

SENATE BILL NO. 385—SENATORS PARKS, SPEARMAN;  
BROOKS, HARDY, D. HARRIS AND OHRENSCHALL

MARCH 20, 2019

Referred to Committee on Commerce and Labor

**SUMMARY**—Revises provisions relating to insurance for personal property at storage facilities. (BDR 57-538)

**FISCAL NOTE:** Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.  
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to insurance; providing for the regulation of persons who offer, sell, solicit or negotiate coverage of personal property storage insurance; providing for the issuance and renewal of limited licenses for such persons; providing for a producer of insurance to hold a line of authority for personal property storage insurance as a limited line; authorizing certain fees; providing a penalty; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law requires the Commissioner of Insurance to regulate insurance in this State. (NRS 679B.120) Existing law authorizes the Commissioner to license producers of insurance to solicit, negotiate and sell insurance in this State. (NRS 683A.261) Under existing law, a person is not authorized to engage in the business of transacting insurance unless the person is issued a license by the Commissioner. (NRS 683A.201) **Sections 2-24** of this bill provide for the regulation of and issuance of limited licenses to persons who offer, sell, solicit or negotiate coverage under a new limited line of insurance, personal property storage insurance, which provides coverage for any loss or theft of personal property stored in a storage space at a facility or while the property is in transit to or from the facility during the time period covered by the occupant's rental agreement in accordance with the terms of the policy. **Sections 3-11** of this bill define certain words and terms used in this bill. **Section 12** of this bill authorizes the Commissioner to issue a limited license to an owner of a facility to offer, sell, solicit or negotiate coverage under a policy of personal property storage insurance. **Section 13** of this bill exempts such facility owners from certain requirements in existing law concerning education and a written examination to become licensed as a limited licensee. **Sections 13 and 25**



\* S B 3 8 5 \*

of this bill exempt such facility owners from being required to hold any other license or authorization. **Section 14** of this bill authorizes a limited licensee to offer, sell, solicit or negotiate personal property storage insurance on behalf of a supervising entity, which is defined as a licensed insurer or producer of insurance. **Section 15** of this bill requires limited licensees to make certain disclosures in writing to prospective purchasers of personal property storage insurance. **Section 16** of this bill allows insurance coverage that is required as a condition of a rental agreement to be met by the occupant purchasing such coverage from the limited licensee or presenting evidence of other applicable insurance coverage. **Section 17** of this bill provides that a limited licensee is not a fiduciary with respect to the money received for the purchase of personal property storage insurance provided that the charges are itemized and ancillary to a rental agreement. **Section 18** of this bill provides that a limited licensee may authorize an employee or other authorized representative of the limited licensee to act individually on behalf or under the supervision of the limited licensee with respect to personal property storage insurance. **Section 19** of this bill requires a limited licensee to provide basic instruction to such employees and authorized representatives about personal property storage insurance and the requirements of **sections 2-24**. Such training may be provided by the supervising entity of the limited licensee. **Section 20** of this bill requires the Commissioner to prescribe forms and adopt regulations necessary to carry out the provisions of **sections 2-24**. **Section 20** also authorizes the Commissioner to establish fees for limited licensees. **Section 21** of this bill prohibits a limited licensee from advertising, representing or otherwise holding itself or any of its employees out as a licensed insurer, insurance agent or insurance broker. **Section 22** of this bill allows a limited licensee to receive compensation from a supervising entity for sales, billing and collection services. **Section 23** of this bill makes a supervising entity responsible for the acts of each limited licensee and the employees or authorized agents of the limited licensee who offer or disseminate personal property storage insurance under the license of the supervising entity. The supervising entity is required to use every reasonable means to ensure compliance with the provisions of **sections 2-24** and any regulations adopted pursuant thereto. **Section 24** of this bill subjects each limited licensee to the disciplinary provisions applicable to licensed producers of insurance and the provisions of chapter 686A of NRS governing insurance trade practices and fraud, including the existing misdemeanor penalty. (NRS 683A.490) **Section 26** of this bill adds personal property storage insurance to the list of lines of insurance for which a producer of insurance may be licensed. **Sections 27-29** of this bill make conforming changes related to the issuance of limited licenses pursuant to this bill.

