

CHARLES C. SOLTAN
Managing Member
charles.soltan@soltanbass.com

JAMES BASS
Member
james.bass@soltanbass.com

**LD 1494
AN ACT TO CREAT LIMITED LINES SELF-STORAGE INSURANCE
TESTIMONY IN SUPPORT
BY THE
SELF STORAGE ASSOCIATION**

April 20, 2021

Senator Sanborn, Representative Tepler and Members of the Health Coverage, Insurance and Financial Services Committee, my name is Charles Soltan, of Winthrop, and I appear before you on behalf of the Self-Storage Association in strong support of LD 1494. We would like to express our sincere appreciation to Senator Sanborn for sponsoring this important consumer friendly bill.

The Self Storage Association (SSA) has for over 40 years served as the official trade organization and voice of the U.S. and international self-storage industry, representing over 61,000 facilities. Its headquarters are in Alexandria, VA.

LD 1494 is a relatively simple bill and concept, accepted in 40 states to date, with our neighbor New Hampshire also considering it this year along with our sister state Wisconsin. I have included a map at the end of this testimony showing the states where this concept is already well settled law.

The language of LD 1494 follows closely the current Maine law covering limited lines insurance coverage for “portable electronic devices” such as cell phones and iPads along with other limited lines insurance covering rental cars and travel. So the concept is not new to Maine, it is well tested, and contains appropriate consumer protections.

By way of background, nearly 1 in 10 U.S. households rent a self-storage unit. Property stored in a self-storage unit is in the care, custody and control of the storage tenant; the storage tenant is responsible for insuring the property. The storage owner’s insurance does not cover the tenant’s property.

Approximately 50% of storage tenants are in transition – for example, moving in connection with military service or college graduation or study abroad, employees on extended assignment outside of their state or the country, or downsizing following divorce or death in the family. These renters often do not have a homeowner’s or a

rental insurance policy covering their stored property.

Stand-alone insurance coverage for stored property is not typically offered by insurance agents because commission payments are low. And although most personal or business items put in storage are eligible for inclusion under a standard policy, this would not be true for larger expensive property such as boats and vehicles. Moreover, it may make economic sense for those storage tenants that do have some homeowner's coverage to choose a storage policy because their homeowner's policy may have high deductibles, or the value of property stored exceeds coverage limitations, and claims made against the separate storage policy would not impact their primary policy.

Like a consumer's current choice to accept or decline specialized insurance coverage for their cell phone, a customer of a self-storage facility would be able to accept or decline to buy a specialized insurance product that provides coverage for the repair or replacement of their personal property stored at the self-storage facility or in transit to or from a self-storage facility against various causes of loss, including loss or damage. Under the bill, this coverage is not homeowner's or renters insurance, private passenger automobile insurance, commercial multiple peril insurance or any similar policy.

The insurance is provided by an authorized and licensed insurer that has been approved by the Maine Bureau of Insurance. That insurer then either directly supervises the sale of the insurance through self-storage providers or appoints a "Supervising entity" that is a licensed producer to do the supervising. The facility is also licensed as are their authorized representatives at the point of sale. Therefore, all entities involved in the sale of this insurance are subject to enforcement of the Maine Bureau of Insurance.

Further, customers will have available to them at the point of purchase brochures that:

- A. Disclose that self-storage insurance may provide a duplication of coverage already provided by a customer's homeowner's insurance policy, renter's insurance policy or other source of coverage;
- B. State that the enrollment by the customer in a self-storage insurance policy is not required in order to rent or lease storage space within a self-storage facility;
- C. Summarize the material terms of the insurance coverage, including:
 - (1) The identity of the insurer;
 - (2) The identity of the supervising entity;
 - (3) The amount of any applicable deductible and how it is to be paid; and

(4) Benefits of the coverage;

D. Summarize the process for filing a claim; and

E. State that the customer may cancel enrollment for coverage under a self-storage insurance policy at any time and the person paying the premium must receive a refund of any applicable unearned premium.

We hope that you endorse this idea that is so widely accepted in the rest of our country. We believe it has the necessary oversight from the Bureau and has strong consumer protections that makes this specialized insurance affordable for those that utilize self-storage and wish to protect their personal property.

There are a few minor edits to the bill that may be helpful. On page 1, lines 29-30 it may be more helpful to refer to facility along with physical location, and the reference to call center may be unneeded. On page 2 of the bill, line 8, the reference to section 115-A, subsection 4 doesn't appear to make sense. And on page 3, line 21, the provision of a list to the Superintendent should refer to all self-storage facilities along with locations.

Thank you for your time and please do not hesitate to ask questions.

Self storage tenant insurance



