

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Banking and Insurance

BILL: CS/SB 342

INTRODUCER: Banking and Insurance Committee and Senator Gibson

SUBJECT: Renter Insurance

DATE: January 27, 2016

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Matiyow	Knudson	BI	Fav/CS
2.			JU	
3.			RC	

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 342 requires a landlord of residential real property to provide notice in the rental agreement whether the tenant is required to obtain renter insurance and, if so, to specify the coverage required. If the rental agreement specifies renter insurance is not required, the notice must provide a statement regarding the benefit of purchasing renters insurance.

II. Present Situation:

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

¹ s. 83.49(2)(d), F.S.

² s. 83.50, F.S.

³ s. 83.595(4), F.S.

- 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

The common term "renter insurance" refers to an insurance product that is also sometimes referred to as a "contents policy." Such insurance indemnifies a tenant for loss or damage to the tenant's personal property within the rental unit, and is generally packaged with liability coverage. In essence, it is a homeowner's policy without coverage for the structure. While nearly all homeowners carry homeowners insurance, a 2014 study showed that only 37 percent of tenants buy a renters insurance policy.⁵

III. Effect of Proposed Changes:

The bill creates s. 83.491, F.S., to require that a landlord make one of two notices in the lease agreement regarding renter insurance.

1. If renter insurance is required by the landlord, the rental agreement must specify the coverage amounts required and provide space for the tenant to initial.
2. If the landlord does not require the purchase of renter insurance, the rental agreement must include a statement providing substantially the following form:

“The tenant is not required to obtain renter insurance; however, the tenant is strongly advised to obtain renter insurance to cover damage to or loss of personal property.”

The bill clarifies that failure to provide such notice does not create a private cause of action or nullify any part of the rental agreement.

The bill has an effective date of July 1, 2016, and applies to any residential lease entered into on or after January 1, 2017.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

⁴ s. 83.67(5), F.S.

⁵ <http://www.iii.org/fact-statistic/renters-insurance>, last accessed on January 14, 2016.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Landlords will need to provide one of two additional notices regarding renter insurance. If renters insurance is required the notice must be signed by the tenant. Tenants may benefit from being notified in the rental agreement that the purchase of renter insurance is necessary to cover damage personal property.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The Real Property and Probate section of the Florida Bar drafts a standardized lease that includes all provisions required by state statute. The draft lease is reviewed and approved for use by the Supreme Court of Florida. The changes in the bill could require an updated standardized lease be drafted and approved.⁶

VIII. Statutes Affected:

This bill substantially amends section 83.491 of the Florida Statutes

IX. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Banking and Insurance on January 26, 2016:

- Changes “Renter” to “Renters” throughout the bill.
- Applies the new notice requirements to leases entered into on or after January 1, 2017.
- Clarifies that failure to provide such notice does not create a private cause of action or nullify any part of the rental agreement.

B. Amendments:

None.

⁶ Conversation with Arlene Catherine Udick of the Landlord Tenant Committee for the Real Property and Probate Trust Law Section of the Florida Bar Association (January 22, 2016).

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
