S T A T E O F N E W Y O R K

10908

I N A S S E M B L Y

April 29, 2010

Introduced by M. of A. MORELLE -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to authorizing the issuance of limited licenses to self-service storage companies for the sale of insurance coverage on personal property stored in self-service storage spaces

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. The section heading and subsections (a), (d), (e), (f), (h) and (i) of section 2131 of the insurance law, the section heading and subsections (a), (e), (f), (h) and (i) as amended by chapter 582 of the laws of 2003 and subsection (d) as amended by chapter 426 of the laws of 2005, are amended to read as follows:

Limited license for rental vehicle companies [and], wireless communications equipment vendors AND SELF-SERVICE STORAGE COMPANIES. (a) The superintendent may issue to a rental vehicle company, a wireless communications equipment vendor, A SELF-SERVICE STORAGE COMPANY or to a franchisee of a rental vehicle company [or], a wireless communications equipment vendor, OR A SELF-SERVICE STORAGE COMPANY which has complied with the requirements of this section, a limited license authorizing the licensee, known as a "limited licensee" for the purpose of this article, to act as agent, with reference to the kinds of insurance specified in this section, of any insurer authorized to write such kinds of insurance in this state.

(d) The rental vehicle company, wireless communications equipment vendor, OR SELF-SERVICE STORAGE COMPANY, or franchisee licensed pursuant to subsection (a) of this section may act as agent for an authorized insurer only in connection with the rental of motor vehicles [or], the sale or offering for sale of wireless communications equipment, OR THE RENTAL OF STORAGE SPACE and only with respect to the following kinds of insurance:

(1) with respect to rental vehicle companies:

(A) excess liability insurance that provides coverage to the rental car company or franchisee and renters and other authorized drivers of

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD16602-01-0

rental vehicles, in excess of the standard liability limits provided by the rental vehicle company in its rental agreement, for liability arising from the negligent operation of the rental vehicle;

(B) accident and health insurance that provides coverage to renters and other vehicle occupants, in excess to the standard first party benefits provided pursuant to article fifty-one of this chapter, for accidental death and/or dismemberment and for medical expenses resulting from an accident that occurs during the rental period;

(C) personal effects insurance that provides coverage to renters and other vehicle occupants for the loss of, or damage to, personal effects that occurs during the rental period;

(D) any other coverage which the superintendent may approve as meaningful and appropriate in connection with the rental of motor vehicles; or

(2) with respect to wireless communications equipment vendors, insurance issued to cover the loss, theft, mechanical failure, or malfunction of, or damage to, wireless communications equipment offered as either an individual policy issued to the consumer or as a group property and casualty policy under which certificates or other evidence of coverage are issued to individual consumers who enroll in the program, provided however, that said insurance shall not extend to wireless services or service contracts governed by article seventy-nine of this chapter; OR

(3) WITH RESPECT TO SELF-SERVICE STORAGE COMPANIES:

(A) PERSONAL EFFECTS INSURANCE THAT PROVIDES COVERAGE TO RENTERS OF STORAGE SPACES AT THE SAME FACILITY FOR THE LOSS OF, OR DAMAGE TO, PERSONAL EFFECTS THAT OCCURS AT THE SAME FACILITY DURING THE RENTAL PERIOD;

(B) ANY OTHER COVERAGE WHICH THE SUPERINTENDENT MAY APPROVE AS MEANINGFUL AND APPROPRIATE IN CONNECTION WITH THE RENTAL OF STORAGE SPACE.

(e) No insurance may be issued pursuant to this section unless:

(1) with regard to the rental of vehicles only, the rental period of the rental agreement does not exceed thirty consecutive days; and

(2) at every location where rental vehicle agreements [or], wireless communications equipment agreements, OR SELF-SERVICE STORAGE AGREEMENTS are executed, brochures or other written materials are readily available to the prospective consumer which:

(A) summarize, clearly and correctly, the material terms of insurance coverage, including the identity of the insurer and, with regard to wireless communications equipment insurance, the agent licensed under subsection (b) of section two thousand one hundred three of this article;

(B) disclose that these policies may provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowner's insurance policy, personal liability insurance policy, or other source of coverage;

(C) state that the purchase by the consumer of the kinds of insurance specified in this section is not required in order to rent a vehicle [or], to purchase or lease wireless communications equipment, OR TO RENT STORAGE SPACE;

(D) describe the process for filing a claim in the event the consumer elects to purchase coverage;

(E) the price, deductible, benefits, exclusions and conditions or other limitations of such policies;

(F) disclose that the employee of the wireless communications equipment vendor AND THE SELF-STORAGE COMPANY is not qualified or authorized

to evaluate the adequacy of the purchaser's existing coverages, unless otherwise licensed; and

(G) state that the customer may cancel the insurance at any time and any unearned premium will be refunded in accordance with applicable law.

