



Reprinted
March 19, 2013

ENGROSSED SENATE BILL No. 432

DIGEST OF SB 432 (Updated March 18, 2013 4:57 pm - DI 97)

Citations Affected: IC 27-1; noncode.

Synopsis: Self-storage insurance. Provides for the sale, solicitation, or negotiation of self-storage insurance by self-storage facilities under a limited lines producer's license.

Effective: July 1, 2013.

Paul

(HOUSE SPONSORS — HEATON, MAHAN, HALE)

January 10, 2013, read first time and referred to Committee on Insurance.
February 21, 2013, reported favorably — Do Pass.
February 25, 2013, read second time, ordered engrossed. Engrossed.
February 26, 2013, read third time, passed. Yeas 50, nays 0.

HOUSE ACTION

March 4, 2013, read first time and referred to Committee on Insurance.
March 14, 2013, reported — Do Pass.
March 18, 2013, read second time, amended, ordered engrossed.

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ES 432—LS 6871/DI 97+



First Regular Session 118th General Assembly (2013)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2012 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 432

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-1-15.6-4 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. (a) As used in this
3 section, "insurer" does not include an officer, director, employee,
4 subsidiary, or affiliate of an insurer.
5 (b) This chapter does not require an insurer to obtain an insurance
6 producer license.
7 (c) The following are not required to be licensed as an insurance
8 producer:
9 (1) An officer, director, or employee of an insurer or of an
10 insurance producer, if the officer, director, or employee does not
11 receive any commission on policies written or sold to insure risks
12 that reside, are located, or are to be performed in Indiana, and if:
13 (A) the officer, director, or employee's activities are executive,
14 administrative, managerial, clerical, or a combination of these,
15 and are only indirectly related to the sale, solicitation, or
16 negotiation of insurance;
17 (B) the officer, director, or employee's function relates to

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- 1 underwriting, loss control, inspection, or the processing,
 2 adjusting, investigating, or settling of a claim on a contract of
 3 insurance; or
 4 (C) the officer, director, or employee is acting in the capacity
 5 of a special agent or agency supervisor assisting insurance
 6 producers and the officer, director, or employee's activities are
 7 limited to providing technical advice and assistance to
 8 licensed insurance producers and do not include the sale,
 9 solicitation, or negotiation of insurance.
- 10 (2) A person who secures and furnishes information for the
 11 purpose of:
 12 (A) group life insurance, group property and casualty
 13 insurance, group annuities, or group or blanket accident and
 14 sickness insurance;
 15 (B) enrolling individuals under plans;
 16 (C) issuing certificates under plans or otherwise assisting in
 17 administering plans; or
 18 (D) performing administrative services related to mass
 19 marketed property and casualty insurance;
 20 where no commission is paid to the person for the service.
- 21 (3) A person identified in clauses (A) through (C) who is not in
 22 any manner compensated, directly or indirectly, by a company
 23 issuing a contract, to the extent that the person is engaged in the
 24 administration or operation of a program of employee benefits for
 25 the employer's or association's employees, or for the employees of
 26 a subsidiary or affiliate of the employer or association, that
 27 involves the use of insurance issued by an insurer:
 28 (A) An employer or association.
 29 (B) An officer, director, or employee of an employer or
 30 association.
 31 (C) The trustees of an employee trust plan.
- 32 (4) An:
 33 (A) employee of an insurer; or
 34 (B) organization employed by insurers;
 35 that is engaged in the inspection, rating, or classification of
 36 risks, or in the supervision of the training of insurance
 37 producers, and that is not individually engaged in the sale,
 38 solicitation, or negotiation of insurance.
- 39 (5) A person whose activities in Indiana are limited to advertising,
 40 without the intent to solicit insurance in Indiana, through
 41 communications in printed publications or other forms of
 42 electronic mass media whose distribution is not limited to

