

JAN 25 2017

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# A BILL FOR AN ACT

RELATING TO INSURANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that self-service storage  
2 facilities offer customers stored property insurance as an  
3 affordable insurance option if those customers do not have a  
4 homeowners' or renters' insurance policy. Stored property  
5 insurance policies typically insure the contents within a  
6 storage unit located at a storage facility.

7           The legislature also finds that many of the customers of  
8 self-service storage facilities do not have homeowners' or  
9 renters' insurance policies and are unlikely to seek insurance  
10 from the traditional insurance market for their storage facility  
11 unit. Moreover, the generally short-term and low-cost nature of  
12 a storage unit rental provides little economic incentive for  
13 insurance companies to pursue stored property insurance  
14 customers on a regular basis. This makes it difficult for  
15 individuals wishing to purchase insurance to protect the value  
16 of their stored property. Affording individuals the opportunity  
17 to purchase insurance at the point of rental will provide a more



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1 accessible means to obtain optional affordable coverage for  
2 their stored property.

3 The purpose of this Act is to exempt individuals selling  
4 only insurance for property stored at a self-service storage  
5 facility from obtaining a license as an insurance producer  
6 provided that specific requirements are met.

7 SECTION 2. Section 431:9A-104, Hawaii Revised Statutes, is  
8 amended by amending subsection (b) to read as follows:

9 "(b) A license as an insurance producer shall not be  
10 required of the following:

11 (1) An officer, director, or employee of an insurer or of  
12 an insurance producer; provided that the officer,  
13 director, or employee does not receive any commission  
14 or remuneration on policies written or sold to insure  
15 risks residing, located, or to be performed in this  
16 State and:

17 (A) The officer, director, or employee's activities  
18 are executive, administrative, managerial,  
19 clerical, or a combination of these and are only  
20 indirectly related to the sale, solicitation, or  
21 negotiation of insurance;



- 1           (B) The officer, director, or employee's functions  
2           relate to underwriting, loss control, inspection,  
3           or the processing, adjusting, investigating, or  
4           settling of a claim on a contract of insurance;  
5           or
- 6           (C) The officer, director, or employee is acting in  
7           the capacity of a special agent or agency  
8           supervisor, assisting insurance producers where  
9           the person's activities are limited to providing  
10          technical advice and assistance to licensed  
11          insurance producers and do not include the sale,  
12          solicitation, or negotiation of insurance;
- 13          (2) A person who secures and furnishes information  
14          regarding group life insurance, group property and  
15          casualty insurance, group annuities, group or blanket  
16          accident and health or sickness insurance, for the  
17          purpose of enrolling individuals or issuing  
18          certificates under such plans, or otherwise assisting  
19          in administering the plans, or who performs  
20          administrative services related to mass marketed



- 1 property and casualty insurance, where no commission  
2 is paid to the person for the service;
- 3 (3) An employer or association or its officers, directors,  
4 employees, or the trustee of any employee trust plan,  
5 to the extent that the employer, association,  
6 officers, employees, directors, or trustees are  
7 engaged in the administration or operation of a  
8 program of employee benefits for the employer's or  
9 association's own employees or the employees of its  
10 subsidiaries or affiliates, which program involves the  
11 use of insurance issued by an insurer, so long as the  
12 employers, associations, officers, directors,  
13 employees, or trustees are not in any manner  
14 compensated, directly or indirectly, by the company  
15 issuing the contracts;
- 16 (4) Employees of insurers or organizations employed by  
17 insurers who are engaging in the inspection, rating,  
18 or classification of risks, or in the supervision or  
19 the training of insurance producers, and who are not  
20 individually engaged in the sale, solicitation, or  
21 negotiation of insurance;



- 1           (5) A person whose activities in this State are limited to  
2           advertising without the intent to solicit insurance in  
3           this State through communications in printed  
4           publications or other forms of electronic mass media,  
5           whose distribution is not limited to residents of this  
6           State; provided that the person does not sell,  
7           solicit, or negotiate insurance that would insure  
8           risks residing, located, or to be performed in this  
9           State;
- 10          (6) A person who is not a resident of this State who  
11          sells, solicits, or negotiates a contract of insurance  
12          for commercial property and casualty risks to an  
13          insured with risks located in more than one state  
14          insured under that contract; provided that the person  
15          is otherwise licensed as an insurance producer to  
16          sell, solicit, or negotiate that insurance in the  
17          state where the insured maintains its principal place  
18          of business and the contract of insurance insures  
19          risks located in that state; [~~or~~]
- 20          (7) A salaried, full-time employee who counsels or advises  
21          the person's employer relative to the insurance



1 interests of the employer or of the subsidiaries or  
2 business affiliates of the employer; provided that the  
3 employee does not sell or solicit insurance or receive  
4 commissions [-]; or

5 (8) A person whose only activity is the solicitation of  
6 stored property insurance sold in connection with and  
7 incidental to the rental of storage space in a self-  
8 service storage facility under a rental agreement for  
9 a period not to exceed one year; provided that the  
10 person does not receive a commission for stored  
11 property insurance sold pursuant to that solicitation,  
12 written disclosure material is given to the customer  
13 at the time of solicitation, and the written material  
14 includes all of the following:

15 (A) A disclosure that the stored property insurance  
16 is not required under State law and may duplicate  
17 coverage already provided by the customer's  
18 homeowners, renters, or other insurance policies;

19 (B) A summary of the material terms of the stored  
20 property insurance coverage, including all of the  
21 following:



- 1            (i) The identity of the insurer;
- 2            (ii) The benefits of the coverage; and
- 3            (iii) The key terms and conditions of the
- 4                            coverage; and
- 5            (C) A summary of the process for filing a claim.

6            For the purposes of this paragraph:

7                            "Self-service storage facility" has the same meaning  
8            as in section 507-61.

9                            "Stored property insurance" means insurance under a  
10            group or master policy issued to a self-service storage  
11            facility to provide insurance coverage to its customers for  
12            the loss of, or damage to, tangible personal property that  
13            is contained in a storage space located at a self-service  
14            storage facility or is in transit during the term of a  
15            self-service storage facility rental agreement; provided  
16            that the insured value of the policy shall not exceed  
17            \$10,000."

18            SECTION 3. Statutory material to be repealed is bracketed  
19            and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

J. Alan Rish



# S.B. NO. 1237

**Report Title:**

Self-service storage facilities; Insurance

**Description:**

Exempts individuals selling only insurance for property stored at a self-service storage facility from obtaining a license as an insurance producer provided that specific requirements are met.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

