

Senate Bill No. 385—Senators Parks, Spearman;
Brooks, Hardy, D. Harris and Ohrenschall

CHAPTER.....

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 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; 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 2-23** of this bill provide for the regulation of and issuance of 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 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. **Section 14** of this bill authorizes such a licensee to offer, sell, solicit or negotiate personal property storage insurance. **Section 15** of this bill requires such 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 licensee or presenting evidence of other applicable insurance coverage. **Section 17** of this bill provides that a licensee is a fiduciary with respect to the money received for the purchase of personal property storage insurance. **Section 18** of this bill provides that a licensee may authorize an employee or other authorized representative of the licensee to act individually on behalf or under the supervision of the licensee with respect to personal property storage insurance. **Section 19** of this bill requires a licensee to provide basic instruction to such employees and authorized representatives about personal property storage insurance and the requirements of **sections 2-23**. Such training may be provided by the supervising entity of the licensee. **Section 20** of this bill requires the Commissioner to prescribe forms and adopt regulations necessary to carry out the provisions of **sections 2-23**. **Section 20** also authorizes the Commissioner to establish fees for licensees. **Section 21** of this bill prohibits a licensee from advertising, representing or otherwise holding itself or any of its employees out as a licensed insurer, insurance agent or insurance broker. **Section 23** of this bill makes a supervising entity responsible for the acts of each licensee



and the supervising entity is required to use every reasonable means to ensure compliance with the provisions of **sections 2-23** and any regulations adopted pursuant thereto. **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.

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

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 23, inclusive, of this act.

Sec. 2. *As used in sections 2 to 23, 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.*

Sec. 4. (Deleted by amendment.)

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

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

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

Sec. 8. *“Personal property storage insurance” means insurance coverage described in paragraphs (a) and (b) of subsection 1 of section 14 of this act.*

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

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

Sec. 11. *“Supervising entity” means a business or entity that is an authorized insurer or producer of property and casualty insurance.*

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



2. *Notwithstanding the provisions of section 13 of this act, a license for personal property storage insurance may be issued and renewed pursuant to NRS 683A.261.*

3. *A license issued pursuant to this section covers all facilities at which the owner conducts business. The Commissioner may renew the license if the licensee remains in compliance with the requirements of sections 2 to 23, inclusive, of this act, and any regulations adopted pursuant thereto.*

4. *An owner is not required to be licensed under this chapter solely to display and make available marketing and promotional materials created by an authorized insurer offering a product pursuant to sections 2 to 23, inclusive, of this act.*

Sec. 13. *An applicant for, or holder of, a license issued pursuant to section 12 of this act is not required to pass a written examination or meet any prelicensing education or continuing education requirements to receive or renew the license.*

Sec. 14. 1. *A licensee may offer, sell, solicit or negotiate personal property storage insurance only in connection with a rental agreement only as individual coverage for an individual occupant or group coverage for one or more occupants of the facility. A licensee is only authorized to provide to such occupants personal property storage insurance coverage for the following:*

(a) *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.*

(b) *Other loss directly related to the rental agreement of the occupant.*

2. *Notwithstanding the provisions of any law to the contrary, the rates for any personal property storage insurance sold by a licensee to one or more occupants of the facility of the licensee must be filed with the Commissioner pursuant to chapter 686B of NRS.*

Sec. 15. *A licensee shall not offer, sell, solicit or negotiate personal property storage insurance unless the licensee makes readily available to the occupant or prospective occupant written or electronic materials that contain:*

1. *The actual terms of the insurance coverage, or a summary of the terms of the insurance coverage, including, without limitation, the identity of the supervising entity.*



2. A conspicuous disclosure that the 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 insurance.

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

6. A statement that the licensee is not authorized to evaluate the adequacy of any existing insurance coverage of the occupant, unless the 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 paragraphs (a) and (b) of subsection 1 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 licensee; or

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

Sec. 17. 1. If a customer purchases personal property storage insurance from the licensee, the licensee may bill and collect the charges for the personal property storage insurance.

2. A licensee which bills and collects charges for personal property storage insurance coverage on behalf of an insurer is not required to maintain such money in a segregated account if the licensee:

(a) Is authorized by the insurer to hold such money in an alternative manner; and

(b) Remits such amounts to the supervising entity within 60 days after receipt.

3. A 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 23, inclusive, of this act.

↪ All money collected by a licensee from an enrolled customer for the sale of personal property storage insurance shall be deemed to



be held in trust by the licensee in a fiduciary capacity for the benefit of the insurer, and the insurer shall be deemed to have received the premium from the enrolled customer upon payment of the premium by the enrolled customer to the licensee.

Sec. 18. *A licensee may authorize an employee or other authorized representative of the licensee to act individually on behalf of or under the supervision of the licensee who offers or disseminates information with respect to personal property storage insurance specified in sections 14 to 23, inclusive, of this act.*

Sec. 19. *Each licensee shall provide a training program, which may be provided by a supervising entity, in which employees and authorized representatives of the licensee shall receive basic instruction about the requirements of sections 2 to 23, 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 license and to renew a license; and

(b) Adopt such regulations as are necessary to carry out the provisions of sections 2 to 23, 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 license; and

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

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

Sec. 22. (Deleted by amendment.)

Sec. 23. *The supervising entity designated by the insurer is responsible for the acts of each licensee and shall use every reasonable means to ensure compliance by the licensee, or employee or authorized representative of the licensee, with the provisions of sections 14 to 23, inclusive, of this act, and any regulations adopted pursuant thereto.*

Secs. 24 and 25. (Deleted by amendment.)

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

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

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

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

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



Secs. 27-29. (Deleted by amendment.)

Sec. 30. This act becomes effective:

1. 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
2. On July1, 2020, for all other purposes.

