



Senate

General Assembly

File No. 383

January Session, 2023

Senate Bill No. 1037

Senate, April 3, 2023

The Committee on Insurance and Real Estate reported through SEN. CABRERA of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING SELF-SERVICE STORAGE INSURANCE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-1 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2023*):

3 Terms used in this title and section 2 of this act, unless it appears from
4 the context to the contrary, shall have a scope and meaning as set forth
5 in this section.

6 (1) "Affiliate" or "affiliated" means a person that directly, or indirectly
7 through one or more intermediaries, controls, is controlled by or is
8 under common control with another person.

9 (2) "Alien insurer" means any insurer that has been chartered by or
10 organized or constituted within or under the laws of any jurisdiction or
11 country without the United States.

12 (3) "Annuities" means all agreements to make periodical payments
13 where the making or continuance of all or some of the series of the
14 payments, or the amount of the payment, is dependent upon the

15 continuance of human life or is for a specified term of years. This
16 definition does not apply to payments made under a policy of life
17 insurance.

18 (4) "Commissioner" means the Insurance Commissioner.

19 (5) "Control", "controlled by" or "under common control with" means
20 the possession, direct or indirect, of the power to direct or cause the
21 direction of the management and policies of a person, whether through
22 the ownership of voting securities, by contract other than a commercial
23 contract for goods or nonmanagement services, or otherwise, unless the
24 power is the result of an official position with the person.

25 (6) "Domestic insurer" means any insurer that has been chartered by,
26 incorporated, organized or constituted within or under the laws of this
27 state.

28 (7) "Domestic surplus lines insurer" means any domestic insurer that
29 has been authorized by the commissioner to write surplus lines
30 insurance.

31 (8) "Foreign country" means any jurisdiction not in any state, district
32 or territory of the United States.

33 (9) "Foreign insurer" means any insurer that has been chartered by or
34 organized or constituted within or under the laws of another state or a
35 territory of the United States.

36 (10) "Insolvency" or "insolvent" means, for any insurer, that it is
37 unable to pay its obligations when they are due, or when its admitted
38 assets do not exceed its liabilities plus the greater of: (A) Capital and
39 surplus required by law for its organization and continued operation;
40 or (B) the total par or stated value of its authorized and issued capital
41 stock. For purposes of this subdivision "liabilities" shall include but not
42 be limited to reserves required by statute or by regulations adopted by
43 the commissioner in accordance with the provisions of chapter 54 or
44 specific requirements imposed by the commissioner upon a subject
45 company at the time of admission or subsequent thereto.

46 (11) "Insurance" means any agreement to pay a sum of money,
47 provide services or any other thing of value on the happening of a
48 particular event or contingency or to provide indemnity for loss in
49 respect to a specified subject by specified perils in return for a
50 consideration. In any contract of insurance, an insured shall have an
51 interest which is subject to a risk of loss through destruction or
52 impairment of that interest, which risk is assumed by the insurer and
53 such assumption shall be part of a general scheme to distribute losses
54 among a large group of persons bearing similar risks in return for a
55 ratable contribution or other consideration.

56 (12) "Insurer" or "insurance company" includes any person or
57 combination of persons doing any kind or form of insurance business
58 other than a fraternal benefit society, and shall include a receiver of any
59 insurer when the context reasonably permits.

60 (13) "Insured" means a person to whom or for whose benefit an
61 insurer makes a promise in an insurance policy. The term includes
62 policyholders, subscribers, members and beneficiaries. This definition
63 applies only to the provisions of this title and does not define the
64 meaning of this word as used in insurance policies or certificates.

65 (14) "Life insurance" means insurance on human lives and insurances
66 pertaining to or connected with human life. The business of life
67 insurance includes granting endowment benefits, granting additional
68 benefits in the event of death by accident or accidental means, granting
69 additional benefits in the event of the total and permanent disability of
70 the insured, and providing optional methods of settlement of proceeds.
71 Life insurance includes burial contracts to the extent provided by
72 section 38a-464.

