

# Self Storage Limited Lines License

By Maureen A. Lee



Since joining Bader Company in 2005, my responsibilities have focused primarily on two areas: compliance and regulatory management. In fact, one of my first assignments was to develop and implement a process to assist clients with the Self Storage Limited Lines Producer License (“SLLPL”) application process in those states that had SLLPL laws.

Fast forward nine years, and I found myself working with an Indianapolis-based lobbyist to pass SLLPL legislation in Indiana. The topic of SLLPL continues to be an important one to the self storage industry. Today, 18 states have SLLPL laws, with more to come.

The self storage industry has made a point to distinguish warehousemen from self storage operators. Warehousemen are responsible for their customers’ goods in storage, while self storage operators are not. This point is often driven home in the self storage lease agreement. Despite the lease language, however, and as many storage operators know, the lease language doesn’t always prevent a tenant from suing the facility when a tenant’s belongings are damaged while in storage. Tenant insurance programs emerged to provide protection to the self storage operator by placing the risk on a third-party insurer.

As my role has changed within Bader, so have the trends for providing coverage to stored personal property. Operators are faced with an ever-increasing number of insurance providers who offer either a “tenant insurance program” or a “protection plan.” These insurance providers also offer incentives to use their products. Operators should take their time to understand the fundamental reasons why they should offer a program and what their role in the program ought to be.

So, why is Bader supportive of the SSA in its pursuit of SLLPL legislation in those states that haven’t adopted it yet? Here are some key points.

*What is a limited lines license?* A limited lines license is exactly what it says. It’s a limited license issued by a state’s department of insurance that authorizes the sale of a line of insurance other than a major line (property & casualty,

life, or accident & health). There are more than 50 types of limited lines licenses authorized throughout the states. The most common are travel, car rental, and portable electronic devices (cell phones, iPads, etc).

Just like the self storage industry, many of these industries offered insurance to their consumers for years without the benefit of limited lines. And, just like the self storage industry today, these industries pursued limited lines licenses to provide clarity to the various state statutes. Typically, the requirements to obtain a limited lines license are less costly and less burdensome when compared to a full insurance producer license. And, with a limited lines license, an operator can sell insurance coverage directly to the consumer and receive payment relating to that transaction without concern of regulatory backlash.

*What is the benefit of an SLLPL license?* We live in a world where consumer protection is paramount, especially to those charged with the responsibility of enforcing it—government agencies.

SLLPL legislation creates a defined space in the insurance regulatory framework for the sale of tenant insurance and adds clarity to the roles and responsibilities of the self storage operators, the insurance providers and their customers. It also provides a clear structure for addressing consumer complaints or disputes about coverage or

claim handling with the regulators. Under Bader’s Tenant Insurance Program, Bader handles all such matters directly with the regulator.

*How do you obtain a license?* Your tenant insurance provider should be able to assist you in obtaining your SLLPL license. Each state has slightly different requirements and fees that your insurance provider should know. At Bader Company, we have a licensing department that works with the client to ensure the application and necessary documents are submitted correctly. There is no continuing education class requirement; however, some training may be required.

As both tenant insurance and protection plans continue to face challenges by insurance regulators, lawsuits, and educated consumers, Bader believes it is more important than ever to continue to pursue SLLPL legislation. ❖

*Bader Company specializes in marketing niche insurance products: tenant, renters, commercial and ATM insurance.*

