

## **BILL ANALYSIS**

C.S.H.B. 4010  
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Business & Industry  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

A property insurance policy can protect a landlord's rental property from losses caused by events such as storms, burglaries, acts of vandalism, and fires. Tenants may also obtain rental property liability insurance to protect the value of the tenant's property and assets, and also to protect the tenant against physical injury, slander, discrimination, unlawful and retaliatory eviction, and invasion of tenant privacy. Currently, there is no legal requirement that a tenant obtain such insurance, allowing the tenant to determine whether to do so, however, some landlords require tenants to obtain such property insurance as a condition of tenancy.

C.S.H.B. 4010 prohibits a landlord who rents a dwelling from requiring a tenant to obtain a liability insurance property as a condition of tenancy. The bill authorizes a landlord to provide tenant information about such a policy.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 4010 amends the Property Code to prohibit a landlord from requiring a tenant to obtain a liability insurance policy as a condition of tenancy and from taking any adverse action against a tenant for failing to obtain such an insurance policy. The bill authorizes a landlord to notify a tenant or potential tenant of the availability of a liability insurance policy that insures the contents of the dwelling against damage or loss or provides liability coverage if the tenant is given a separate disclosure in 14 point type that explains the coverage; specifies, if the landlord is facilitating the purchase of the policy, the cost of the insurance policy facilitated by the landlord for the term of the lease and the cost of purchasing an insurance policy with similar terms from at least two other insurance carriers other than the insurer issuing the policy made available through the landlord; provides the terms of the policy; and provides the contact information for the Texas Department of Insurance.

C.S.H.B. 4010 requires such notice to be given to a potential tenant at least three days before the tenant executes a lease agreement or an agreement in connection with the purchase of a policy, makes any payment to the landlord, or moves into the premises. The bill requires such notice to be given to a tenant at least three days before the tenant executes an agreement or makes a payment in connection with the purchase of an insurance policy made available through the landlord. The bill requires a landlord to demonstrate compliance with notification provisions by having a copy of the notice delivered to the tenant or potential tenant and obtain the tenant's or potential tenant's signature acknowledging receipt of the notice and the date of receipt. The bill provides that these provisions do not authorize a landlord to perform an act constituting acting as an insurance agent or to engage in the business of insurance.

## **EFFECTIVE DATE**

September 1, 2009.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 4010 adds a provision not in the original to authorize a landlord to notify a potential tenant of the availability of an insurance policy that insures the contents of the dwelling against damage or loss and to authorize a landlord to notify a tenant or potential client of the availability of a policy that provides liability coverage.

C.S.H.B. 4010 removes a provision from the original that requires notice given to a tenant relating to the availability of a liability policy to explain the specific type of insurance policy required to be obtained by the tenant and the result of the failure of the tenant to retain insurance during the term of the lease.

C.S.H.B. 4010 adds a provision not in the original to specify that the notice is required to contain a provision comparing the cost of an insurance policy facilitated by the landlord and the cost of a similar policy with at least two other insurance carriers, only if the landlord is facilitating the purchase of the insurance policy.

C.S.H.B. 4010 adds a provision not in the original to require notice to a potential tenant relating to the availability of an insurance policy to be given at least three days before the potential tenant executes a lease agreement or an agreement in connection with the purchase of the policy, makes any payment to the landlord, or moves into the premises.

C.S.H.B. 4010 differs from the original by requiring notice to a tenant relating to the availability of an insurance policy to be given at least three days before the tenant executes an agreement or makes a payment in connection with the purchase of the insurance policy made available through the landlord, whereas the original requires such notice to be given three days prior to the earliest of the tenant's execution of any agreement with the landlord, payment of any funds to the landlord, or moving into the premises.

C.S.H.B. 4010 adds a provision not in the original to require a landlord to have a copy of the notice delivered to the tenant or potential tenant and obtain the potential tenant's or potential tenant's signature acknowledging receipt of the notice and the date of the receipt.

C.S.H.B. 4010, in a provision relating to demonstrated compliance with notification requirements, requires a landlord to obtain the signature of the tenant acknowledging receipt, whereas the original requires the tenant's signature acknowledging receipt to be on the notice delivered to the tenant.

C.S.H.B. 4010 adds a provision not in the original that specifies that the provisions of the bill do not authorize a landlord to perform an act constituting acting as an insurance agent or to engage in the business of insurance.