



Ohio Revised Code

Section 3905.063 Self-service storage insurance; license required.

Effective: March 23, 2015

Legislation: House Bill 430 - 130th General Assembly

(A) As used in this section:

(1) "Customer" means a person who obtains the use of storage space from a self-service storage facility under the terms of a self-storage rental agreement.

(2) "Endorsee" means an employee or authorized representative of a self-service storage facility authorized to sell or offer self-service storage insurance.

(3) "Enrolled customer" means a customer who elects coverage under a self-service storage insurance policy issued to a self-service storage facility by an insurer or a policy issued directly to a customer from an insurer.

(4) "Location" means any physical location in this state or any web site, call center site, or similar location directed to residents of this state.

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

(6) "Personal property" means moveable property not affixed to land, and includes goods, merchandise, furniture, and household items.

(7)(a) "Self-service storage insurance" means insurance providing coverage for the loss of, or damage to, tangible personal property that is contained in storage space or in transit during a self-service storage rental agreement period, which may be offered on a month-to-month or other periodic basis under an individual policy, or as a group, commercial, or master policy issued to a self-service storage facility to provide insurance for the self-service storage facility's customers.

(b) "Self-service storage insurance" does not mean any of the following:



- (i) A consumer goods service contract governed by section 3905.423 of the Revised Code;
 - (ii) A policy of insurance covering a seller's or a manufacturer's obligations under a warranty;
 - (iii) A homeowner's, renter's, private passenger automobile, or similar insurance policy.
- (8) "Self-service storage rental agreement" means a written agreement containing the terms and conditions governing the use of storage space provided by a self-service storage facility.
- (9) "Supervising entity" means an insurer or a business entity licensed as an insurance agent under section 3905.06 or 3905.07 of the Revised Code that is appointed by an insurer to supervise the administration of self-service storage insurance.
- (B)(1) Except as provided in division (B)(2) of this section, no self-service storage facility or self-service storage facility's endorsee shall offer, sell, solicit, or place self-service storage insurance unless the self-service storage facility is licensed under section 3905.06 or 3905.07 of the Revised Code with a self-service storage insurance line of authority and the offer, sale, solicitation, or placement is incidental to the lease of self-service storage.
- (2) Any self-service storage facility offering or selling self-service storage insurance on or before the effective date of this section that wishes to continue offering or selling that insurance shall apply for a license within ninety days after the superintendent of insurance makes the application available.
- (C)(1) The superintendent shall issue a resident insurance license to a self-service storage facility under section 3905.06 of the Revised Code if the self-service storage facility satisfies the requirements of sections 3905.05 and 3905.06 of the Revised Code, except that the application for a self-service storage insurance license shall satisfy the following additional requirements:
- (a) The application shall include the location, including the address for each location, of the self-service storage facility's home office and any location at which the facility engages in self-service storage transactions.



(b) If the application requires the self-service storage facility to designate an individual or entity as a responsible insurance agent, that agent shall not be required to be an employee of the applicant and may be an individual agent who is an employee of the supervising entity.

(c) If the self-service storage facility derives less than fifty per cent of the self-service storage facility's revenue from the sale of self-service storage insurance, the application for a self-service storage insurance license may require the self-service storage facility to provide the name, residence address, and other information required by the superintendent for one employee or officer of the self-service storage facility who is designated by the self-service storage facility as the person responsible for the self-service storage facility's compliance with the requirements of this chapter.

(d) If the self-service storage facility derives fifty per cent or more of the self-service storage facility's revenue from the sale of self-service storage insurance, the application may require the information listed under division (C)(1)(c) of this section for all owners with at least ten per cent interest or voting interest, partners, officers, and directors of the self-service storage facility, or members or managers of a self-service storage facility that is a limited liability company.

(2) The superintendent shall issue a nonresident insurance agent license to a self-service storage facility if the self-service storage facility satisfies the requirements of section 3905.07 of the Revised Code. However, if the nonresident self-service storage facility's home state does not issue a limited lines license for self-service storage insurance, the nonresident self-service storage facility may apply for a resident license under sections 3905.05 and 3905.06 of the Revised Code in the same manner and with the same rights and privileges as if the self-service storage facility were a resident of this state.

(D) The holder of a limited lines license may not sell, solicit, or negotiate insurance on behalf of any insurer unless appointed to represent that insurer under section 3905.20 of the Revised Code.

(E) Division (B)(34) of section 3905.14 of the Revised Code shall not apply to the self-service storage facility or the self-service storage facility's endorsees.

(F) If insurance is required as a condition of a self-service storage rental agreement, the requirement may be satisfied by the customer's purchase of self-service storage insurance that is sold, solicited, or



negotiated by the self-service storage facility or presentation to the self-service storage facility of evidence of other applicable insurance coverage.

Evidence of applicable insurance coverage includes a representation by a licensed Ohio insurance agent that the customer satisfies the requirements of this division.