73 (15) "Mutual insurer" means any insurer without capital stock, the
74 managing directors or officers of which are elected by its members.

75 (16) "Person" means an individual, a corporation, a partnership, a
76 limited liability company, an association, a joint stock company, a
77 business trust, an unincorporated organization or other legal entity.

78 (17) "Policy" means any document, including attached endorsements
79 and riders, purporting to be an enforceable contract, which
80 memorializes in writing some or all of the terms of an insurance
81 contract.

82 (18) "State" means any state, district, or territory of the United States.

83 (19) "Subsidiary" of a specified person means an affiliate controlled
84 by the person directly, or indirectly through one or more intermediaries.

85 (20) "Unauthorized insurer" or "nonadmitted insurer" means an
86 insurer that has not been granted a certificate of authority by the
87 commissioner to transact the business of insurance in this state or an
88 insurer transacting business not authorized by a valid certificate.

89 (21) "United States" means the United States of America, its territories
90 and possessions, the Commonwealth of Puerto Rico and the District of
91 Columbia.

92 Sec. 2. (NEW) (*Effective October 1, 2023*) (a) For the purposes of this
93 section:

94 (1) "Insurance producer" or "producer" has the same meaning as
95 provided in section 38a-702a of the general statutes;

96 (2) "Location" means (A) any physical location in this state, or (B) any
97 Internet web site or call center site directed at residents of this state;

98 (3) "Occupant" means any person, or the assignee, successor or
99 sublessee of any person, entitled to use, to the exclusion of others,
100 storage space at any self-service storage facility under any rental
101 agreement;

102 (4) "Owner" has the same meaning as provided in section 42-159 of
103 the general statutes;

104 (5) "Personal property" has the same meaning as provided in section
105 42-159 of the general statutes;

106 (6) "Rental agreement" means any written agreement or lease that
107 establishes or modifies the terms, conditions, rules or any other
108 provisions concerning the use and occupancy of storage space at any
109 self-service storage facility;

110 (7) "Self-service storage facility" has the same meaning as provided in
111 section 42-159 of the general statutes;

112 (8) "Self-service storage insurance" means property and casualty
113 insurance (A) insuring personal property stored at, or in transit to or
114 from, any self-service storage facility during the term of a rental
115 agreement, and (B) offered or sold in connection with, and incidental to,
116 a rental agreement; and

117 (9) "Supervising person" means any insurer licensed to transact
118 insurance business in this state and authorized to write personal or
119 commercial risk insurance business in this state, or any insurance
120 producer licensed in this state, appointed by any insurer to supervise
121 the owners who are offering or selling self-service storage insurance
122 coverage on behalf of the appointing insurer.

123 (b) (1) No owner shall offer or sell self-service storage insurance
124 coverage in this state without first obtaining a self-service storage
125 insurance license from the commissioner pursuant to this section.
126 Notwithstanding the provisions of this subdivision, each owner who
127 offers or sells self-service storage insurance coverage in this state prior
128 to October 1, 2023, may continue to offer or sell such insurance coverage
129 until such owner's initial application for a self-service storage insurance
130 license is approved or denied by the commissioner, provided such
131 owner files such application not later than ninety days after the date on
132 which the commissioner prescribes a form for such application. Each
133 self-service storage insurance license issued by the commissioner
134 pursuant to this section shall be in force until January thirty-first of the
135 next even-numbered year, unless such license is revoked or suspended
136 by the commissioner prior to such date.

137 (2) No owner shall be required to be licensed under this section solely

138 to display and make available to occupants and prospective occupants
139 brochures and other promotional materials created by or on behalf of
140 any insurer licensed to transact insurance business, and authorized to
141 write property and casualty insurance, in this state.

142 (3) Each self-service storage insurance license shall authorize each
143 employee and authorized representative of such owner to offer and sell
144 self-service storage insurance coverage at each location where such
145 owner conducts business. No such employee or authorized
146 representative shall be required to be licensed under chapter 701a of the
147 general statutes, provided:

148 (A) The owner obtains and maintains such self-service storage
149 insurance license;

150 (B) The insurer issuing such coverage, or the supervising person
151 appointed by such insurer, supervises such owner; and

152 (C) No such employee or authorized representative holds himself or
153 herself out as an insurance producer licensed in this state unless such
154 employee or authorized representative is an insurance producer
155 licensed in this state.