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1 residents of Indiana, provided that the person does not sell, solicit,
 2 or negotiate insurance that would insure risks residing, located, or
 3 to be performed in Indiana.
 4 (6) A person who is not a resident of Indiana and who sells,
 5 solicits, or negotiates a contract of insurance for commercial
 6 property and casualty risks to an insured with risks located in
 7 more than one (1) state insured under that contract, provided that:
 8 (A) the person is otherwise licensed as an insurance producer
 9 to sell, solicit, or negotiate the insurance in the state where the
 10 insured maintains its principal place of business; and
 11 (B) the contract of insurance insures risks located in that state.
 12 (7) A salaried full-time employee who counsels or advises the
 13 employee's employer about the insurance interests of the
 14 employer or of the subsidiaries or business affiliates of the
 15 employer, provided that the employee does not sell or solicit
 16 insurance or receive a commission.
 17 (8) An officer, employee, or representative of a rental company
 18 (as defined in IC 24-4-9-7) who negotiates or solicits insurance
 19 incidental to and in connection with the rental of a motor vehicle.
 20 (9) An individual who:
 21 (A) furnishes only title insurance rate information at the
 22 request of a consumer; and
 23 (B) does not discuss the terms or conditions of a title insurance
 24 policy.
 25 (10) An employee or authorized representative of a vendor that is
 26 licensed as a limited lines producer under this chapter to sell,
 27 solicit, or negotiate portable electronics insurance incidental to
 28 and in connection with portable electronics transactions as
 29 described in IC 27-1-15.9.
 30 **(11) An employee or authorized representative of a**
 31 **self-storage facility that is licensed as a limited lines producer**
 32 **under this chapter to sell, solicit, or negotiate self-storage**
 33 **insurance incidental to and in connection with self-storage**
 34 **facility rental agreements as described in IC 27-1-16.1.**
 35 SECTION 2. IC 27-1-15.6-18 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 18. The commissioner
 37 may issue a limited lines producer's license to the following without
 38 examination:
 39 (1) A person who is a ticket-selling producer of a common carrier
 40 and who will act only with reference to the issuance of insurance
 41 on personal effects carried as baggage, in connection with the
 42 transportation provided by such common carrier.

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- 1 (2) A person who will only negotiate or solicit limited travel
 2 accident insurance in transportation terminals.
 3 (3) A limited line credit insurance producer.
 4 (4) A person who will only negotiate or solicit insurance under
 5 Class 2(j) of IC 27-1-5-1.
 6 (5) Any person who will negotiate or solicit a kind of insurance
 7 that the commissioner finds does not require an examination to
 8 demonstrate professional competency.
 9 (6) A person that will sell, solicit, or negotiate only portable
 10 electronics insurance as provided in IC 27-1-15.9.
 11 **(7) A person that will sell, solicit, or negotiate only self-storage**
 12 **insurance as provided in IC 27-1-16.1.**
 13 SECTION 3. IC 27-1-16.1 IS ADDED TO THE INDIANA CODE
 14 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2013]:
 16 **Chapter 16.1. Self-Storage Insurance**
 17 **Sec. 1. The definitions in IC 27-1-15.6-2 apply throughout this**
 18 **chapter.**
 19 **Sec. 2. As used in this chapter, "customer" means a person that**
 20 **obtains the use of storage space from a self-storage facility under**
 21 **the terms of a self-storage rental agreement.**
 22 **Sec. 3. As used in this chapter, "insured customer" means a**
 23 **customer that purchases insurance under a self-storage insurance**
 24 **policy that is sold, solicited, or negotiated by a self-storage facility.**
 25 **Sec. 4. As used in this chapter, "self-storage facility" means a**
 26 **person that is engaged in the business of providing rented storage**
 27 **space to the public.**
 28 **Sec. 5. (a) As used in this chapter, "self-storage insurance"**
 29 **means:**
 30 **(1) insurance that provides insurance coverage for the loss of,**
 31 **or damage to, tangible personal property that is contained in**
 32 **storage space or in transit during a self-storage rental**
 33 **agreement period; or**
 34 **(2) other coverage that the commissioner approves in**
 35 **connection with the rental of storage space.**
 36 **(b) The term does not include any of the following:**
 37 **(1) A homeowner's insurance policy.**
 38 **(2) A renter's insurance policy.**
 39 **(3) A private passenger motor vehicle insurance policy.**
 40 **(4) An insurance policy that provides coverage similar to the**
 41 **insurance provided by a policy described in subdivisions (1)**
 42 **through (3).**

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1 **Sec. 6. As used in this chapter, "self-storage rental agreement"**
 2 **means a written agreement containing the terms and conditions**
 3 **governing the use of storage space provided by a self-storage**
 4 **facility.**

5 **Sec. 7. As used in this chapter, "supervising entity" means a**
 6 **business entity that:**

7 **(1) supervises the activities of a self-storage facility related to**
 8 **a self-storage insurance policy;**

9 **(2) is an:**

10 **(A) insurer; or**

11 **(B) insurance producer;**

12 **that is licensed under this title; and**

13 **(3) issues, or is appointed by an insurer that issues, the**
 14 **self-storage insurance policy.**

15 **Sec. 8. (a) A self-storage facility shall not sell, solicit, or**
 16 **negotiate self-storage insurance unless the self-storage facility**
 17 **holds a limited lines producer's license issued under**
 18 **IC 27-1-15.6-18 to sell, solicit, or negotiate self-storage insurance.**

19 **(b) A limited lines producer's license required by subsection (a)**
 20 **authorizes each of the following to sell, solicit, or negotiate**
 21 **self-storage insurance to a customer at each of a self-storage**
 22 **facility's locations in Indiana:**

