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AN ACT

RELATING TO INSURANCE; ENACTING A NEW SECTION OF CHAPTER 59A,
ARTICLE 12 NMSA 1978 TO PROVIDE FOR LIMITED LINES
SELF-STORAGE INSURANCE; PROVIDING FOR ENFORCEMENT BY THE
SUPERINTENDENT OF INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of Chapter 59A, Article 12
NMSA 1978 is enacted to read:

"LIMITED LICENSING OF SELF-SERVICE STORAGE FACILITIES TO
SELL OR OFFER INSURANCE.--

A. As used in this section:

(1) "limited lines self-storage insurance"
means insurance coverage for loss of an occupant's personal
property incidental to the rental of a self-storage space at
a self-service storage facility pursuant to the provisions of
this section;

(2) "limited lines self-storage producer"
means an owner or an operator authorized by the
superintendent to sell or solicit limited lines self-storage
insurance;

(3) "occupant" means a person or the
person's lessee, successor or assignee entitled to the use of
the self-storage space at a self-service storage facility
under a self-storage rental agreement to the exclusion of

1 others;

2 (4) "operator" means a person designated by
3 the owner in writing as responsible for the day-to-day
4 operations of the self-service storage facility owned by the
5 owner;

6 (5) "owner" means the owner of a
7 self-service storage facility;

8 (6) "policyholder" means an occupant who has
9 obtained limited lines self-storage insurance coverage;

10 (7) "rental period" means the term of a
11 self-storage rental agreement;

12 (8) "self-service storage facility" means
13 real property designed and used for the sole purpose of
14 renting or leasing individual storage space to occupants
15 given access to a self-storage space for the sole purpose of
16 storing and removing personal property;

17 (9) "self-storage rental agreement" means a
18 written agreement setting forth the terms and conditions
19 governing the use of a self-storage space provided by a
20 self-service storage facility for rental or lease; and

21 (10) "self-storage space" means a designated
22 storage unit or other designated space at the self-service
23 storage facility pursuant to the provisions of this section.

24 B. The superintendent may issue a limited lines
25 self-storage producer license to individual applicants who

1 are owners or operators of self-service storage facilities.

2 C. A limited lines self-storage producer shall not
3 evaluate or interpret limited lines self-storage insurance
4 with the occupant or evaluate or provide advice concerning an
5 occupant's existing insurance coverage.

6 D. A limited lines self-storage license issued
7 pursuant to this section authorizes the limited lines
8 self-storage producer, the owner, the operator and the
9 owner's employees who have been trained by the limited lines
10 self-storage producer to sell or solicit a policy of limited
11 lines self-storage insurance.

12 E. The limited lines self-storage producer shall
13 maintain a registry of locations that sell or solicit limited
14 lines self-storage insurance, as well as a list of the
15 individuals who have been trained by the limited lines
16 self-storage producer to sell or solicit limited lines
17 self-storage insurance. Upon request by the superintendent,
18 the limited lines self-storage producer shall make the
19 registry open to inspection and examination by the
20 superintendent.

21 F. A limited lines self-storage producer is
22 licensed only to sell or solicit or to offer to sell or
23 solicit limited lines self-storage insurance in connection
24 with and incidental to the rental of a self-storage space in
25 the owner's self-service storage facility.

1 G. Prior to issuing a limited lines self-storage
2 insurance policy, a limited lines self-storage producer shall
3 provide each policyholder with a written policy, along with a
4 certificate that:

5 (1) summarizes clearly and correctly the
6 material terms of coverage offered to an occupant, including
7 the identity and contact information of the insurer and that
8 of the owner;

9 (2) describes the benefits of coverage;

10 (3) discloses that the coverage is presented
11 by the self-service storage facility;

12 (4) describes that the limited lines
13 self-storage insurance being offered may provide a
14 duplication of insurance coverage already provided by a
15 homeowners insurance policy or other source of coverage in
16 effect for the occupant;

17 (5) sets forth the deductible and benefits
18 of the limited lines self-storage insurance coverage and
19 describes the process for filing a claim, if the occupant
20 elects to purchase this coverage;

21 (6) states that the occupant's purchase of
22 limited lines self-storage insurance is voluntary and that
23 the premium for limited lines self-storage insurance coverage
24 is itemized and ancillary to the self-storage rental
25 agreement; and

1 (7) explains that the limited lines
2 self-storage producer and the individuals that the producer
3 has trained in limited lines self-storage insurance can
4 provide general information about the limited lines
5 self-storage insurance offered, including the amount of the
6 premium and a description of the coverage, but is not
7 qualified or authorized to answer technical questions about
8 the terms and conditions of the limited lines self-storage
9 insurance or to evaluate the adequacy of the occupant's
10 existing insurance coverage, if any.