156 (4) (A) Each owner who seeks to obtain a self-service storage
157 insurance license pursuant to this section shall submit to the
158 commissioner, in a form and manner prescribed by the commissioner,
159 an initial application. Such application shall be signed and sworn to by
160 such owner and include, at a minimum:

161 (i) (I) The name and business address of such owner and any other
162 information that the commissioner may require concerning such owner
163 or any employee or officer of such owner, or the insurer or supervising
164 person supervising such owner, who will serve as the person
165 responsible for such owner's compliance with this section; and

166 (II) If such owner is not an individual and derives more than fifty per
167 cent of such owner's revenue from the sale of self-service storage
168 insurance coverage, such owner shall include the name and business

169 address of such owner and any other information that the commissioner
170 may require for all shareholders of such owner who are directly or
171 indirectly the beneficial owner of ten per cent or more of any class of
172 security of such owner, and all of the officers and directors of such
173 owner; and

174 (ii) The address of such owner's home office.

175 (B) Each application submitted to the commissioner pursuant to
176 subparagraph (A) of this subdivision shall be accompanied by the fees
177 set forth in section 38a-11 of the general statutes, as amended by this act.

178 (5) (A) Each owner seeking to renew a self-service storage insurance
179 license shall submit to the commissioner, in a form and manner
180 prescribed by the commissioner, an updated application. Such
181 application shall be signed and sworn to by such owner and include, at
182 a minimum:

183 (i) Any changes to such owner's initial application filed pursuant to
184 subparagraph (A) of subdivision (4) of this subsection; and

185 (ii) Any other information that the commissioner, in the
186 commissioner's discretion, may require.

187 (B) Each updated application submitted to the commissioner
188 pursuant to subparagraph (A) of this subdivision shall be accompanied
189 by the applicable fee specified in section 38a-11 of the general statutes,
190 as amended by this act.

191 (C) Each renewal of any self-service storage insurance license granted
192 by the commissioner in response to an application filed pursuant to
193 subparagraph (A) of this subdivision shall be valid for two years.

194 (c) Each owner who offers or sells self-service storage insurance
195 coverage shall make available, at each location where such owner offers
196 or sells such coverage to occupants or prospective occupants in this
197 state, brochures or other written or electronic materials that contain, at
198 a minimum, the following:

199 (1) A statement disclosing that self-service storage insurance
200 coverage may provide insurance coverage that is duplicative of
201 insurance coverage provided to occupants under their homeowners,
202 renter's or other insurance policies;

203 (2) A statement disclosing that occupants are not required to
204 purchase self-service storage insurance coverage from such owner to
205 lease storage space from such owner;

206 (3) The identity of the insurer issuing such self-service storage
207 insurance coverage;

208 (4) The identity of any supervising person appointed by the insurer
209 identified pursuant to subdivision (3) of this subsection;

210 (5) The amount of any deductible under such self-service storage
211 insurance coverage and a summary of how such deductible shall be
212 paid;

213 (6) A summary of the benefits under such self-service storage
214 insurance coverage;

215 (7) The terms and conditions of such self-service storage insurance
216 coverage, or a summary of the key terms and conditions of such
217 coverage;

218 (8) A summary of the process for filing a claim under such self-service
219 storage insurance coverage; and

220 (9) A statement disclosing that any occupant covered under self-
221 service storage insurance may cancel such coverage at any time, and that
222 the person who pays the premium for such coverage will receive a
223 refund of, or a credit for, any unearned premium under such coverage.

224 (d) (1) If self-service storage insurance coverage is included at no
225 additional charge with any lease of storage space, the owner shall clearly
226 and conspicuously disclose, in writing, to the occupant or prospective
227 occupant that such insurance is included at no additional charge with

228 the lease of the storage space.

