

1 SENATE CORPORATIONS AND TRANSPORTATION COMMITTEE SUBSTITUTE FOR
2 SENATE BILL 301

3 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

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10 AN ACT

11 RELATING TO INSURANCE; ENACTING A NEW SECTION OF CHAPTER 59A,
12 ARTICLE 12 NMSA 1978 TO PROVIDE FOR LIMITED LINES SELF-STORAGE
13 INSURANCE; PROVIDING FOR ENFORCEMENT BY THE SUPERINTENDENT OF
14 INSURANCE.

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. A new section of Chapter 59A, Article 12 NMSA
18 1978 is enacted to read:

19 "[NEW MATERIAL] LIMITED LICENSING OF SELF-SERVICE STORAGE
20 FACILITIES TO SELL OR OFFER INSURANCE.--

21 A. As used in this section:

22 (1) "limited lines self-storage insurance"
23 means insurance coverage for loss of an occupant's personal
24 property incidental to the rental of a self-storage space at a
25 self-service storage facility pursuant to the provisions of

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underscored material = new
[bracketed material] = delete

1 this section;

2 (2) "limited lines self-storage producer"
3 means an owner or an operator authorized by the superintendent
4 to sell or solicit limited lines self-storage insurance;

5 (3) "occupant" means a person or the person's
6 lessee, successor or assignee entitled to the use of the self-
7 storage space at a self-service storage facility under a self-
8 storage rental agreement to the exclusion of others;

9 (4) "operator" means a person designated by
10 the owner in writing as responsible for the day-to-day
11 operations of the self-service storage facility owned by the
12 owner;

13 (5) "owner" means the owner of a self-service
14 storage facility;

15 (6) "policyholder" means an occupant who has
16 obtained limited lines self-storage insurance coverage;

17 (7) "rental period" means the term of a self-
18 storage rental agreement;

19 (8) "self-service storage facility" means real
20 property designed and used for the sole purpose of renting or
21 leasing individual storage space to occupants given access to a
22 self-storage space for the sole purpose of storing and removing
23 personal property;

24 (9) "self-storage rental agreement" means a
25 written agreement setting forth the terms and conditions

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1 governing the use of a self-storage space provided by a
2 self-service storage facility for rental or lease; and

3 (10) "self-storage space" means a designated
4 storage unit or other designated space at the self-service
5 storage facility pursuant to the provisions of this section.

6 B. A limited lines self-storage producer shall not
7 evaluate or interpret limited lines self-storage insurance with
8 the occupant or evaluate or provide advice concerning an
9 occupant's existing insurance coverage.

10 C. A limited lines self-storage license issued
11 pursuant to this section authorizes the limited lines self-
12 storage producer, the owner and the owner's employees or
13 operator to sell or solicit a policy of limited lines self-
14 storage insurance.

15 D. The limited lines self-storage producer shall
16 maintain a registry of locations that sell or solicit limited
17 lines self-storage insurance, as well as a list of the
18 individuals who have been trained by the limited lines self-
19 storage producer to sell or solicit limited lines self-storage
20 insurance. Upon request by the superintendent, the limited
21 lines self-storage producer shall make the registry open to
22 inspection and examination by the superintendent.

23 E. A limited lines self-storage producer is
24 licensed only to sell or solicit or to offer to sell or solicit
25 limited lines self-storage insurance in connection with and

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1 incidental to the rental of a self-storage space in the owner's
2 self-service storage facility.

3 F. Prior to issuing a limited lines self-storage
4 insurance policy, a limited lines self-storage producer shall
5 provide each policyholder with a written policy, along with a
6 certificate that:

7 (1) summarizes clearly and correctly the
8 material terms of coverage offered to an occupant, including
9 the identity and contact information of the insurer and that of
10 the owner;

11 (2) describes the benefits of coverage;

12 (3) discloses that the coverage is presented
13 by the self-service storage facility;

14 (4) describes that the limited lines self-
15 storage insurance being offered may provide a duplication of
16 insurance coverage already provided by a homeowners insurance
17 policy or other source of coverage in effect for the occupant;

18 (5) sets forth the deductible and benefits of
19 the limited lines self-storage insurance coverage and describes
20 the process for filing a claim, if the occupant elects to
21 purchase this coverage;

22 (6) states that the occupant's purchase of
23 limited lines self-storage insurance is voluntary and that the
24 premium for limited lines self-storage insurance coverage is
25 itemized and ancillary to the self-storage rental agreement;

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1 and

2 (7) explains that the limited lines self-
3 storage producer and the individuals that the producer has
4 trained can provide general information about the limited lines
5 self-storage insurance offered, including the amount of the
6 premium and a description of the coverage, but is not qualified
7 or authorized to answer technical questions about the terms and
8 conditions of the limited lines self-storage insurance or to
9 evaluate the adequacy of the occupant's existing insurance
10 coverage, if any.

