AN ACT

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

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

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

"LIMITED LICENSING OF SELF-SERVICE STORAGE FACILITIES TO SELL OR OFFER INSURANCE.--

A. As used in this section:

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

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

(3) "occupant" means a person or the person's lessee, successor or assignee entitled to the use of the self-storage space at a self-service storage facility under a self-storage rental agreement to the exclusion of
(4) "operator" means a person designated by the owner in writing as responsible for the day-to-day operations of the self-service storage facility owned by the owner;

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

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

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

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

(9) "self-storage rental agreement" means a written agreement setting forth the terms and conditions governing the use of a self-storage space provided by a self-service storage facility for rental or lease; and

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

B. The superintendent may issue a limited lines self-storage producer license to individual applicants who
are owners or operators of self-service storage facilities.

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

D. A limited lines self-storage license issued pursuant to this section authorizes the limited lines self-storage producer, the owner, the operator and the owner's employees who have been trained by the limited lines self-storage producer to sell or solicit a policy of limited lines self-storage insurance.

E. The limited lines self-storage producer shall maintain a registry of locations that sell or solicit limited lines self-storage insurance, as well as a list of the individuals who have been trained by the limited lines self-storage producer to sell or solicit limited lines self-storage insurance. Upon request by the superintendent, the limited lines self-storage producer shall make the registry open to inspection and examination by the superintendent.

F. A limited lines self-storage producer is licensed only to sell or solicit or to offer to sell or solicit limited lines self-storage insurance in connection with and incidental to the rental of a self-storage space in the owner's self-service storage facility.
G. Prior to issuing a limited lines self-storage insurance policy, a limited lines self-storage producer shall provide each policyholder with a written policy, along with a certificate that:

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

(2) describes the benefits of coverage;

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

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

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

(6) states that the occupant's purchase of limited lines self-storage insurance is voluntary and that the premium for limited lines self-storage insurance coverage is itemized and ancillary to the self-storage rental agreement; and
(7) explains that the limited lines self-storage producer and the individuals that the producer has trained in limited lines self-storage insurance can provide general information about the limited lines self-storage insurance offered, including the amount of the premium and a description of the coverage, but is not qualified or authorized to answer technical questions about the terms and conditions of the limited lines self-storage insurance or to evaluate the adequacy of the occupant's existing insurance coverage, if any.

H. The limited lines self-storage producer shall either directly supervise or shall authorize or appoint, in writing, the operator of the self-storage facility to supervise the administration of the sale or solicitation of limited lines self-storage insurance, including development of a training program for the sale or solicitation of the limited lines self-storage insurance for employees and the operator. The training program shall be submitted to the superintendent for approval prior to use. The training program shall be required for the employees and operator who are directly engaged in the activity of selling or soliciting limited lines self-storage insurance.

I. The limited lines self-storage insurance premiums shall be separately itemized on an occupant's rental invoice if they are not included in the cost of the rental of
the self-storage space. If the premiums are included in the
cost of the rental of the self-storage space, the owner shall
clearly and conspicuously disclose to the occupant that the
limited lines self-storage insurance is included with the
rental fees for the self-storage space.

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

K. An insurer may terminate or otherwise change
the terms and conditions of a policy of limited lines
self-storage insurance that does not have a stated expiration
date only upon providing the owner and the occupant that
purchased the limited lines self-storage insurance with at
least thirty days prior written notice; provided that an
insurer may terminate an occupant's coverage under a limited
lines self-storage insurance policy upon fifteen days prior
written notice to the occupant and the owner for the
occupant's nonpayment of premium or for the discovery of
fraud or material misrepresentation in the occupant's application for coverage or in the occupant's presentation of a claim under the policy. In addition, an insurer may terminate an occupant's coverage under a limited lines self-storage insurance policy as follows:

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

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

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

M. If an insurer terminates a policy, the insurer shall mail or deliver a written notice to the owner and to each policyholder advising of the termination of the policy and the effective date of termination. An insurer may send notices and correspondence by either mail or electronic
means. If the notice is mailed, the insurer shall send it to the owner at the owner's address and to the policyholder at the last known address of the policyholder and shall maintain proof of mailing in a form authorized or accepted by the United States postal service or other commercial mail delivery service. If the written notice is sent by electronic means, the insurer shall send it to the owner at the owner's email address and to the policyholder at the policyholder's last known email address as provided by the policyholder. If a policyholder provides an email address to the insurer or owner, it cannot be used to satisfy the notice in writing unless the policyholder has also been informed that by providing an email address the policyholder is consenting to receive written notices and correspondence by electronic means. The insurer shall maintain, for a minimum of one year, proof that the written notice was sent.

N. The limited lines self-storage producer may send notice or correspondence required by this section or otherwise required by law on behalf of the insurer or owner.”