229 (2) Any owner may bill and collect payments for self-service storage
230 insurance coverage, provided:

231 (A) Any payment that is not attributable to the cost of any occupant's
232 occupancy of self-service storage space is itemized separately on each
233 invoice that such owner issues to the occupant; and

234 (B) Such owner remits such payment to the insurer issuing such self-
235 service storage insurance coverage, or the supervising person appointed
236 by such insurer, not later than sixty days after such owner receives such
237 payment.

238 (3) Any owner shall not be required to maintain payments collected
239 pursuant to subdivision (2) of this subsection in a segregated account if
240 the insurer that issued the self-service storage insurance coverage, or the
241 supervising person appointed by such insurer, authorizes the owner to
242 commingle such payments. All premium payments collected by any
243 owner pursuant to said subdivision shall be held by the owner in a
244 fiduciary capacity for the benefit of the insurer.

245 (4) Any owner may receive compensation for billing and collection
246 services.

247 (e) (1) Self-service storage insurance coverage shall not be offered or
248 sold in this state unless such insurance coverage is issued by an insurer
249 that is authorized to write such lines of business in this state. Such
250 insurance coverage may be issued as an individual, group, master,
251 corporate or commercial policy. Any insurer authorized to issue self-
252 service storage insurance coverage in this state shall file a copy of the
253 form for such coverage in accordance with subsection (c) of section 38a-
254 676 of the general statutes.

255 (2) Any insurer that issues self-service storage insurance coverage in
256 this state and does not directly supervise the owners offering or selling
257 such coverage to occupants in this state shall appoint a supervising
258 person, and shall provide the name and contact information of such

259 supervising person to the commissioner and such owners.

260 (3) Each supervising person shall maintain a registry containing the
261 locations used by each owner in this state to offer or sell self-service
262 storage insurance coverage issued by the insurer that appointed such
263 supervising person. Each supervising person shall, not later than ten
264 days after such supervising person receives any request from the
265 commissioner, make such registry available for inspection by the
266 commissioner or the commissioner's designee during such supervising
267 person's regular business hours.

268 (f) The Insurance Commissioner may:

269 (1) Refuse to issue or renew, for cause and after notice and a hearing,
270 a self-service storage insurance license issued pursuant to this section.
271 Any person aggrieved by the commissioner's refusal to issue or renew
272 a self-service storage insurance license may appeal therefrom in
273 accordance with the provisions of section 4-183 of the general statutes,
274 except venue for such appeal shall be in the judicial district of New
275 Britain; and

276 (2) Suspend or revoke a self-service storage insurance license issued
277 pursuant to this section, and impose a fine in addition to or in lieu of
278 such suspension or revocation in accordance with section 38a-774 of the
279 general statutes. The commissioner may, either in addition to or in lieu
280 of such suspension or revocation, issue a cease and desist order
281 suspending the privilege to offer or sell self-service storage insurance
282 coverage at specific locations or by specific employees or authorized
283 representatives.

284 (g) Notwithstanding any provision of the general statutes, no owner
285 shall be required to undergo any examination, education or continuing
286 education as a condition to receiving or renewing a self-service storage
287 insurance license pursuant to this section.

288 (h) The commissioner may adopt regulations, in accordance with the
289 provisions of chapter 54 of the general statutes, to implement the

290 provisions of this section.

291 Sec. 3. Subsection (a) of section 38a-11 of the general statutes is
292 repealed and the following is substituted in lieu thereof (*Effective October*
293 *1, 2023*):

