 of this section shall be collected directly by the independent testing
13 service and retained by it.

14 (b) Fees for copies of documents filed in the commissioner's office
15 shall be remitted by the commissioner to the state treasurer not later
16 than the first business day following, and shall be placed to the
17 credit of the insurance commissioner's regulatory account.

18 **Sec. 11.** RCW 48.17.170 and 2007 c 117 s 12 are each amended to
19 read as follows:

20 (1) Unless denied licensure under RCW 48.17.530, persons who have
21 met the requirements of RCW 48.17.090 and 48.17.110 shall be issued an
22 insurance producer license. An insurance producer may receive a
23 license in one or more of the following lines of authority:

24 (a) "Life," which is insurance coverage on human lives, including
25 benefits of endowment and annuities, and may include benefits in the
26 event of death or dismemberment by accident and benefits for disability
27 income;

28 (b) "Disability," which is insurance coverage for accident, health,
29 and disability or sickness, bodily injury, or accidental death, and may
30 include benefits for disability income;

31 (c) "Property," which is insurance coverage for the direct or
32 consequential loss or damage to property of every kind;

33 (d) "Casualty," which is insurance coverage against legal
34 liability, including that for death, injury, or disability or damage to
35 real or personal property;

1 (e) "Variable life and variable annuity products," which is
2 insurance coverage provided under variable life insurance contracts,
3 variable annuities, or any other life insurance or annuity product that
4 reflects the investment experience of a separate account;

5 (f) "Personal lines," which is property and casualty insurance
6 coverage sold to individuals and families for primarily noncommercial
7 purposes;

8 (g) Limited lines:

9 (i) Surety;

10 (ii) Limited line credit insurance;

11 (iii) Travel;

12 (h) Specialty lines:

13 (i) Communications equipment or services;

14 (ii) Rental car; (~~or~~)

15 (iii) Self-service storage; or

16 (i) Any other line of insurance permitted under state laws or
17 rules.

18 (2) Unless denied licensure under RCW 48.17.530, persons who have
19 met the requirements of RCW 48.17.090(4) shall be issued a title
20 insurance agent license.

21 (3) All insurance producers', title insurance agents', and
22 adjusters' licenses issued by the commissioner shall be valid for the
23 time period established by the commissioner unless suspended or revoked
24 at an earlier date.

25 (4) Subject to the right of the commissioner to suspend, revoke, or
26 refuse to renew any insurance producer's, title insurance agent's, or
27 adjuster's license as provided in this title, the license may be
28 renewed into another like period by filing with the commissioner by any
29 means acceptable to the commissioner on or before the expiration date
30 a request, by or on behalf of the licensee, for such renewal
31 accompanied by payment of the renewal fee as specified in RCW
32 48.14.010.

33 (5) If the request and fee for renewal of an insurance producer's,
34 title insurance agent's, or adjuster's license is filed with the
35 commissioner prior to expiration of the existing license, the licensee
36 may continue to act under such license, unless sooner revoked or
37 suspended, until the issuance of a renewal license, or until the
38 expiration of fifteen days after the commissioner has refused to renew

1 the license and has mailed order of such refusal to the licensee. Any
2 request for renewal not so filed until after date of expiration may be
3 considered by the commissioner as an application for a new license.

4 (6) For all licenses, if request for renewal of an insurance
5 producer's, title insurance agent's, or adjuster's license or payment
6 of the fee is not received by the commissioner prior to the expiration
7 date as required under subsection (4) of this section, the insurer or
8 applicant for renewal shall pay to the commissioner and the
9 commissioner shall collect, in addition to the regular fee, a surcharge
10 as follows: For the first thirty days or part thereof of delinquency
11 the surcharge is fifty percent of the fee; for all delinquencies
12 extending more than thirty days, the surcharge is one hundred percent
13 of the fee. A surcharge of two hundred percent of the renewal fee is
14 required for any delinquency extending more than sixty days after the
15 expiration date. This subsection shall not exempt any person from any
16 penalty provided by law for transacting business without a valid and
17 subsisting license or appointment, or affect the commissioner's right,
18 at his or her discretion, to consider such delinquent application as
19 one for a new license or appointment.

20 (7) An individual insurance producer, title insurance agent, or
21 adjuster who allows his or her license to lapse may, within twelve
22 months after the expiration date, reinstate the same license without
23 the necessity of passing a written examination.

24 (8) A licensed insurance producer who is unable to comply with
25 license renewal procedures due to military service or some other
26 extenuating circumstance such as a long-term medical disability, may
27 request a waiver of those procedures. The producer may also request a
28 waiver of any examination requirement or any other fine or sanction
29 imposed for failure to comply with renewal procedures.

30 (9) The license shall contain the licensee's name, address,
31 personal identification number, and the date of issuance, lines of
32 authority, expiration date, and any other information the commissioner
33 deems necessary.

34 (10) Licensees shall inform the commissioner by any means
35 acceptable to the commissioner of a change of address within thirty
36 days of the change. Failure to timely inform the commissioner of a
37 change in legal name or address may result in a penalty under either
38 RCW 48.17.530 or 48.17.560, or both.

1 NEW SECTION. **Sec. 12.** Sections 1 through 9 of this act constitute
2 a new chapter in Title 48 RCW.

3 NEW SECTION. **Sec. 13.** This act takes effect July 1, 2010.

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