(G)(1) A self-service storage facility may authorize any endorsee of the self-service storage facility to sell or offer self-service storage insurance to a customer at any location at which the self-service storage facility engages in self-service storage transactions.

(2) An endorsee is not required to be licensed as an insurance agent under this chapter if the self-service storage facility is licensed under this section and the insurer issuing the self-service storage insurance either directly supervises or appoints a supervising entity to supervise the administration of the self-service storage insurance including development of a training program for endorsees in accordance with division (H) of this section.

(3) No endorsee shall do any of the following:

(a) Advertise, represent, or otherwise represent the endorsee's self as an insurance agent licensed under section 3905.06 or 3905.07 of the Revised Code;

(b) Offer, sell, or solicit the purchase of self-service storage insurance except in conjunction with and incidental to the sale or lease of self-service storage;

(c) Make any statement or engage in any conduct, express or implied, that would lead a customer to believe either of the following:

(i) That, if insurance is required as a condition of a self-service storage rental agreement, the purchase by the customer of self-service storage insurance offered by the self-service storage facility is the only method by which that condition may be met;

(ii) That the self-service storage facility or its endorsees are qualified to evaluate the adequacy of the customer's existing insurance coverage.



(4) An endorsee shall disclose that self-service storage insurance may duplicate coverage already provided under a customer's homeowner's insurance policy, renter's insurance policy, or other coverage.

(H) Each self-service storage facility, or the supervising entity to that self-service storage facility, shall provide a training and education program for all endorsees who sell or offer self-service storage insurance. The program may be provided as a web-based training module or in any other electronic or recorded video form. The training and education program shall meet all of the following minimum standards:

(1) The training shall be delivered to each endorsee of each self-service storage facility who sells or offers self-service storage insurance and the endorsee shall complete the training.

(2) If the training is conducted in an electronic form, the supervising entity shall implement a supplemental education program regarding self-service storage insurance that is conducted and overseen by employees of the supervising entity who are licensed as insurance agents under section 3905.06 or 3905.07 of the Revised Code.

(3) The training and education program shall include basic information about self-service storage insurance and information concerning all of the following prohibited actions of endorsees:

(a) No endorsee shall advertise, represent, or otherwise represent the endorsee's self as a licensed insurance agent.

(b) No endorsee shall offer, sell, or solicit the purchase of self-service storage insurance except in conjunction with and incidental to the rental of a storage space by the self-service storage facility.

(c) No endorsee shall make any statement or engage in any conduct, express or implied, that would lead a customer to believe any of the following:

(i) That the insurance policies offered by the endorsee provide coverage not already provided by a customer's homeowner's insurance policy, renter's insurance policy, or by another source of



coverage;

(ii) That, if insurance is required as a condition of a self-service storage rental agreement, the purchase by the customer of self-service storage insurance offered by the self-service storage facility is the only method by which that condition may be met;

(iii) That the self-service storage facility or its endorsees are qualified to evaluate the adequacy of the customer's existing insurance coverage.

(I) A supervising entity appointed to supervise the administration of self-service storage insurance under division (G)(2) of this section shall maintain a registry of locations supervised by that entity that are authorized to sell or solicit self-service storage insurance in this state and the endorsees at each location. The supervising entity shall make the registry available to the superintendent upon request.

(J)(1) At every location where a self-service storage facility offers self-service storage insurance to customers, the self-service storage facility shall provide brochures or other written materials to prospective customers that include all of the following:

(a) A summary of the material terms of the insurance coverage, including all of the following:

(i) The identity of the insurer;

(ii) The identity of the supervising entity;

(iii) The amount of any applicable deductible and how it is to be paid;

(iv) Benefits of the coverage;

(v) Key terms and conditions of coverage.

(b) A summary of the process for filing a claim;



(c) A disclosure that self-service storage insurance may provide a duplication of coverage already provided by a customer's homeowner's insurance policy, renter's insurance policy, or other source of coverage;

(d) A disclosure that, if insurance is required as a condition of a self-service storage rental agreement, the requirement may be satisfied by either of the following:

(i) The customer's purchase of self-service storage insurance that is sold, solicited, or negotiated by the self-service storage facility;

(ii) The customer's presentation to the self-service storage facility of evidence of other applicable insurance coverage such as a representation by a licensed Ohio insurance agent that the customer satisfies the coverage requirement ;

(e) A disclosure that neither the endorsee nor the self-service storage facility is qualified to evaluate the adequacy of the customer's existing insurance coverage;

(f) A disclosure that the customer may cancel enrollment for coverage under a self-service storage insurance policy at any time and receive a refund of any applicable premium.

(2) A self-service storage facility shall provide to every customer who purchases self-service storage insurance a certificate that is evidence of the coverage.

(K)(1) The charges for self-service storage insurance may be billed and collected by the self-service storage facility, and the self-service storage facility may receive compensation for performing billing and collection services, if either of the following conditions are met:

(a) If the charge to the customer for coverage is not included in the cost associated with the purchase or lease of self-service storage or related services, the charge for coverage is separately itemized on the customer's bill.