294 (a) The commissioner shall demand and receive the following fees:
295 (1) For the annual fee for each license issued to a domestic insurance
296 company, two hundred dollars; (2) for receiving and filing annual
297 reports of domestic insurance companies, fifty dollars; (3) for filing all
298 documents prerequisite to the issuance of a license to an insurance
299 company, two hundred twenty dollars, except that the fee for such
300 filings by any health care center, as defined in section 38a-175, shall be
301 one thousand three hundred fifty dollars; (4) for filing any additional
302 paper required by law, thirty dollars; (5) for each certificate of valuation,
303 organization, reciprocity or compliance, forty dollars; (6) for each
304 certified copy of a license to a company, forty dollars; (7) for each
305 certified copy of a report or certificate of condition of a company to be
306 filed in any other state, forty dollars; (8) for amending a certificate of
307 authority, two hundred dollars; (9) for each license issued to a rating
308 organization, two hundred dollars. In addition, insurance companies
309 shall pay any fees imposed under section 12-211; (10) a filing fee of fifty
310 dollars for each initial application for a license made pursuant to section
311 38a-769; (11) with respect to insurance agents' appointments: (A) A
312 filing fee of fifty dollars for each request for any agent appointment,
313 except that no filing fee shall be payable for a request for agent
314 appointment by an insurance company domiciled in a state or foreign
315 country which does not require any filing fee for a request for agent
316 appointment for a Connecticut insurance company; (B) a fee of one
317 hundred dollars for each appointment issued to an agent of a domestic
318 insurance company or for each appointment continued; and (C) a fee of
319 eighty dollars for each appointment issued to an agent of any other
320 insurance company or for each appointment continued, except that (i)
321 no fee shall be payable for an appointment issued to an agent of an
322 insurance company domiciled in a state or foreign country which does
323 not require any fee for an appointment issued to an agent of a

324 Connecticut insurance company, and (ii) the fee shall be twenty dollars
325 for each appointment issued or continued to an agent of an insurance
326 company domiciled in a state or foreign country with a premium tax
327 rate below Connecticut's premium tax rate; (12) with respect to
328 insurance producers: (A) An examination fee of fifteen dollars for each
329 examination taken, except when a testing service is used, the testing
330 service shall pay a fee of fifteen dollars to the commissioner for each
331 examination taken by an applicant; (B) a fee of eighty dollars for each
332 license issued; (C) a fee of eighty dollars per year, or any portion thereof,
333 for each license renewed; and (D) a fee of eighty dollars for any license
334 renewed under the transitional process established in section 38a-784;
335 (13) with respect to public adjusters: (A) An examination fee of fifteen
336 dollars for each examination taken, except when a testing service is
337 used, the testing service shall pay a fee of fifteen dollars to the
338 commissioner for each examination taken by an applicant; and (B) a fee
339 of two hundred fifty dollars for each license issued or renewed; (14) with
340 respect to casualty claims adjusters: (A) An examination fee of twenty
341 dollars for each examination taken, except when a testing service is
342 used, the testing service shall pay a fee of twenty dollars to the
343 commissioner for each examination taken by an applicant; (B) a fee of
344 eighty dollars for each license issued or renewed; and (C) the expense of
345 any examination administered outside the state shall be the
346 responsibility of the entity making the request and such entity shall pay
347 to the commissioner two hundred dollars for such examination and the
348 actual traveling expenses of the examination administrator to
349 administer such examination; (15) with respect to motor vehicle
350 physical damage appraisers: (A) An examination fee of eighty dollars
351 for each examination taken, except when a testing service is used, the
352 testing service shall pay a fee of eighty dollars to the commissioner for
353 each examination taken by an applicant; (B) a fee of eighty dollars for
354 each license issued or renewed; and (C) the expense of any examination
355 administered outside the state shall be the responsibility of the entity
356 making the request and such entity shall pay to the commissioner two
357 hundred dollars for such examination and the actual traveling expenses
358 of the examination administrator to administer such examination; (16)

