

By: Seaman

H.B. No. 2160

A BILL TO BE ENTITLED

AN ACT

relating to a specialty insurance agent license for certain persons who rent real property for residential use.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article 21.09, Insurance Code, is amended by adding Section 6 to read as follows:

Sec. 6. RESIDENTIAL RENTER LICENSE. (a) In this section:

(1) "Renter's insurance" means insurance that provides:

(A) hazard insurance coverage to residential tenants for loss of, or damage to, tangible personal property during the term of the residential rental agreement; and

(B) liability insurance coverage to residential tenants for bodily injury or property damage during the term of the residential rental agreement.

(2) "Residential landlord" means a person engaged in the business of leasing residential rental property owned by that person. The term includes a person who leases or collects rent on behalf of that person, including a property management company.

(3) "Residential rental agreement" means a written agreement that sets forth the terms and conditions governing the use and habitation of residential rental property. The term includes a lease.

(4) "Residential rental property" means a unit of real

1 property that is rented on a periodic basis to a residential tenant  
2 for use as a habitation.

3 (5) "Residential tenant" means a person who obtains  
4 the right under a residential rental agreement to use and inhabit  
5 residential rental property.

6 (b) Notwithstanding any other provision of this article or  
7 this code, the commissioner may issue a specialty license under  
8 Section 1 of this article to a residential landlord who complies  
9 with this section only for the limited purposes set forth in this  
10 section.

11 (c) A residential landlord licensed under Section 1 of this  
12 article may act as an agent for any authorized insurer only in  
13 connection with the rental of residential rental property that the  
14 landlord leases and only with respect to:

15 (1) providing written information about renter's  
16 insurance to a prospective or current residential tenant;

17 (2) assisting a residential tenant in the completion  
18 of an application for renter's insurance;

19 (3) transmitting a residential tenant's completed  
20 application for renter's insurance to a licensed insurance agent or  
21 an insurer authorized to engage in the business of property and  
22 casualty insurance in this state; or

23 (4) collecting and transmitting a residential tenant's  
24 premium for renter's insurance to a licensed insurance agent or an  
25 insurer authorized to engage in the business of property and  
26 casualty insurance in this state.

27 (d) A residential landlord who requires a residential

1 tenant to have renter's insurance as a condition of leasing the  
2 residential rental property is not authorized by Subsection (c) of  
3 this section to engage in the activities described by Subdivisions  
4 (1)-(4) of that subsection. Subsection (c) of this section applies  
5 to a residential landlord only if:

6 (1) the renter's insurance is written through a  
7 general property and casualty insurance agent licensed under this  
8 code; and

9 (2) the residential rental agreement includes a  
10 conspicuous statement in boldfaced type that states substantially  
11 the following:

12 (A) purchase of renter's insurance is not  
13 required as a condition of entering into the residential rental  
14 agreement;

15 (B) renter's insurance coverage is available  
16 from other insurers and agents;

17 (C) renter's insurance coverage may be canceled  
18 at the option of the residential tenant, with the tenant receiving  
19 any refund to which the tenant is entitled;

20 (D) rates for renter's insurance coverage  
21 offered are not necessarily filed with, or approved by, the  
22 commissioner; and

23 (E) the tenant is advised to seek and obtain the  
24 best rates and coverage.

25 (e) If the residential landlord collects the premiums for  
26 renter's insurance from a residential tenant, the amount of the  
27 premium must be specifically stated in the tenant's residential

1 property agreement.

2 (f) A residential landlord who engages in the activities  
3 described by Subsection (c) of this section regarding a renter's  
4 insurance policy may receive an administrative fee from the insurer  
5 that writes the insurance coverage. The administrative fee may not  
6 exceed 15 percent of the premium charged for the policy.

7 SECTION 2. (a) This Act takes effect September 1, 2003.

8 (b) A residential landlord is not required to be licensed as  
9 provided by Section 6, Article 21.09, Insurance Code, as added by  
10 this Act, before January 1, 2004.