---

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

**Section 1.** Chapter 683A of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 24, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 24, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 11, inclusive, of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** *“Facility” has the meaning ascribed to it in NRS 108.4733.*



1     **Sec. 4.** *“Limited licensee” means an owner issued a limited*  
2 *license pursuant to section 12 of this act to offer, sell, solicit or*  
3 *negotiate personal property storage insurance pursuant to sections*  
4 *2 to 24, inclusive, of this act.*

5     **Sec. 5.** *“Occupant” has the meaning ascribed to it in*  
6 *NRS 108.4735.*

7     **Sec. 6.** *“Owner” has the meaning ascribed to it in*  
8 *NRS 108.474.*

9     **Sec. 7.** *“Personal property” has the meaning ascribed to it in*  
10 *NRS 108.4743.*

11     **Sec. 8.** *“Personal property storage insurance” means*  
12 *insurance coverage described in subsections 1 and 2 of section 14*  
13 *of this act.*

14     **Sec. 9.** *“Rental agreement” has the meaning ascribed to it in*  
15 *NRS 108.4745.*

16     **Sec. 10.** *“Storage space” has the meaning ascribed to it in*  
17 *NRS 108.4746.*

18     **Sec. 11.** *“Supervising entity” means a business or entity that*  
19 *is a licensed insurer or producer of insurance.*

20     **Sec. 12. 1.** *The Commissioner may issue to an owner who*  
21 *is in compliance with the requirements of sections 2 to 24,*  
22 *inclusive, of this act, and any regulations adopted pursuant*  
23 *thereto, a limited license to offer, sell, solicit or negotiate personal*  
24 *property storage insurance pursuant to sections 2 to 24, inclusive,*  
25 *of this act through a supervising entity to occupants who have*  
26 *entered into a rental agreement with the owner.*

27     **2.** *An applicant for the initial issuance of a limited license*  
28 *must submit to the Commissioner an application on a form*  
29 *prescribed by the Commissioner pursuant to section 20 of this act*  
30 *and an initial application fee, if any, required by the*  
31 *Commissioner pursuant to section 20 of this act.*

32     **3.** *A limited license issued pursuant to this section is valid for*  
33 *3 years after the date of issuance. The Commissioner may renew*  
34 *the limited license if the limited licensee remains in compliance*  
35 *with the requirements of sections 2 to 24, inclusive, of this act, and*  
36 *any regulations adopted pursuant thereto. To renew a limited*  
37 *license, the limited licensee must submit to the Commissioner an*  
38 *application on a form prescribed by the Commissioner pursuant to*  
39 *section 20 of this act and a renewal fee, if any, required by the*  
40 *Commissioner pursuant to section 20 of this act.*

41     **Sec. 13. 1.** *An applicant for, or holder of, a limited license*  
42 *issued pursuant to section 12 of this act is not required to pass a*  
43 *written examination or meet any preclicensing education or*  
44 *continuing education requirements to receive or renew the limited*  
45 *license.*



2. An applicant for, or holder of, a limited license issued pursuant to section 12 of this act is not required to hold any other license or authorization, including, without limitation, a license as a producer of insurance.

**Sec. 14.** A limited licensee may offer, sell, solicit or negotiate personal property storage insurance on behalf of a supervising entity, or as part of a group, commercial or master policy, only to provide personal property storage insurance to occupants of the facility of the limited licensee, only in connection with a rental agreement and only for either an individual policy, for an individual occupant or a group, commercial or master policy for one or more occupants of the facility of the limited licensee for personal property storage insurance. A limited licensee is only authorized to provide to such occupants personal property storage insurance coverage for the following:

1. The loss of or damage to personal property stored in a storage space at the facility where the loss or damage occurs or while the personal property is in transit to or from the facility during the time period covered by the rental agreement of the occupant.

2. Other loss directly related to the rental agreement of the occupant.

**Sec. 15.** A limited licensee shall not offer, sell, solicit or negotiate personal property storage insurance unless the limited licensee provides to the occupant or prospective occupant written material that contains:

1. A summary of the terms of the insurance coverage, including, without limitation, the identity of the supervising entity.

2. A conspicuous disclosure that the policy of insurance may provide a duplication of coverage already provided by an existing policy of insurance.

3. A description of the process for filing a claim in the event the occupant elects to purchase coverage and experiences a covered loss.

4. Information regarding the price, deductible, benefits, exclusions, conditions and any other limitations of the policy.

5. A statement that the purchase by the occupant of personal property storage insurance from the limited licensee is not required to rent storage space.

6. A statement that the limited licensee is not authorized to evaluate the adequacy of any existing insurance coverage of the occupant, unless the limited licensee is otherwise licensed to perform such an evaluation.



7. A statement that the occupant may cancel the insurance at any time, and any unearned premium must be refunded in accordance with applicable law.