359 with respect to certified insurance consultants: (A) An examination fee
360 of twenty-six dollars for each examination taken, except when a testing
361 service is used, the testing service shall pay a fee of twenty-six dollars to
362 the commissioner for each examination taken by an applicant; (B) a fee
363 of two hundred fifty dollars for each license issued; and (C) a fee of two
364 hundred fifty dollars for each license renewed; (17) with respect to
365 surplus lines brokers: (A) An examination fee of twenty dollars for each
366 examination taken, except when a testing service is used, the testing
367 service shall pay a fee of twenty dollars to the commissioner for each
368 examination taken by an applicant; and (B) a fee of six hundred twenty-
369 five dollars for each license issued or renewed; (18) with respect to
370 fraternal agents, a fee of eighty dollars for each license issued or
371 renewed; (19) a fee of twenty-six dollars for each license certificate
372 requested, whether or not a license has been issued; (20) with respect to
373 domestic and foreign benefit societies shall pay: (A) For service of
374 process, fifty dollars for each person or insurer to be served; (B) for filing
375 a certified copy of its charter or articles of association, fifteen dollars; (C)
376 for filing an annual statement or report, twenty dollars; and (D) for filing
377 any additional paper required by law, fifteen dollars; (21) with respect
378 to foreign benefit societies: (A) For each certificate of organization or
379 compliance, fifteen dollars; (B) for each certified copy of permit, fifteen
380 dollars; and (C) for each copy of a report or certificate of condition of a
381 society to be filed in any other state, fifteen dollars; (22) with respect to
382 reinsurance intermediaries, a fee of six hundred twenty-five dollars for
383 each license issued or renewed; (23) with respect to life settlement
384 providers: (A) A filing fee of twenty-six dollars for each initial
385 application for a license made pursuant to section 38a-465a; and (B) a
386 fee of forty dollars for each license issued or renewed; (24) with respect
387 to life settlement brokers: (A) A filing fee of twenty-six dollars for each
388 initial application for a license made pursuant to section 38a-465a; and
389 (B) a fee of forty dollars for each license issued or renewed; (25) with
390 respect to preferred provider networks, a fee of two thousand seven
391 hundred fifty dollars for each license issued or renewed; (26) with
392 respect to rental companies, as defined in section 38a-799, a fee of eighty
393 dollars for each permit issued or renewed; (27) with respect to medical

394 discount plan organizations licensed under section 38a-479rr, a fee of six
 395 hundred twenty-five dollars for each license issued or renewed; (28)
 396 with respect to pharmacy benefits managers, an application fee of one
 397 hundred dollars for each registration issued or renewed; (29) with
 398 respect to captive insurance companies, as defined in section 38a-91aa,
 399 a fee of three hundred seventy-five dollars for each license issued or
 400 renewed; (30) with respect to each duplicate license issued a fee of fifty
 401 dollars for each license issued; (31) with respect to surety bail bond
 402 agents, as defined in section 38a-660, (A) a filing fee of one hundred fifty
 403 dollars for each initial application for a license, and (B) a fee of one
 404 hundred dollars for each license issued or renewed; (32) with respect to
 405 third-party administrators, as defined in section 38a-720, (A) a fee of five
 406 hundred dollars for each license issued, and (B) a fee of four hundred
 407 fifty dollars for each license renewed; (33) with respect to portable
 408 electronics insurance licenses under section 38a-397, (A) a filing fee of
 409 one hundred dollars for each initial application for a license, (B) a fee of
 410 five hundred dollars for each license issued, and (C) a fee of four
 411 hundred fifty dollars for each license renewed; [and] (34) with respect
 412 to limited lines travel insurance producer licenses under section 38a-398,
 413 (A) a filing fee of one hundred dollars for each initial application for a
 414 license, (B) a fee of six hundred fifty dollars for each license issued, and
 415 (C) a fee of six hundred fifty dollars for each license renewed; and (35)
 416 with respect to self-service storage insurance licenses under section 2 of
 417 this act, (A) a filing fee of one hundred dollars for each initial application
 418 for a license, (B) a fee of five hundred dollars for each license issued, and
 419 (C) a fee of four hundred fifty dollars for each license renewed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2023	38a-1
Sec. 2	October 1, 2023	New section
Sec. 3	October 1, 2023	38a-11(a)

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Insurance Dept.	GF - Indeterminate	Less than 50,000	Less than 50,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in an indeterminate change in revenue to the General Fund beginning in FY 24, associated with a change to the licenses that employees and owners of self-service storage companies must obtain to offer self-service storage insurance.

