



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4485 (Substitute H-3 as passed by the House)
Sponsor: Representative Bruce R. Rendon
House Committee: Regulatory Reform
Senate Committee: Insurance

Date Completed: 5-20-14

CONTENT

The bill would amend the Insurance Code to allow self-service storage facilities to offer insurance to their customers without an insurance producer license.

Under the Code, a person may not "sell, solicit, or negotiate insurance in this state for any line of insurance" unless the person is licensed as an insurance producer. The Code provides certain exceptions to this general requirement. Some of these exceptions apply to:

- A person whose only sale of insurance is for travel or auto-related insurance sold in connection with and incidental to the rental of a motor vehicle under a rental agreement not to exceed 90 days.
- A person whose only sale of insurance is for portable electronics insurance sold in connection with and incidental to the sale of a portable electronic device if written disclosure material is provided to the customer at the time of solicitation.

The bill also would allow a person to sell insurance without a license if the only sale of insurance were "stored property insurance sold in connection with and incidental to the rental of a storage space in a self-service storage facility under a rental agreement not to exceed 1 year".

The bill would require the following written disclosure materials be provided to a customer at the time of the solicitation:

- A disclosure that the insurance might duplicate coverage already provided by the customer's renters, homeowners, or other insurance policies.
- A summary of the material terms of the insurance coverage, including: a) the identity of the insurer, b) the benefits of the coverage, and c) the key terms and conditions of the coverage.
- A summary of the process for filing a claim.

The bill would define "stored property insurance" as "insurance that provides coverage for the loss of, or damage to, tangible personal property contained in a storage space located on a self-service storage facility or in transit during the term of a self-service storage facility rental agreement". The insurance would have to be sold either under an individual policy, or under a group, commercial, or master policy issued to a self-storage facility for the purpose of providing insurance to its customers.

The bill would define "self-service storage facility" as it is defined in the Self-Service Storage Facility Act: "any real property designed or used for the purpose of renting or leasing

individual storage space to tenants who are to have access to that space for the purpose of storing and removing personal property".

MCL 500.1202

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have an indeterminate but likely nominal impact on the Department of Insurance and Financial Services. People who sold insurance policies solely in connection with renting storage space under leases for less than a year would be exempt from obtaining a license and paying the associated \$10 fee. The number of people who would meet this criteria is unknown. The Department would see a reduction in revenue that corresponded to the number of eligible insurance producers that would fall under the bill's exception.

Fiscal Analyst: Glenn Steffens

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.