

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** CS/HB 237 Renters Insurance  
**SPONSOR(S):** Civil Justice Subcommittee; DuBose  
**TIED BILLS:** None **IDEN./SIM. BILLS:** SB 342

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Civil Justice Subcommittee	10 Y, 3 N, As CS	Bond	Bond
2) Insurance & Banking Subcommittee			
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 lease provisions and disclosures that a landlord must provide to a tenant or prospective tenant.

If a landlord requires the tenant to purchase insurance, the bill requires that the lease disclose the required coverage. If the lease does not require insurance, the bill requires a landlord to include in the lease a specific disclosure regarding insurance.

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

The bill provides an effective date of January 1, 2017.

# 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.<sup>1</sup>
- The landlord must disclose his or her address.<sup>2</sup>
- If there is a liquidated damages provision in the lease, the Act provides language that must be included in the lease.<sup>3</sup>
- 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.<sup>4</sup>

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.<sup>5</sup>

#### **Effect of the Bill**

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

If renter insurance is required, the rental agreement must specify the coverage.

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:

"Your landlord's insurance policy does not cover loss or damage to your personal property and does not cover your personal liability. To cover potential loss or damage to your personal property and your liability, you are advised to contact a licensed insurance agent or company about purchasing a renters insurance policy."

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

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<sup>1</sup> Section 83.49(2)(d), F.S.

<sup>2</sup> Section 83.50, F.S.

<sup>3</sup> Section 83.595(4), F.S.

<sup>4</sup> Section 83.67(5), F.S.

<sup>5</sup> <http://www.iii.org/fact-statistic/renters-insurance>, last accessed on November 6, 2015.

**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, 2017.

**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 does not appear to have any impact on state expenditures.

**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, for which they may incur a small 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:

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 November 18, 2015, the Civil Justice Subcommittee adopted a proposed committee substitute and reported the bill favorably as a committee substitute. The committee substitute differs from the bill as filed by changes to the statutory notice, a change in the effective date, and clarification that the changes made by this bill only apply to leases signed after the effective date of the bill. This analysis is drafted to the committee substitute as passed by the Civil Justice Subcommittee.