**Sec. 16.** If insurance covering the losses described in subsections 1 and 2 of section 14 of this act is required as a condition of a rental agreement, that requirement may be satisfied by an occupant or a prospective occupant:

1. Purchasing personal property storage insurance from the limited licensee; or

2. Presenting to the owner of the facility evidence of other applicable insurance coverage.

**Sec. 17.** A limited licensee is not required to treat money collected from occupants for personal property storage insurance as money received in a fiduciary capacity if the charges for personal property storage insurance are itemized and ancillary to a rental agreement.

**Sec. 18.** A limited licensee may authorize an employee or other authorized representative of the limited licensee to act individually on behalf of or under the supervision of the limited licensee with respect to personal property storage insurance specified in sections 2 to 24, inclusive, of this act.

**Sec. 19.** Each limited licensee shall provide a training program, which may be provided by a supervising entity, in which employees and authorized representatives of the limited licensee shall receive basic instruction about the requirements of sections 2 to 24, inclusive, of this act, and the coverage to be offered for purchase by occupants or prospective occupants.

**Sec. 20.** 1. The Commissioner shall:

(a) Prescribe the forms for an owner to apply initially for a limited license and to renew a limited license; and

(b) Adopt such regulations as are necessary to carry out the provisions of sections 2 to 24, inclusive, of this act.

2. The Commissioner may establish by regulation:

(a) An initial application fee to be paid by an applicant for the initial issuance of a limited license; and

(b) A renewal fee to be paid by a limited licensee for the renewal of the limited license.

**Sec. 21.** A limited licensee shall not advertise, represent or otherwise hold itself or any of its employees out as a licensed insurer, insurance agent or insurance broker.

**Sec. 22.** A limited licensee may receive compensation from a supervising entity for sales, billing and collection services. Such compensation may be dependent on the sale of the types of coverage described in sections 2 to 24, inclusive, of this act.



**Sec. 23.** *A supervising entity is responsible for the acts of each limited licensee, or employee or authorized representative of a limited licensee, who offers or disseminates personal property storage insurance under the license of the supervising entity and shall use every reasonable means to ensure compliance by the limited licensee, or employee or authorized representative of the limited licensee, with the provisions of sections 2 to 24, inclusive, of this act, and any regulations adopted pursuant thereto.*

**Sec. 24.** *A limited licensee who offers or disseminates personal property storage insurance pursuant to sections 2 to 24, inclusive, of this act is subject to the provisions of NRS 683A.451 to 683A.520, inclusive, and chapter 686A of NRS in the same manner as a licensed producer of insurance.*

**Sec. 25.** NRS 683A.211 is hereby amended to read as follows:  
683A.211 The following persons need not be licensed as producers of insurance:

1. An officer, director or employee of an insurer or of a producer of insurance if the officer, director or employee does not receive any commission on policies written or sold to insure risks residing, located or to be performed in this state and:

(a) The officer, director or employee's activities are executive, administrative, managerial or clerical, or a combination thereof, and are only indirectly related to the sale, solicitation or negotiation of insurance;

(b) The officer, director or employee's function relates to underwriting, control of losses, inspection or the processing, adjusting, investigating or settling of claims on contracts of insurance; or

(c) The officer, director or employee is acting in the capacity of a special agent or supervisor of an agency assisting producers of insurance where his or her activities are limited to providing technical advice and assistance to licensed producers and do not include sale, solicitation or negotiation of insurance.

2. A person who secures and furnishes information for the purpose of group life insurance, group property and casualty insurance, group annuities, or group or blanket accident and health insurance, or for the purpose of enrolling natural persons under plans, issuing certificates under plans or otherwise assisting in administering plans, or who performs administrative services related to mass marketed property and casualty insurance, if no commission is paid to the person for the service and the person does not sell, solicit or negotiate insurance. As used in this subsection, "blanket accident and health insurance" has the meaning ascribed to it in NRS 689B.070.



3. An employer or association or its officers, directors or employees, or the trustees of an employees' trust plan, to the extent that the employer, association, officers, directors, employees or trustees are engaged in the administration or operation of a program of employees' benefits for the employer's or association's own employees or the employees of its subsidiaries or affiliates, if the program involves the use of insurance issued by an insurer and the employer, association, officers, directors, employees or trustees are not compensated by the insurer issuing the contracts.

4. Employees of insurers or organizations employed by insurers who are engaged in the inspection, rating or classification of risks or in the supervision of the training of producers of insurance and are not individually engaged in the sale, solicitation or negotiation of insurance.

5. A person whose activities in this state are limited to advertising, without the intent to solicit insurance in this state, through communications in printed publications or electronic mass media whose distribution is not limited to residents of this state, if the person does not sell, solicit or negotiate insurance of risks residing, located or to be performed in this state.

