



South Carolina Department of Insurance

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BULLETIN 2015-01

TO: ALL SELF-SERVICE STORAGE FACILITIES IN SOUTH CAROLINA

FROM: Raymond G. Farmer
Director of Insurance 

RE: Limited Lines License Required for Self-Service Storage Facilities to Sell or Offer Insurance

DATE: January 13, 2015

I. Purpose

South Carolina law now requires facilities that offer or sell insurance to cover the contents of the storage unit or personal injuries occurring on the premises of the storage facility to be licensed to sell insurance. *See* 2014 S.C. Act No 226. The insurance coverage may only be offered or sold in conjunction with the rental of the storage facilities. The purpose of this bulletin is: (1) to inform interested parties of these new licensing requirements; and (2) to provide guidance in the licensing process. Persons offering insurance in conjunction with the rental of self-storage facilities must be licensed by the deadline set forth below.

II. Definitions

Section 38-43-610 of South Carolina's Code of Laws Annotated (Code) defines the terms set forth in the legislation.

III. Limited Lines Licensure Requirements

Act 226 gives the director or his designee the authority to issue a limited license to individuals who have complied with the applicable licensing requirements. To qualify for a license, the applicant must: 1) file an application signed by an officer of the applicant with the South Carolina Department of Insurance; 2) be appointed (vouched and approved) by an official of licensed representative of the insurer issuing the insurance policy; 3) pay the \$40 application fee; and 4) renew any license issued by the Department biennially before May 1st of odd numbered years by submitting the renewal application and paying the applicable license renewal fee. License fees for this application are not refundable. Licensees are prohibited by law from advertising or otherwise holding themselves out to be a licensed insurer, agent or broker.

Moreover, the licensee must be the owner of the self-service storage rental facility or his agent or employee. Employees or agents of a licensee may act individually on behalf and under the supervision of the licensee

only if the licensee provides instruction on the kinds of insurance the licensee is authorized to offer or sell pursuant to the license. A licensee may receive a commission for the types of insurance he or she is authorized to sell. Licensees may also pay bonuses, incentives or otherwise compensate employees or agents provided the payments are not based on the completion of a sale of insurance coverage.

Licensees are not required to act as fiduciaries of money received from the sale of insurance and hold the money in a separate trust account if the insurer provides written consent signed by an officer of the insurer that premium is not required to be segregated from money received by the licensee because of the consumer transaction associated with the coverage.

IV. Conditions on Sale and Content of Insurance Policies

Insurance may only be sold by licensees. Licensees may only sell or offer to sell insurance in conjunction with, or incidental to the rental of a self-storage space in the owner's facility. Before issuing a policy, the licensee must provide a written document that: 1) summarizes clearly and correctly the material terms of coverage offered to an occupant, including the identity of the insurer; 2) makes disclosures about the coverage offered and whether this coverage may already be provided by a homeowner's insurance policy of other coverage in effect for the occupant; 3) describes the claims filing process; and 4) states that charges for the coverage are ancillary to the rental agreement and are itemized.

These policies may only offer coverage for either or both of the following: 1) casualty loss of the property contained in the self-storage space; and/or 2) liability for personal injuries (excluding injuries compensable by workers compensation) occurring on the premise of the individual self-storage space. If the rental agreement requires insurance coverage, the occupant may satisfy that requirement by purchasing coverage for casualty or personal injury loss from a licensee or by providing evidence of such coverage from another source.

V. Violations

The director may revoke, suspend, or impose other penalties (after notice and opportunity for a hearing) including suspending the transaction of insurance at a storage space rental facility the license of any one violating the provisions of chapter 43 in Title 38 of the Code.

VI. Effective Date

All individuals offering insurance in South Carolina in conjunction with the rental of storage facilities must be licensed by March 1, 2015. This date is provided to allow sufficient time for the applicants to review the licensing requirements and complete the licensing process.

Any questions regarding this bulletin should be directed to the attention of Christine Lanigan, Manager of Individual Licensing and Education Services, at clanigan@doi.sc.gov.

The electronic application may be accessed on the Department's website at <http://doi.sc.gov/835/Self-Service-Storage-Facilities>.