Currently, all sellers of self-service storage insurance (i.e., owners and employees) must obtain a property and casualty insurance license from the Insurance Department (DOI), paying \$160 for license renewal every two years.

Under the bill, those current licensees will cease paying renewal fees. Instead, only the owner of the company must obtain a new, self-service storage insurance license, paying: (1) a \$100 application fee, (2) \$500 for an initial license, and (3) \$450 for license renewal every two years, which is a \$290 increase.

It is not clear which revenue impact will prevail. The revenue loss, anticipated to be less than \$66,880 across two years, depends on how many current licenses are held by employees, who would no longer need to be licensed under the bill. The revenue gain from the new license

and application fees will depend on the number of owners that become licensed, anticipated to be less than \$84,600 across two years, and the number of license renewals.¹

According to the U.S. Bureau of Labor Statistics, there were 141 “lessors of miniwarehouses and self-storage units” establishments in Connecticut in September 2022, with employment of 418.

There is no anticipated cost to DOI, given expected application volume and that these insurance sellers are already regulated by the agency.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to demand for self-service storage insurance licenses.

Sources: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, NAICS 53113

¹ This reflects the maximum revenue possible in FY 24 if each of the 141 establishments had a separate owner who immediately became licensed to sell self-service storage insurance. However, one owner may own multiple establishments, some of the 141 establishments may not meet the definition of “self-service storage facility” in the bill, and not every owner may choose to sell such insurance.

OLR Bill Analysis**SB 1037*****AN ACT CONCERNING SELF-SERVICE STORAGE INSURANCE.*****SUMMARY**

This bill establishes licensing and regulatory requirements for self-service storage insurance, which insures personal property that is kept in self-service storage.

It requires a self-service storage facility owner offering or selling this insurance in Connecticut to get a specific license from the insurance commissioner. "Owner" includes one who owns, operates, or leases a self-service storage facility or someone authorized to manage it. (Currently, sellers of this insurance must get a property and casualty insurance license from the commissioner.)

The bill establishes the following fees: \$100 for filing an application for an initial self-service storage insurance license, \$500 for the initial license, and \$450 for a license renewal. Licenses expire on January 31 of even-numbered years and renewal licenses are valid for two years. The bill authorizes the insurance commissioner to suspend, revoke, or refuse to issue or renew a license for cause after notice and a hearing.

The bill also requires owners to make certain information about the self-service storage insurance available to occupants and prospective occupants. An "occupant" is a person, or his or her assignee, successor, or sublessee, entitled to use storage space at the facility under a rental agreement.

Lastly, the bill allows the insurance commissioner to adopt implementing regulations.

EFFECTIVE DATE: October 1, 2023

SELF-SERVICE STORAGE INSURANCE

“Self-service storage insurance” is property and casualty insurance that insures personal property stored at, or in transit to or from, a self-service storage facility during the term of a written rental agreement. It is offered or sold in connection with, and incidental to, the rental agreement.

“Personal property” includes things like household items, motor vehicles, goods, and merchandise.

LICENSE REQUIRED TO OFFER OR SELL SELF-SERVICE STORAGE INSURANCE

Beginning October 1, 2023, an owner seeking to offer or sell self-service storage insurance in Connecticut must get a license before doing so. However, the bill allows an owner offering or selling self-service storage insurance in Connecticut before that date to continue offering or selling it during the initial licensing process, as long as they apply for a license within 90 days once the commissioner makes the application form available.

The license must authorize the owner’s employees and authorized representatives to offer or sell self-service storage insurance at each of the owner’s locations, including any physical location in the state or Internet website or call center site directed at state residents.

Under the bill, an owner does not need a license if he or she is only displaying promotional materials for a licensed insurer.

An owner’s employees and representatives do not have to be individually licensed as insurance producers in the state if the following occurs:

1. the owner gets and maintains a self-service storage insurance license;
2. the insurer providing coverage or its “supervising person” oversees the owner (presumably, with respect to the owner’s insurance program); and

3. the employees and representatives do not hold themselves out as licensed insurance producers unless they are, in fact, licensed.