11 G. The limited lines self-storage producer shall
12 either directly supervise or shall authorize or appoint, in
13 writing, the operator of the self-storage facility to supervise
14 the administration of the sale or solicitation of limited lines
15 self-storage insurance, including development of a training
16 program for the sale, solicitation or negotiation of the
17 limited lines self-storage insurance for employees and the
18 operator. The training program shall be submitted to the
19 superintendent for approval prior to use. The training program
20 shall be required for the employees and operator who are
21 directly engaged in the activity of selling or soliciting
22 limited lines self-storage insurance.

23 H. The limited lines self-storage insurance
24 premiums shall be separately itemized on an occupant's rental
25 invoice if they are not included in the cost of the rental of

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1 the self-storage space. If the premiums are included in the
2 cost of the rental of the self-storage space, the owner shall
3 clearly and conspicuously disclose to the occupant that the
4 limited lines self-storage insurance is included with the
5 rental fees for the self-storage space.

6 I. The provisions of this section do not prohibit a
7 limited lines self-storage producer from paying, and its
8 employees or operator from receiving, production payments or
9 incentive payments; provided that such compensation is
10 incidental to the employee's or the operator's overall
11 compensation. Notwithstanding any other provision of law, an
12 owner shall not compensate an employee or an operator based
13 primarily on the number of occupants enrolled for limited lines
14 self-storage insurance. The owner may receive compensation for
15 billing and collection services.

16 J. An insurer may terminate or otherwise change the
17 terms and conditions of a policy of limited lines self-storage
18 insurance that does not have a stated expiration date only upon
19 providing the owner and the occupant that purchased the limited
20 lines self-storage insurance with at least thirty days prior
21 written notice; provided that an insurer may terminate an
22 occupant's coverage under a limited lines self-storage
23 insurance policy upon fifteen days prior written notice to the
24 occupant and the owner for the occupant's nonpayment of premium
25 or for the discovery of fraud or material misrepresentation in

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1 the occupant's application for coverage or in the occupant's
2 presentation of a claim under the policy. In addition, an
3 insurer may terminate an occupant's coverage under a limited
4 lines self-storage insurance policy as follows:

5 (1) immediately when the occupant ceases to
6 rent a self-storage space from the owner; or

7 (2) following thirty days notice when the
8 occupant exhausts the aggregate of the limited lines self-
9 storage insurance policy limit of liability, if any, under the
10 terms of the limited lines self-storage insurance and the
11 insurer sends written notice of termination to the occupant and
12 owner within thirty calendar days of exhaustion of the limit.

13 K. If an insurer changes the terms and conditions
14 of a limited lines self-storage insurance policy, then the
15 insurer shall provide the limited lines self-storage producer
16 and each occupant with a revised policy and certificate
17 indicating that a change in the terms and conditions has
18 occurred, including a summary of the material changes.

19 L. If an insurer terminates a policy, the insurer
20 shall mail or deliver a written notice to the owner and to each
21 policyholder advising of the termination of the policy and the
22 effective date of termination. An insurer may send notices and
23 correspondence by either mail or electronic means. If the
24 notice is mailed, the insurer shall send it to the owner at the
25 owner's address and to the policyholder at the last known

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1 address of the policyholder and shall maintain proof of mailing
2 in a form authorized or accepted by the United States postal
3 service or other commercial mail delivery service. If the
4 written notice is sent by electronic means, the insurer shall
5 send it to the owner at the owner's email address and to the
6 policyholder at the policyholder's last known email address as
7 provided by the policyholder. If a policyholder provides an
8 email address to the insurer or owner, it cannot be used to
9 satisfy the notice in writing unless the policyholder has also
10 been informed that by providing an email address the
11 policyholder is consenting to receive written notices and
12 correspondence by electronic means. The insurer shall
13 maintain, for a minimum of one year, proof that the written
14 notice was sent.

15 M. The limited lines self-storage producer may send
16 notice or correspondence required by this section or otherwise
17 required by law on behalf of the insurer or owner."