

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact § 38.2-1884 of the Code of Virginia, relating to self storage insurance; authority of unit lessors.

[H 1742]

Approved

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-1884 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-1884. Authority of lessors of self storage units.

A. The employees and authorized representatives of lessors may sell or offer self storage insurance to customers and shall not be subject to licensure as an insurance producer under this chapter provided that:

1. The lessor obtains a limited lines property and casualty insurance agent license;

2. The lessor selling the self storage insurance provides a training program for all employees and authorized representatives of the lessor. The training program shall consist of instruction about the self storage insurance offered to customers, the disclosures required by this article, and the conduct prohibited by § 38.2-512. The training required by this subdivision may be delivered in person or in an electronic form. The licensed producer designated by the lessor as being responsible for its compliance with the insurance laws, rules, and regulations of the Commonwealth, as required by § 38.2-1820, shall hold a property and casualty insurance agent license and shall supervise the administration of the training program required by this subdivision;

3. No employee or authorized representative of a lessor of self storage units is compensated based primarily on the number of customers who purchase self storage insurance coverage; however, such an employee or authorized representative may receive compensation for activities under the limited lines license that is incidental to their overall compensation. ~~Such incidental compensation shall not exceed \$10 per customer who purchases self storage unit insurance coverage;~~ and

4. The employee or authorized representative of the lessor of self storage insurance does not represent or otherwise hold himself out as a licensed insurance producer.

B. No employee or authorized representative of a lessor of a self storage unit may:

1. Evaluate or interpret the technical terms, benefits, and conditions of the offered self storage unit insurance;

2. Evaluate or provide advice concerning a prospective purchaser's existing insurance coverage; or

3. Hold himself out as a licensed insurer, licensed agent, or insurance expert.

C. The license authority of any lessor licensed as a limited lines property and casualty producer selling self storage insurance shall terminate immediately if the sole licensed responsible producer designated for the lessor's compliance with the insurance laws, rules, and regulations of the Commonwealth is removed for any reason, and a new responsible producer has not been appointed. The Commission shall be notified within 30 calendar days of such removal and of the newly designated responsible producer.

D. A lessor shall report any violation of this article to the Commissioner within 30 days of discovery of the violation by the lessor.

E. Any charge to the customer for self storage insurance that is not included in the cost associated with the lease of a self storage unit shall be separately itemized on the customer's rental agreement. If the charge for self storage insurance is included in the cost associated with the lease of the self storage unit, the lessor shall clearly and conspicuously disclose to the customer that the charge for the self storage unit covers the cost of the insurance.

F. The charges for self storage insurance coverage may be billed and collected by the lessor. Lessors billing and collecting premiums for self storage insurance shall be required to comply with the provisions of § 38.2-1813. Lessors may receive compensation for billing and collection services.

G. Notwithstanding any other provision of law, applicants for licensure pursuant to this article whose home state does not issue a producer license with a similar line of authority as the license authorized by this article shall be issued a limited lines property and casualty license for self storage insurance. Any licensee whose home state does not have property and casualty limited lines for self storage insurance or similar line of authority in its home state after July 1, 2017, or such later date as may be determined by the Commission, shall obtain a full property and casualty license or its license shall terminate in Virginia. For purposes of this subsection, "home state" means the District of Columbia and any state or territory of the United States except Virginia, or any province of Canada, in which an applicant

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57 maintains such person's principal place of residence or principal place of business.