

By: Williams

S.B. No. 942

A BILL TO BE ENTITLED

AN ACT

relating to a specialty insurance agent license for landlords who sell renter's insurance to residential tenants.

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'S INSURANCE LICENSE. (a) In this section:

(1) "Landlord" means:

(A) a person engaged in the business of leasing residential rental property owned by that person; or

(B) a person who leases or collects rent on residential rental property on behalf of the owner of the property, including a property management company.

(2) "Lease" means a written agreement that contains the terms and conditions governing the use and habitation of residential rental property.

(3) "Renter's insurance" means:

(A) hazard insurance coverage provided to a tenant for loss of or damage to the tenant's tangible personal property during the term of the lease; and

(B) liability insurance coverage provided to a tenant for bodily injury or property damage during the term of the lease.

1 (4) "Residential rental property" means a unit of real
2 property that is rented on a periodic basis to a tenant for use as a
3 habitation.

4 (5) "Tenant" means a person who under a residential
5 lease obtains the right to use and inhabit residential rental
6 property.

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

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

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

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

19 (3) transmitting a tenant's completed application for
20 renter's insurance to a licensed insurance agent or insurer; or

21 (4) collecting and transmitting a tenant's premium for
22 renter's insurance to a licensed insurance agent or an insurer
23 authorized to engage in business under this code.

24 (d) A landlord who requires a tenant to have renter's
25 insurance as a condition of leasing residential rental property is
26 not authorized by Subsection (c) of this section to act as an agent
27 in the capacity described.

1 (e) Subsection (c) of this section authorizes a landlord to
2 act as an agent in the capacity describe only if:

3 (1) the renter's insurance is written through a
4 general property and casualty insurance agent licensed under this
5 code; and

6 (2) the tenant's lease includes statements, in
7 boldface type conspicuously located in the lease:

8 (A) indicating that renter's insurance is not
9 required in order to enter into the lease;

10 (B) indicating that renter's insurance is
11 available from other insurers and agents;

12 (C) indicating that renter's insurance purchased
13 by the tenant may be canceled at any time at the tenant's option and
14 the tenant will receive any refund to which the tenant is entitled;

15 (D) indicating that rates for renter's insurance
16 are not necessarily filed with or approved by the commissioner of
17 insurance; and

18 (E) advising the tenant to seek and obtain the
19 best rates and coverage for renter's insurance.

20 (f) If the landlord collects premiums from a tenant for
21 renter's insurance, the amount of the premium must be specifically
22 stated in the tenant's lease.

23 (g) A landlord who engages in the activities described by
24 Subsection (c) of this section in relation to a renter's insurance
25 policy may receive an administrative fee from the insurer who
26 writes the coverage that does not exceed 15 percent of the premium
27 charged for the policy.

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

2 (b) A person who engages in the business of leasing
3 residential rental property is not required to be licensed in
4 accordance with Section 6, Article 21.09, Insurance Code, as added
5 by this Act, before January 1, 2004.