6. A salaried full-time employee who counsels or advises his or her employer concerning the interests of the employer, or of the subsidiaries or affiliates of the employer, in insurance, if the employee does not sell or solicit insurance or receive a commission.

7. An employee of a producer of insurance or an insurer who responds to requests from holders of policies previously issued, if the employee is not directly compensated according to the volume of premiums that may result from those services and does not solicit insurance or offer advice concerning terms or conditions of policies.

*8. A person issued a limited license pursuant to section 12 of this act, and any employee or other authorized representative of the limited licensee authorized pursuant to section 18 of this act, whose activities are limited to those authorized pursuant to sections 2 to 24, inclusive, of this act.*

**Sec. 26.** NRS 683A.261 is hereby amended to read as follows:

683A.261 1. Unless the Commissioner refuses to issue the license under NRS 683A.451, the Commissioner shall issue a license as a producer of insurance to a person who has satisfied the requirements of NRS 683A.241 and 683A.251. A producer of insurance may qualify for a license in one or more of the lines of authority permitted by statute or regulation, including:

(a) Life insurance on human lives, which includes benefits from endowments and annuities and may include additional benefits from death by accident and benefits for dismemberment by accident and for disability income.





(b) Accident and health insurance for sickness, bodily injury or accidental death, which may include benefits for disability income.

(c) Property insurance for direct or consequential loss or damage to property of every kind.

(d) Casualty insurance against legal liability, including liability for death, injury or disability and damage to real or personal property. For the purposes of a producer of insurance, this line of insurance includes surety indemnifying financial institutions or providing bonds for fidelity, performance of contracts or financial guaranty.

(e) Variable annuities and variable life insurance, including coverage reflecting the results of a separate investment account.

(f) Credit insurance, including credit life, credit accident and health, credit property, credit involuntary unemployment, guaranteed asset protection, and any other form of insurance offered in connection with an extension of credit that is limited to wholly or partially extinguishing the obligation which the Commissioner determines should be considered as limited-line credit insurance.

(g) Personal lines, consisting of automobile and motorcycle insurance and residential property insurance, including coverage for flood, of personal watercraft and of excess liability, written over one or more underlying policies of automobile or residential property insurance.

(h) Fixed annuities, including, without limitation, indexed annuities, as a limited line.

(i) Travel insurance, as defined in NRS 683A.197, as a limited line.

(j) Rental car agency as a limited line.

(k) Portable electronics as a limited line.

(l) Crop as a limited line.

***(m) Personal property storage insurance, as defined in section 8 of this act, as a limited line.***

2. A license as a producer of insurance remains in effect unless revoked, suspended or otherwise terminated if a request for a renewal is submitted on or before the date for the renewal specified on the license, all applicable fees for renewal are paid for each license and each authorization to transact business on behalf of a business organization licensed pursuant to subsection 2 of NRS 683A.251, and any requirement for education or any other requirement to renew the license is satisfied by the date specified on the license for the renewal. A producer of insurance may submit a request for a renewal of his or her license within 30 days after the date specified on the license for the renewal if the producer of insurance otherwise complies with the provisions of this subsection and pays, in addition to any fee paid pursuant to this subsection, a





1 penalty of 50 percent of all applicable renewal fees, except for any  
2 fee required pursuant to NRS 680C.110. A license as a producer of  
3 insurance expires if the Commissioner receives a request for a  
4 renewal of the license more than 30 days after the date specified on  
5 the license for the renewal. A fee paid pursuant to this subsection is  
6 nonrefundable.

7 3. A natural person who allows his or her license as a producer  
8 of insurance to expire may reapply for the same license within 12  
9 months after the date specified on the license for a renewal without  
10 passing a written examination or completing a course of study  
11 required by paragraph (c) of subsection 1 of NRS 683A.251, but a  
12 penalty of twice all applicable renewal fees, except for any fee  
13 required pursuant to NRS 680C.110, is required for any request for a  
14 renewal of the license that is received after the date specified on the  
15 license for the renewal.

16 4. A licensed producer of insurance who is unable to renew his  
17 or her license because of military service, extended medical  
18 disability or other extenuating circumstance may request a waiver of  
19 the time limit and of any fine or sanction otherwise required or  
20 imposed because of the failure to renew.

21 5. A license must state the licensee's name, address, personal  
22 identification number, the date of issuance, the lines of authority and  
23 the date of expiration and must contain any other information the  
24 Commissioner considers necessary. The license must be made  
25 available for public inspection upon request.

