



**WHITE PAPER: CS/HB 331 (SB 442)**  
**RESIDENTIAL TENANT INSURANCE POLICIES**

**I. SUMMARY**

Residential renter's insurance is personal property and liability insurance coverage, similar to a homeowner's policy, to protect the tenant against loss of personal property and liability for which the landlord may not be responsible. The policies are intended to protect tenants but also provide benefits to the landlords, since the policies cover some costs landlords may otherwise absorb when a tenant has loss of property.

No state requires that a tenant carry renter's insurance, though many landlords are making it a lease requirement. Forcing tenants to obtain insurance places an additional cost of living expense on tenants.<sup>1</sup> Tenants lose the opportunity to decide whether they need insurance. College students just starting out may not have accumulated enough personal property to make obtaining a policy worthwhile. For those on fixed income adding an additional monthly expense may prove prohibitive.

CS/HB 331 provides that if landlords require that residential tenants obtain rental insurance, certain provisions must be included in the rental agreement so the

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<sup>1</sup> Landlords Push Renters Insurance, The Wall Street Journal, 26 May 2004, <http://online.wsj.com/news/articles/SB108552650467421267>.

tenant is fully aware of the requirement. Given that landlords are already making tenants purchase insurance as a condition of renting, it is important to protect tenants by placing some boundaries on these requirements into Florida's Residential Landlord Tenant Act.

## **II. CHANGES PROPOSED BY CS/HB 331**

### **A. Notice To Tenant If Renter's Insurance Is Required**

The bill provides that if a landlord chooses to require that a tenant purchase renter's insurance then the landlord must place language that is in "substantially" the same form as stated in the bill. This notice provides an overly broad statement that landlords are "generally" not liable for loss or damage to personal property, which will be confusing to tenants, since in many cases landlords do bear some responsibility. The notice allows the landlord to set any amount of insurance coverage required, removing any opportunity for the tenant to make a decision about the amount of coverage.

### **B. Landlord May Require Any Other Insurance Of Tenant**

CS/HB 331 provides that the landlord may require the tenant to purchase other insurance. This broad statement provides no protections to the tenant and eviscerates the intent of the bill to provide written notice to tenant of an insurance requirement.

### **C. Notice To Tenant If Renter's Insurance Is Not Required**

Similar to paragraph "A" above, the landlord must provide a similar notice to tenant if personal property insurance is not required. The purpose of this section appears to be to inform tenants about the benefits of rental insurance and to

encourage them to purchase insurance. However, this notice does not have a font size requirement and it does not require that the tenant initial the paragraph, both requirements where renter's insurance is mandatory.

#### **D. Some Rental Agreements Do Not Require Renter's Insurance**

Florida law provides for oral or written rental agreements. CS/HB 331 provides that an "unwritten agreement" is "presumed" not to require renter's insurance. The bill also provides that "an agreement that fails to include the required notice" is "presumed" not to require renter's insurance. Since the bill does not require that tenants obtain renter's insurance except in cases where the landlord includes the required statutory notice, a "presumption" should not be used in these cases. Renters insurance should never be required for oral rental agreements since it is too complex a lease term to be included in an oral contract. If the landlord fails to put either of the required notices in a written rental agreement, the tenant is relieved of any lease requirement to purchase rental insurance.

### **III. CHANGES NEEDED TO IMPROVE PROTECTIONS FOR TENANTS**

The following amendments to CS/HB 331 would improve protections for tenants, level the playing field between tenants and landlords, and provide clarity to the requirements:

- ✓Both statutory notices need to be clarified as to when the landlord may be responsible for loss or damage to personal property;
- ✓The notice must limit the amount of coverage to a minimum of \$100,000 for liability;

- ✓There should be specific statutory ban on landlords requiring any other insurance from tenants and making any other requirements as to the policy outside of the policy minimums contained in the notice;
- ✓It must be clear that rental insurance may not be required in oral written agreements;
- ✓It must be clear that if a landlord fails to include the statutory notices in the written agreement the tenant is relieved from any obligation to obtain renter's insurance during the term of the written rental agreement;
- ✓Tenants whose income is at or below 50% of the area median income must not be required to obtain renter's insurance;
- ✓Tenants living in units subsidized by public funds must not be required to obtain renter's insurance;
- ✓Tenants who are dependents living away from home and already covered by a homeowner's policy must be exempt from these requirements.

#### **IV. CONCLUSION – CS/HB 331 MUST ENHANCE TENANT PROTECTIONS**

Optimally tenants would never be required to purchase renter's insurance. Renters should be informed about the benefits of obtaining a policy and then choose whether to obtain coverage based on their unique circumstances. However, landlords in Florida are frequently mandating that tenants obtain renter's insurance as requirement of their lease. Sponsors of CS/HB 331 and SB 422 are to be commended for legislation that seeks to provide tenants with specific notice about any insurance requirements a landlord may place on them. However, crucial changes must be made to the bill to insure tenants are adequately protected.

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