11 H. The limited lines self-storage producer shall
12 either directly supervise or shall authorize or appoint, in
13 writing, the operator of the self-storage facility to
14 supervise the administration of the sale or solicitation of
15 limited lines self-storage insurance, including development
16 of a training program for the sale or solicitation of the
17 limited lines self-storage insurance for employees and the
18 operator. The training program shall be submitted to the
19 superintendent for approval prior to use. The training
20 program shall be required for the employees and operator who
21 are directly engaged in the activity of selling or soliciting
22 limited lines self-storage insurance.

23 I. The limited lines self-storage insurance
24 premiums shall be separately itemized on an occupant's rental
25 invoice if they are not included in the cost of the rental of

1 the self-storage space. If the premiums are included in the
2 cost of the rental of the self-storage space, the owner shall
3 clearly and conspicuously disclose to the occupant that the
4 limited lines self-storage insurance is included with the
5 rental fees for the self-storage space.

6 J. The provisions of this section do not prohibit
7 a limited lines self-storage producer from paying, and its
8 employees or operator from receiving, production payments or
9 incentive payments; provided that such compensation is
10 incidental to the employee's or the operator's overall
11 compensation. Notwithstanding any other provision of law, an
12 owner shall not compensate an employee or an operator based
13 primarily on the number of occupants enrolled for limited
14 lines self-storage insurance. The owner may receive
15 compensation for billing and collection services.

16 K. An insurer may terminate or otherwise change
17 the terms and conditions of a policy of limited lines
18 self-storage insurance that does not have a stated expiration
19 date only upon providing the owner and the occupant that
20 purchased the limited lines self-storage insurance with at
21 least thirty days prior written notice; provided that an
22 insurer may terminate an occupant's coverage under a limited
23 lines self-storage insurance policy upon fifteen days prior
24 written notice to the occupant and the owner for the
25 occupant's nonpayment of premium or for the discovery of

1 fraud or material misrepresentation in the occupant's
2 application for coverage or in the occupant's presentation of
3 a claim under the policy. In addition, an insurer may
4 terminate an occupant's coverage under a limited lines
5 self-storage insurance policy as follows:

6 (1) immediately when the occupant ceases to
7 rent a self-storage space from the owner; or

8 (2) following thirty days notice when the
9 occupant exhausts the aggregate of the limited lines
10 self-storage insurance policy limit of liability, if any,
11 under the terms of the limited lines self-storage insurance
12 and the insurer sends written notice of termination to the
13 occupant and owner within thirty calendar days of exhaustion
14 of the limit.

15 L. If an insurer changes the terms and conditions
16 of a limited lines self-storage insurance policy, then the
17 insurer shall provide the limited lines self-storage producer
18 and each occupant with a revised policy and certificate
19 indicating that a change in the terms and conditions has
20 occurred, including a summary of the material changes.

21 M. If an insurer terminates a policy, the insurer
22 shall mail or deliver a written notice to the owner and to
23 each policyholder advising of the termination of the policy
24 and the effective date of termination. An insurer may send
25 notices and correspondence by either mail or electronic

1 means. If the notice is mailed, the insurer shall send it to
2 the owner at the owner's address and to the policyholder at
3 the last known address of the policyholder and shall maintain
4 proof of mailing in a form authorized or accepted by the
5 United States postal service or other commercial mail
6 delivery service. If the written notice is sent by
7 electronic means, the insurer shall send it to the owner at
8 the owner's email address and to the policyholder at the
9 policyholder's last known email address as provided by the
10 policyholder. If a policyholder provides an email address to
11 the insurer or owner, it cannot be used to satisfy the notice
12 in writing unless the policyholder has also been informed
13 that by providing an email address the policyholder is
14 consenting to receive written notices and correspondence by
15 electronic means. The insurer shall maintain, for a minimum
16 of one year, proof that the written notice was sent.

17 N. The limited lines self-storage producer may
18 send notice or correspondence required by this section or
19 otherwise required by law on behalf of the insurer or owner.”=

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