26 6. A licensee shall inform the Commissioner of each change of  
27 business, residence or electronic mail address, in writing or by other  
28 means acceptable to the Commissioner, within 30 days after the  
29 change. If a licensee changes his or her business, residence or  
30 electronic mail address without giving written notice and the  
31 Commissioner is unable to locate the licensee after diligent effort,  
32 the Commissioner may revoke the license without a hearing. The  
33 mailing of a letter by certified mail, return receipt requested,  
34 addressed to the licensee at his or her last mailing address appearing  
35 on the records of the Division, and the return of the letter  
36 undelivered, constitutes a diligent effort by the Commissioner.

37 **Sec. 27.** NRS 683A.383 is hereby amended to read as follows:

38 683A.383 1. A natural person who applies for the issuance or  
39 renewal of a certificate of registration as an administrator, ~~for~~ a  
40 license as a producer of insurance or managing general agent *or a*  
41 *limited license issued pursuant to section 12 of this act* shall  
42 submit to the Commissioner the statement prescribed by the  
43 Division of Welfare and Supportive Services of the Department of  
44 Health and Human Services pursuant to NRS 425.520. The  
45 statement must be completed and signed by the applicant.



2. The Commissioner shall include the statement required pursuant to subsection 1 in:

(a) The application or any other forms that must be submitted for the issuance or renewal of the certificate of registration , ~~or~~ license ~~or~~ *limited license; or*

(b) A separate form prescribed by the Commissioner.

3. A certificate of registration as an administrator , ~~or~~ a license as a producer of insurance or managing general agent *or a limited license issued pursuant to section 12 of this act* may not be issued or renewed by the Commissioner if the applicant is a natural person who:

(a) Fails to submit the statement required pursuant to subsection 1; or

(b) Indicates on the statement submitted pursuant to subsection 1 that he or she is subject to a court order for the support of a child and is not in compliance with the order or a plan approved by the district attorney or other public agency enforcing the order for the repayment of the amount owed pursuant to the order.

4. If an applicant indicates on the statement submitted pursuant to subsection 1 that the applicant is subject to a court order for the support of a child and is not in compliance with the order or a plan approved by the district attorney or other public agency enforcing the order for the repayment of the amount owed pursuant to the order, the Commissioner shall advise the applicant to contact the district attorney or other public agency enforcing the order to determine the actions that the applicant may take to satisfy the arrearage.

**Sec. 28.** NRS 683A.385 is hereby amended to read as follows:

683A.385 1. If the Commissioner receives a copy of a court order issued pursuant to NRS 425.540 that provides for the suspension of all professional, occupational and recreational licenses, certificates and permits issued to a person who is the holder of a certificate of registration as an administrator , ~~or~~ a license as a producer of insurance or managing general agent ~~or~~ *or a limited license issued pursuant to section 12 of this act*, the Commissioner shall suspend the certificate of registration , ~~or~~ license *or limited license* issued to that person at the end of the 30th day after the date on which the court order was issued unless the Commissioner receives a letter issued to the holder of the certificate of registration , ~~or~~ license *or limited license* by the district attorney or other public agency pursuant to NRS 425.550 stating that the holder of the certificate of registration , ~~or~~ license *or limited license* has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.



2. The Commissioner shall reinstate a certificate of registration as an administrator , ~~or~~ a license as a producer of insurance or managing general agent *or a limited license issued pursuant to section 12 of this act* that has been suspended by a district court pursuant to NRS 425.540 if the Commissioner receives a letter issued by the district attorney or other public agency pursuant to NRS 425.550 to the person whose certificate of registration , ~~or~~ license *or limited license* was suspended stating that the person whose certificate of registration , ~~or~~ license *or limited license* was suspended has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.

**Sec. 29.** NRS 683A.387 is hereby amended to read as follows:  
683A.387 The application of a natural person who applies for the issuance of a certificate of registration as an administrator , ~~or~~ a license as a producer of insurance or managing general agent *or a limited license issued pursuant to section 12 of this act* must include the social security number of the applicant.

**Sec. 30.** 1. This act becomes effective:

(a) Upon passage and approval for the purpose of adopting regulations and performing any other preparatory administrative tasks that are required to carry out the provisions of this act; and

(b) On January 1, 2020, for all other purposes.

2. Sections 27, 28 and 29 of this act expire by limitation on the date on which the provisions of 42 U.S.C. § 666 requiring each state to establish procedures under which the state has authority to withhold or suspend, or to restrict the use of professional, occupational and recreational licenses of persons who:

(a) Have failed to comply with a subpoena or warrant relating to a proceeding to determine the paternity of a child or to establish or enforce an obligation for the support of a child; or

(b) Are in arrears in the payment for the support of one or more children,

↪ are repealed by the Congress of the United States.

