

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 331 Residential Tenant Insurance Policies

SPONSOR(S): Insurance & Banking Subcommittee; Civil Justice Subcommittee; Fullwood and others

TIED BILLS: None **IDEN./SIM. BILLS:** SB 422

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Civil Justice Subcommittee	11 Y, 0 N, As CS	Cary	Bond
2) Insurance & Banking Subcommittee	11 Y, 2 N, As CS	Cooper	Cooper
3) Judiciary Committee			

SUMMARY ANALYSIS

The "Florida Residential Landlord and Tenant Act," or "Act," governs the relationship between landlords and tenants under a residential rental agreement. The Act contains certain mandatory or conditional provisions and disclosures that a landlord must provide to a tenant or prospective tenant.

The bill mandates one of two provided provisions relating to renter's insurance that must be included in any written rental agreement for a residential tenancy.

The bill does not appear to have any fiscal impact on state or local governments.

The bill provides an effective date of January 1, 2015, and applies to any residential lease governed by the Act signed or renewed after that date.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Part II of ch. 83, F.S., entitled the "Florida Residential Landlord and Tenant Act," or "Act," governs the relationship between landlords and tenants under a residential rental agreement. The Act contains certain mandatory or conditional provisions and disclosures that a landlord must provide to a tenant or prospective tenant. For example:

- If the landlord requires a security deposit, the Act requires a disclosure regarding the tenant's rights and responsibilities with respect to the security deposit.¹
- The landlord must disclose his or her address.²
- If there is a liquidated damages provision in the lease, the Act provides language that must be included in the lease.³
- If the rental agreement indemnifies the landlord for storage or disposition of personal property of the tenant after the tenant surrenders the dwelling, the Act requires language within the lease to notify the tenant to that effect.⁴

Effect of the Bill

The bill creates s. 83.491, F.S., to mandate one of two provided provisions in any written rental agreement for a residential tenancy. The notice must be in the same or larger type size as the majority of the rental agreement and must be separately initialed by the tenant.

If the rental agreement requires the purchase of a tenant's policy of insurance as a condition of the lease, the rental agreement must include a statement providing substantially the following language:

A landlord is generally not liable for loss or damage to your personal property.
This rental agreement requires you to purchase and maintain a tenant's policy of insurance covering loss or damage to your personal property from a company of your choice.

If the rental agreement does not require the purchase of a tenant's policy of insurance, the rental agreement must include a statement providing substantially the following language:

A landlord is generally not liable for loss or damage to your personal property.
This rental agreement does not require you to purchase and maintain a tenant's policy of insurance. You should consider purchasing a tenant's policy of insurance covering loss or damage to your personal property from a company of your choice.

The bill provides that an unwritten agreement, or one that fails to provide the required notice, is presumed not to require the purchase of a tenant's insurance policy.

The bill also provides that a tenant does not have a cause of action against the landlord for the landlord's failure to enforce an insurance requirement. Essentially, if the tenant does not purchase a policy as required by the lease, the tenant cannot recover damages from the landlord for the tenant's violation of the lease agreement.

¹ Section 83.49(2)(d), F.S.

² Section 83.50, F.S.

³ Section 83.595(4), F.S.

⁴ Section 83.67(5), F.S.

The bill also provides that no person will be deemed a third party beneficiary of a requirement to purchase tenant's insurance. Thus, a third party cannot sue a landlord for a landlord's failure to enforce a requirement to purchase insurance.

The bill provides an effective date of January 1, 2015, and applies to any residential lease governed by the Act and signed or renewed after that date.

B. SECTION DIRECTORY:

Section 1 creates s. 83.491, F.S., relating to an insurance requirement.

Section 2 provides an effective date of January 1, 2015, and an applicability statement.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill does not appear to have any impact on state revenues.

2. Expenditures:

The bill creates a new requirement for standard lease forms. The Florida Bar develops, and the Florida Supreme Court approves, residential lease forms for use in the state.⁵ The bill will likely require the promulgation of new lease forms.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill does not appear to have any impact on local government revenues.

2. Expenditures:

The bill does not appear to have any impact on local government expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill requires landlords to update their lease forms. Because the requirement takes effect January 1, 2015, in most cases landlords can keep and timely develop a new standard lease form with minimal expense.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

⁵ See *In re Revisions to Simplified Forms Pursuant to Rule 10-2.1(A) of Rules Regulating the Florida Bar*, 50 So.3d 503 (Fla. 2010).

None.

B. RULE-MAKING AUTHORITY:

The bill does not appear to create a need for rulemaking or rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 19, 2014, the Civil Justice Subcommittee adopted two amendments to a proposed committee substitute and reported the bill favorably as a committee substitute. The committee substitute passed by the subcommittee differs from the original bill by re-writing the disclosures, providing that the disclosures must be in the same or larger font, providing that a person may not be a third party beneficiary of a requirement to purchase insurance, and providing a statement that a rental agreement may require that the tenant purchase and maintain insurance other than a tenant's policy.

On March 19, 2014, the Insurance & Banking Subcommittee considered the bill, adopted a strike all amendment and reported the bill favorably with a committee substitute. The amendment made technical changes, retained the provisions of the underlying bill, and made the following substantive changes:

- Eliminated the requirement for landlords to specify the minimum amount of insurance coverage required.
- Removed the provision allowing landlords to require tenants to purchase and maintain insurance other than a policy of insurance covering loss or damage to personal property.

The staff analysis was updated to reflect the committee substitute.