23 **(1) The self-storage facility.**

24 **(2) Each of the self-storage facility's employees or authorized**
 25 **representatives, regardless of whether the employee or**
 26 **authorized representative is individually licensed under**
 27 **IC 27-1-15.6, if the insurer that issues the self-storage**
 28 **insurance directly supervises or appoints a supervising entity**
 29 **to supervise:**

30 **(A) the administration of the self-storage insurance sold by**
 31 **the self-storage facility; and**

32 **(B) a training program for the employees and authorized**
 33 **representatives.**

34 **(c) The following apply to a training program described in**
 35 **subsection (b):**

36 **(1) The training must be provided to any employee or**
 37 **authorized representative who is directly engaged in the sale,**
 38 **solicitation, or negotiation of self-storage insurance.**

39 **(2) Initial training of an employee or authorized**
 40 **representative:**

41 **(A) must be provided before the employee or authorized**
 42 **representative engages in the sale, solicitation, or**

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- 1 negotiation of self-storage insurance; and
- 2 (B) may be provided in electronic form or another form.
- 3 (3) Continuing training of an employee or authorized
- 4 representative:
- 5 (A) must be provided on a periodic basis; and
- 6 (B) may be provided in electronic form or another form.
- 7 (4) The training must be developed and overseen by
- 8 employees of the supervising entity who are licensed as
- 9 insurance producers under IC 27-1-15.6 with the
- 10 qualifications described in IC 27-1-15.6-7(a)(3) and
- 11 IC 27-1-15.6-7(a)(4).
- 12 (5) The training must provide basic instruction concerning
- 13 the:
- 14 (A) self-storage insurance offered to customers of the
- 15 self-storage facility; and
- 16 (B) disclosures required by section 10 of this chapter.
- 17 (d) An employee or authorized representative of a self-storage
- 18 facility shall not:
- 19 (1) sell, solicit, or negotiate self-storage insurance except in
- 20 connection with and incidental to the rental of storage space
- 21 by the self-storage facility; or
- 22 (2) advertise or represent that the self-storage facility is an
- 23 insurance producer other than a limited lines producer
- 24 licensed under IC 27-1-15.6.
- 25 **Sec. 9. (a) A supervising entity shall:**
- 26 (1) maintain a registry of locations described in section 8(b) of
- 27 this chapter; and
- 28 (2) make the registry available for examination by the
- 29 commissioner during the supervising entity's regular business
- 30 hours.
- 31 (b) The commissioner shall, at least ten (10) days before the
- 32 examination is conducted, provide to a supervising entity written
- 33 notice of an examination described in subsection (a).
- 34 **Sec. 10. (a) A self-storage facility shall, at each location where**
- 35 **self-storage insurance is sold, solicited, or negotiated, make**
- 36 **available to customers written materials concerning the**
- 37 **self-storage insurance.**
- 38 (b) The written materials available under subsection (a) must do
- 39 all the following:
- 40 (1) Disclose that self-storage insurance may duplicate
- 41 coverage already provided under a customer's homeowner's
- 42 insurance policy, renter's insurance policy, or other coverage.

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1 (2) State that if insurance is required as a condition of a
 2 self-storage rental agreement, the requirement may be
 3 satisfied by the customer's:

- 4 (A) purchase of self-storage insurance that is sold,
 5 solicited, or negotiated by the self-storage facility; or
 6 (B) presentation to the self-storage facility of evidence of
 7 other applicable insurance coverage.

8 (3) Summarize the material terms of each self-storage
 9 insurance policy under which insurance is available from the
 10 self-storage facility, including all the following:

- 11 (A) The identity of the insurer that issues the self-storage
 12 insurance policy.
 13 (B) The identity of any supervising entity.
 14 (C) All costs related to the self-storage insurance policy.
 15 (D) The amount of any applicable deductible.
 16 (E) The benefits of the self-storage insurance.
 17 (F) The key terms and conditions of coverage.

18 (4) Summarize the process for filing a claim.

19 (5) State that an insured customer may cancel the insured
 20 customer's coverage under the self-storage insurance policy
 21 at any time and the person who pays the premium will receive
 22 a refund of unearned premium.

23 **Sec. 11. A self-storage facility, supervising entity, or insurer**
 24 **shall provide an evidence of coverage to each insured customer.**

25 **Sec. 12. Self-storage insurance may be sold:**

- 26 (1) for any period; and
 27 (2) under:

- 28 (A) an individual policy; or
 29 (B) a group, commercial, or master policy issued to a
 30 self-storage facility to provide insurance for the
 31 self-storage facility's customers.

32 **Sec. 13. The:**

- 33 (1) insurer that issues a self-storage insurance policy; or
 34 (2) supervising entity that supervises a self-storage facility
 35 with respect to a self-storage insurance policy;

36 shall establish eligibility and underwriting standards for each
 37 self-storage insurance policy that is sold, solicited, or negotiated by
 38 a self-storage facility.