(3) evidence of coverage is provided to every consumer who elects to purchase such coverage.

(f) Rates and forms for wireless communications equipment insurance AND SELF-SERVICE STORAGE COMPANY INSURANCE shall be subject to article twenty-three of this chapter. Any brochures used in connection with wireless communications equipment insurance and self-service storage company insurance shall be filed with the superintendent for review and shall include disclosure of the claims filing process, premium, deductible amounts and limits and shall be prominently displayed in the brochure with at least twelve-point type bold headings. Any such brochures shall also be subject to section three thousand one hundred two of this chapter, provided, however, that any policy, certificate or other evidence of wireless communications equipment insurance coverage OR SELF-SERVICE STORAGE COMPANY INSURANCE, whether or not contained in such brochure, shall not be subject to section three thousand one hundred two of this chapter, but shall be written in a clear and coherent manner and whenever practicable shall use words with common and everyday meaning to facilitate readability and to aid the policyholder in understanding the coverage provided.

(h) Each company or franchisee licensed pursuant to this section shall conduct a training program, which shall be submitted to the superintendent for approval prior to use, and which shall meet the following minimum standards:

(1) each trainee shall receive basic instruction about the kinds of insurance specified in this section offered for purchase by prospective renters of rental vehicles [or], purchasers or lessors of wireless communications equipment, OR RENTERS OF STORAGE SPACE;

(2) each trainee shall be instructed with respect to the disclosures required under subsection (e) of this section and to acknowledge to a prospective renter of a rental vehicle [or], purchaser or lessor of wireless communications equipment, OR RENTER OF STORAGE SPACE that purchase of any such insurance specified in this section is not required in order for the consumer to rent a motor vehicle [or], purchase or lease wireless communications equipment, OR RENT STORAGE SPACE;

(3) each trainee shall be instructed to acknowledge to a prospective consumer of the kinds of insurance specified in this section that the consumer may have insurance policies that already provide the coverage being offered by the rental vehicle company [or], the wireless communications equipment vendor, OR SELF-SERVICE STORAGE COMPANY pursuant to this section; and

(4) with regard to wireless communications equipment insurance [only] AND SELF-SERVICE STORAGE COMPANY INSURANCE, training materials may be developed and provided by an agent licensed pursuant to subsection (b) of section two thousand one hundred three of this article.

(i) Limited licensees acting pursuant to and under the authority of this section shall comply with all applicable provisions of this article, except that notwithstanding section two thousand one hundred twenty of this article, a limited licensee pursuant to this section shall not be required to treat premiums collected from consumers purchasing such insurance when renting motor vehicles [or], purchasing or leasing wireless communications equipment, OR RENTING STORAGE SPACE as funds received in a fiduciary capacity, provided that:

(1) the insurer represented by the limited licensee has consented in writing, signed by the insurer's officer, that premiums need not be segregated from funds received by the rental vehicle company [or], wireless communications equipment vendor, OR SELF-STORAGE COMPANY on account of vehicle rental [or], wireless communications equipment purchase or lease, OR STORAGE SPACE RENTAL; and

(2) the charges for insurance coverage are itemized but not billed to the consumer separately from the charges for rental vehicles [or], purchase or lease of wireless communications equipment, OR STORAGE SPACE RENTAL.

S 2. The insurance law is amended by adding a new section 3453 to read as follows:

S 3453. SELF-SERVICE STORAGE COMPANY INSURANCE POLICIES. (A) AS USED IN THIS CHAPTER, THE TERM "POLICY OF SELF-SERVICE STORAGE COMPANY INSURANCE" MEANS AN INSURANCE POLICY COVERING THE KIND OF INSURANCE DESCRIBED IN PARAGRAPH THREE OF SUBSECTION (D) OF SECTION TWO THOUSAND ONE HUNDRED THIRTY-ONE OF THIS CHAPTER.

(B) (1) A GROUP POLICY AND CERTIFICATES ISSUED UNDER PARAGRAPH THREE OF SUBSECTION (D) OF SECTION TWO THOUSAND ONE HUNDRED THIRTY-ONE OF THIS CHAPTER, OF SELF-SERVICE STORAGE COMPANY INSURANCE SHALL NOT BE SUBJECT TO THE PROVISIONS OF SECTION THREE THOUSAND FOUR HUNDRED TWENTY-FIVE OR THREE THOUSAND FOUR HUNDRED TWENTY-SIX OF THIS ARTICLE.

(2) AN INSURER SHALL NOT TERMINATE OR OTHERWISE CHANGE THE TERMS AND CONDITIONS OF A POLICY OF SELF-SERVICE STORAGE COMPANY INSURANCE, EXCEPT IN ACCORDANCE WITH THE TERMS STATED IN THE POLICY.

S 3. This act shall take effect on the one hundred eightieth day after it shall have become a law.