(b) If the charge to the customer for coverage is included in the cost associated with the lease of self-service storage, the self-service storage facility clearly and conspicuously discloses to the customer



that the charge for self-service storage insurance coverage is included with the lease for self-service storage.

(2) All funds received by a self-service storage facility from a customer for the sale of self-service storage insurance shall be considered funds held in trust by the self-service storage facility in a fiduciary capacity for the benefit of the insurer. Self-service storage facilities that bill and collect such charges are not required to maintain those funds in a segregated account if the self-service storage facility is authorized by the insurer to hold those funds in an alternate manner and the self-service storage facility remits the amount of the charges to the supervising entity within sixty days after receiving the charges.

(L)(1) Except as otherwise provided in divisions (L)(2) and (3) of this section, an insurer may terminate or otherwise change the terms and conditions of a policy of self-service storage insurance only upon providing the self-service storage facility policyholder and enrolled customers with at least sixty days' prior notice. If the insurer changes the terms and conditions, the insurer shall promptly provide the self-service storage facility policyholder with a revised policy or endorsement and each enrolled customer with a revised certificate, endorsement, updated brochure, or other evidence indicating that a change in the terms and conditions has occurred and a summary of material changes.

(2) An insurer may terminate an enrolled customer's enrollment under a self-service storage insurance policy upon fifteen days' prior notice for discovery of fraud or material misrepresentation in obtaining coverage or in the presentation of a claim under the policy.

(3) An insurer may immediately terminate an enrolled customer's enrollment under a self-service storage insurance policy for any of the following reasons:

(a) The enrolled customer fails to pay the required premium;

(b) The enrolled customer ceases to have an active lease at the self-service storage facility;

(c) The enrolled customer exhausts the aggregate limit of liability, if any, under the terms of the self-service storage insurance policy and the insurer sends notice of termination to the customer within



thirty calendar days after exhaustion of the limit. However, if the insurer does not send the notice within the thirty-day time frame, enrollment shall continue notwithstanding the aggregate limit of liability until the insurer sends notice of termination to the enrolled customer.

(4) If a self-service storage insurance policy is terminated by a self-service storage facility policyholder, the self-service storage facility policyholder shall provide notice to each enrolled customer advising the customer of the termination of the policy and the effective date of the termination. The written notice shall be sent by mail, electronic mail, or delivery to the customer at least thirty days prior to the termination.

(5) Notice required pursuant to this section may be sent by any of the following methods:

(a) Electronically, in accordance with section 3901.41 of the Revised Code;

(b) Via ordinary, registered, or certified mail, return receipt requested and postage prepaid;

(c) By overnight delivery using a nationally recognized carrier.

(M) An enrolled customer may cancel the enrolled customer's coverage under a self-service storage insurance policy at any time. Upon cancellation, the insurer shall refund any applicable unearned premium.

(N) A license issued pursuant to this section shall authorize the self-service storage facility and its endorsees to engage only in those activities that are expressly permitted by this section.

(O)(1) If a self-service storage facility or a self-service storage facility's endorsee violates any provision of this section, the superintendent may revoke or suspend the license issued or impose any other sanctions provided under section 3905.14 of the Revised Code.

(2) If any provision of this section is violated by a self-service storage facility, a self-service storage facility's endorsee at a particular location, a supervising entity, or an agent, the facility, endorsee, supervising entity, or agent is deemed to have engaged in an unfair and deceptive act or practice in the business of insurance under sections 3901.19 to 3901.26 of the Revised Code.



(3) If the superintendent determines that a violation of this section or section 3905.14 of the Revised Code has occurred, the superintendent may assess a civil penalty in an amount not exceeding twenty-five thousand dollars per violation and an administrative fee to cover the expenses incurred by the department in the administrative action, including costs incurred in the investigation and hearing process.

(P)(1) Notwithstanding any other provision of law, if a self-service storage facility's insurance-related activities, and those of its endorsees, employees, and authorized representatives, are limited to offering and disseminating self-service storage insurance on behalf of and under the direction of a limited lines self-service storage insurance agent that meets the requirements of this section, the facility is authorized to offer and disseminate insurance and receive related compensation for these services if the self-service storage facility is registered by the limited lines self-service storage insurance agent as described in division (I) of this section. Any compensation paid to a self-service storage facility's endorsee, employee, or authorized representative for the services described in this section shall be incidental to the endorsee's, employee's, or authorized representative's overall compensation and not based primarily on the number of customers who purchase self-service storage insurance coverage.

(2) Nothing in this section shall be construed to prohibit payment of compensation to a self-service storage facility or its employees, endorsees, or authorized representatives for activities under the limited lines self-service storage insurance agent's license that are incidental to the overall compensation of the self-service storage facility or the employees, endorsees, or authorized representatives of the facility.

(3) All costs paid or charged to a consumer for the purchase of self-service storage insurance or related services, including compensation to the self-service storage facility, shall be separately itemized on the customer's bill.

(Q) The superintendent may adopt rules implementing this section.