39 **Sec. 14. The following apply to charges for self-storage**
 40 **insurance:**

- 41 (1) The charges may be billed and collected by the self-storage
 42 facility.

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- 1 (2) If the insurance cost is not included in the cost associated
- 2 with the self-storage rental agreement, the insurance cost
- 3 must be separately itemized on the insured customer's bill.
- 4 (3) If the insurance cost is included in the cost associated with
- 5 the self-storage rental agreement, the self-storage facility shall
- 6 clearly and conspicuously disclose to the insured customer
- 7 that the self-storage insurance cost is included with the cost of
- 8 the self-storage rental agreement.
- 9 (4) A self-storage facility that bills and collects the charges
- 10 shall maintain collected funds in a segregated account unless
- 11 the:
- 12 (A) insurer that issues the self-storage insurance policy
- 13 authorizes the self-storage facility to hold the funds in an
- 14 alternative manner; and
- 15 (B) self-storage facility remits the funds to the supervising
- 16 entity less than sixty (60) days after the self-storage facility
- 17 receives the funds.
- 18 (5) All funds received by the self-storage facility from an
- 19 insured customer as payment for the purchase of coverage
- 20 under a self-storage insurance policy are considered to be
- 21 funds held in trust by the self-storage facility in a fiduciary
- 22 capacity for the benefit of the insurer.
- 23 (6) A self-storage facility may receive from an insurer or a
- 24 supervising entity compensation for billing and collection
- 25 services. Compensation described in this subdivision may be
- 26 dependent on the sale of self-storage insurance.
- 27 Sec. 15. (a) This section supplements and does not limit the
- 28 actions that may be taken by the commissioner for a violation
- 29 under IC 27-1-15.6.
- 30 (b) If a self-storage facility or an employee or authorized
- 31 representative of a self-storage facility violates this chapter, the
- 32 commissioner may do any of the following:
- 33 (1) After notice and hearing, impose on the self-storage
- 34 facility a civil penalty of at least fifty dollars (\$50) and not
- 35 more than ten thousand dollars (\$10,000).
- 36 (2) After notice and hearing, impose other penalties that the
- 37 commissioner considers necessary and reasonable, including:
- 38 (A) suspending the privilege of transacting self-storage
- 39 insurance under this chapter at specific self-storage facility
- 40 locations where violations have occurred; and
- 41 (B) suspending or revoking the ability of an individual
- 42 employee or authorized representative to act under the

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1 self-storage facility's limited lines producer's license.
 2 **Sec. 16. (a)** A self-storage facility shall apply for a limited lines
 3 producer's license required by this chapter by filing a sworn
 4 application for the license with the commissioner on forms
 5 prescribed and furnished by the commissioner.
 6 **(b)** An application filed under subsection (a) must include the
 7 following information:
 8 **(1)** The name, residence address, and other information
 9 required by the commissioner for an employee or officer of
 10 the self-storage facility who is designated by the self-storage
 11 facility as the individual who is responsible for the self-storage
 12 facility's compliance with this chapter.
 13 **(2)** The physical address of the self-storage facility's home
 14 office.
 15 **SECTION 4. [EFFECTIVE JULY 1, 2013]** (a) The department of
 16 insurance shall, not later than August 1, 2013, make available an
 17 application for a limited lines producer's license required by
 18 IC 27-1-16.1, as added by this act.
 19 **(b)** A self-storage facility that was engaged in the sale,
 20 solicitation, or negotiation of self-storage insurance at any time
 21 during the period beginning June 1, 2013, through June 30, 2013,
 22 may sell, solicit, or negotiate self-storage insurance, but shall not
 23 sell, solicit, or negotiate self-storage insurance after the later of:
 24 **(1)** October 31, 2013; or
 25 **(2)** ninety (90) days after the application for a limited lines
 26 producer's license has been made available by the department
 27 of insurance;
 28 unless the self-storage facility has obtained a limited lines
 29 producer's license as required by IC 27-1-16.1, as added by this
 30 act.
 31 **(c)** This SECTION expires January 1, 2015.

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COMMITTEE REPORT

Madam President: The Senate Committee on Insurance, to which was referred Senate Bill No. 432, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 432 as introduced.)

PAUL, Chairperson

Committee Vote: Yeas 9, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, to which was referred Senate Bill 432, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

LEHMAN, Chair

Committee Vote: yeas 12, nays 0.

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 432 be amended to read as follows:

Page 2, double block indent lines 33 through 38.

Page 9, line 8, delete "Except as provided in subdivision (2), the" and insert "**The**".

Page 9, line 20, delete "An employee or authorized representative of a" and insert "**A**".

Page 9, line 30, delete "employee or authorized representative" and insert "**self-storage facility**".

(Reference is to ESB 432 as printed March 15, 2013.)

HEATON

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