



MEMORANDUM-IN-OPPOSITION

S.7118 (Breslin)

**A.10908 (Morelle)
Cal. No. 928**

AN ACT to amend the insurance law, in relation to authorizing the issuance of limited licenses to self-service storage companies for the sale of insurance coverage on personal property stored in self-service storage spaces

The bill would amend §2131 of the insurance law to permit the Superintendent of Insurance to issue limited licenses to self-service storage companies to act as an agent for an authorized insurer in connection with providing “contents coverage” to renters for loss or damage to personal effects stored at a self-service storage facility during the rental period.

The **Council of Insurance Brokers of Greater New York, Inc.**, the leading professional independent insurance brokers association in the New York metropolitan region, including Long Island and the Lower Hudson Valley, **OPPOSES** this legislation.

Current law allows the Superintendent of Insurance to issue limited licenses only to rental vehicle companies and wireless communications equipment vendors for the sale of certain limited types of coverage in connection with the rental of motor vehicles or the sale of wireless communications equipment.

While we are mindful of the fact that the proponents of this legislation have rewritten it to address certain objections raised in Governor’s Veto #27 (2009) in which he disapproved a similar bill last year, CIB remains philosophically opposed to the concept of limited licenses to sell insurance.

The personal effects insurance or contents coverage over personal property stored in a self-service storage facility proposed in this bill, is a broad form of personal lines coverage analogous to personal property protection under a homeowners or business owners policy. Only a fully trained and licensed insurance broker or agent is going to have the expertise necessary to determine if such coverage is adequate, and whether or not it should be written on a basic or special form, or scheduled as part of an existing homeowners or renters policy.

Moreover, the Insurance Services Office (ISO) recently announced that the standard form homeowners policy will now explicitly cover personal property located in self-storage facilities, up to an applicable sublimit of 10% of the policy’s personal property limit, with higher limits available via a new endorsement.

A self-service storage facility counterperson will simply not possess the requisite insurance expertise to properly advise a renter/policyholder about adequate personal effects coverage, regardless of the number of explanatory brochures or completion of the modicum of insurance training for a limited license. For instance, how would they know how to pay claims to a renter, if there is no record of the contents of an individual storage unit and how would they monitor the contents after the initial declaration by the renter?

This bill also flies in the face of the trend toward requiring the “suitability of insurance” as advocated by the New York State Insurance Department to ensure greater consumer protection in the sales of insurance products. The bill would erode any such consumer protection, by allowing the sale of contents coverage by limited licensed insurance “agents” who are wholly within the employ and control of the self-service storage company. Such self-dealing companies will push for the sale of such insurance as a moneymaker in their own economic self-interest.

Also, contents coverage offered by self-service storage companies may not be in the consumer’s best interest, because it could be duplicative of coverage under an existing homeowners or renters policy; alternative coverage may be available elsewhere at less cost with better benefits, lower deductibles and fewer exclusions or conditions; and loss claims filing and the servicing of such claims by an independent insurance broker beholden only to the policyholder is preferable.

Lastly, entirely new questions now suggest themselves: Would these limited licensed insurance “agents” be subject to the provisions of the new Producer Compensation Transparency Regulation No.194 (11 NYCRR Part 30) requiring all insurance brokers & agents to disclose their compensation prior to the sale of insurance coverage? Would the self-storage facilities agents or their employers receive contingent compensation from insurance companies based upon volume, profitability, retention, and claims experience?

For all of the reasons cited herein and on behalf of the **Council of Insurance Brokers of Greater New York, Inc.**, we are constrained to **OPPOSE S.7118 / A.10908** and **URGE ITS DEFEAT.**

Respectfully submitted,

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