Under the bill, a “supervising person” is a Connecticut-licensed insurer authorized to write personal or commercial insurance here or insurance producer appointed by the insurer to supervise owners’ self-service storage insurance programs.

The bill states that an owner cannot be required to take an exam or complete education or continuing education to receive or renew a self-service storage insurance license.

LICENSE PROCESS AND FEES

An owner seeking a self-service storage insurance license must submit a signed and sworn license application to the insurance commissioner on a form he prescribes, with a \$100 filing fee.

The application must include the (1) applicant’s home office address and (2) name, residential address, and other information the commissioner may require for the owner’s officer or employee responsible for the owner’s compliance with the bill. If the owner is not an individual and derives more than half of its revenue from selling self-service storage insurance, the application must include the name, home address, and other information the commissioner may require for the owner’s (1) shareholders who own 10% or more of its securities and (2) officers and directors.

The bill requires an owner to pay a \$500 fee for the initial license. An owner who wants to renew a license must submit to the insurance commissioner any changes to the initial application, other information the commissioner may require, and a \$450 renewal fee. Renewal licenses are valid for two years.

LICENSE SUSPENSION, REVOCATION, AND REFUSAL TO ISSUE OR RENEW

The bill authorizes the commissioner, after notice and a hearing, to suspend or revoke a self-service storage insurance license for cause. In addition to or instead of a suspension or revocation, the commissioner

may impose a fine of up to \$5,000.

Instead of suspension or revocation, he may issue a cease and desist order suspending the owner's ability to offer or sell self-service storage insurance at specific locations or by specific employees or representatives.

The bill also authorizes the commissioner, after notice and a hearing, to refuse to issue or renew a self-service storage insurance license for cause. An aggrieved person may appeal the commissioner's refusal to the New Britain Superior Court.

INSURANCE DISCLOSURES REQUIRED

The bill requires an owner, at each location where he or she offers or sells self-service storage insurance, to make specified information available to occupants or prospective occupants in writing or electronically. The information must disclose the following:

1. that self-service storage insurance may duplicate insurance coverage already provided by an occupant's homeowners', renters', or other insurance policy;
2. that an occupant need not buy self-service storage insurance to lease storage space from the owner;
3. how to file a claim under the insurance;
4. that an occupant covered under the insurance may cancel the coverage at any time and the person who paid the premium will receive a refund of, or credit for, any applicable unearned premium;
5. the identity of the insurer issuing the coverage and any appointed supervising person;
6. any applicable deductible and how the deductible is paid; and
7. a summary of the insurance benefits, key terms, and conditions.

Additionally, if the insurance coverage is included at no charge with a storage space lease, the owner must clearly and conspicuously disclose this in writing to the occupant or prospective occupant.

PREMIUM PAYMENTS

The bill authorizes an owner to bill and collect premium payments for self-service storage insurance if (1) premium payments are itemized separately on the occupant's invoice and (2) the owner remits premiums to the insurer or supervising person within 60 days after collection.

Under the bill, the owner may be compensated for this premium billing and collection service. Also, the owner can commingle premiums collected from other accounts if the insurer or supervising person allows it. However, the owner must hold all premium payments collected in a fiduciary capacity for the benefit of the insurer.

INSURER AND SUPERVISING PERSON REQUIREMENTS

Under the bill, self-service storage insurance can only be offered or sold in Connecticut if it is issued by an insurer authorized to write that line of business here. A self-service storage insurance policy may be issued as an individual, group, master, corporate, or commercial policy. The insurer must file the policy form with the insurance commissioner for his approval.

If the insurer does not directly supervise owners' self-service storage insurance programs, it must appoint a supervising person and give the commissioner and the owners the person's name and contact information.

A supervising person must maintain a registry of owners' locations used to offer or sell the insurer's self-service storage insurance policies. The supervising person must make the registry available to the insurance commissioner or his designee for inspection during regular business hours and within 10 days of a request for it.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 10 Nay 2 (03/16/2023)