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HOUSE BILL NO. 1660

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws
on January 29, 2019)

(Patron Prior to Substitute—Delegate Delaney)

A BILL to amend and reenact §§ 55-225.24 and 55-248.7:2 of the Code of Virginia, relating to landlord and tenant; landlord may obtain certain insurance for tenant; notice.

Be it enacted by the General Assembly of Virginia:

1. That §§ 55-225.24 and 55-248.7:2 of the Code of Virginia are amended and reenacted as follows:

§ 55-225.24. Landlord may obtain certain insurance for tenant.

A. Damage Insurance. A landlord may require as a condition of tenancy that a tenant have commercial insurance coverage as specified in the rental agreement to secure the performance by the tenant of the terms and conditions of the rental agreement and pay for the cost of premiums for such insurance coverage obtained by the landlord, generally known as "damage insurance." As provided in § 55-225.02, such payments shall not be deemed a security deposit, but shall be rent. However, the landlord shall not require a tenant to pay both security deposits and the cost of damage insurance premiums, if the total amount of any security deposits and damage insurance premiums exceeds the amount of two months' periodic rent. The landlord shall notify a tenant in writing that the tenant has the right to obtain a separate policy from the landlord's policy for damage insurance. If a tenant elects to obtain a separate policy, the tenant shall submit to the landlord written proof of such coverage and shall maintain such coverage at all times during the term of the rental agreement. Where a landlord obtains damage insurance coverage on behalf of a tenant, the insurance policy shall provide coverage for the tenant as an insured. The landlord shall recover from the tenant the actual costs of such insurance coverage and may recover administrative or other fees associated with administration of a damage insurance policy, including a tenant opting out of the insurance coverage provided by the landlord pursuant to this subsection. If a landlord obtains damage insurance for his tenants, the landlord shall provide to each tenant, prior to execution of the rental agreement, a summary of the insurance policy or certificate evidencing the coverage being provided and upon request of the tenant make available a copy of the insurance policy.

B. Renter's Insurance. A landlord may require as a condition of tenancy that a tenant have renter's insurance as specified in the rental agreement that is a combination multi-peril policy containing fire, miscellaneous property, and personal liability coverage insuring personal property located in residential units not occupied by the owner. A landlord may require a tenant to pay for the cost of premiums for such insurance obtained by the landlord, to provide such coverage for the tenant as part of rent or as otherwise provided herein. As provided in § 55-225.02, such payments shall not be deemed a security deposit, but shall be rent. If the landlord requires that such premiums be paid prior to the commencement of the tenancy, the total amount of all security deposits and insurance premiums for damage insurance and renter's insurance shall not exceed the amount of two months' periodic rent. Otherwise, the landlord may add a monthly amount as additional rent to recover the costs of such insurance coverage. The landlord shall notify a tenant in writing that the tenant has the right to obtain a separate policy from the landlord's policy for renter's insurance. If a tenant elects to obtain a separate policy, the tenant shall submit to the landlord written proof of such coverage and shall maintain such coverage at all times during the term of the rental agreement. If a tenant allows his renter's insurance policy required by the rental agreement to lapse for any reason, the landlord may provide any landlord's renter's insurance coverage to such tenant. The tenant shall be obligated to pay for the cost of premiums for such insurance as rent or as otherwise provided herein until the tenant has provided written documentation to the landlord showing that the tenant has reinstated his own renter's insurance coverage.

C. Where a landlord obtains renter's insurance coverage on behalf of a tenant, the insurance policy shall provide coverage for the tenant as an insured. The landlord shall recover from the tenant the actual costs of such insurance coverage and may recover administrative or other fees associated with the administration of a renter's insurance program, including a tenant opting out of the insurance coverage provided to the tenant pursuant to this subsection. If a landlord obtains renter's insurance for his tenants, the landlord shall provide to each tenant, prior to execution of the rental agreement, a summary of the insurance policy prepared by the insurer or certificate evidencing the coverage being provided and upon request of the tenant make available a copy of the insurance policy. *Any failure of the landlord to provide such summary or certificate, or to make available a copy of the insurance policy, shall not affect the validity of the rental agreement.*

If the rental agreement does not require the tenant to obtain renter's insurance, the landlord shall provide a written notice to the tenant, prior to the execution of the rental agreement, stating that (i) the

60 landlord is not responsible for the tenant's personal property, (ii) the landlord's insurance coverages do
61 not cover the tenant's personal property, and (iii) if the tenant wishes to protect his personal property,
62 he should obtain renter's insurance. The notice shall inform the tenant that any such renter's insurance
63 obtained by the tenant does not cover flood damage and advise the tenant to contact the Federal
64 Emergency Management Agency (FEMA) or visit the websites for FEMA's National Flood Insurance
65 Program or for the Virginia Department of Conservation and Recreation's Flood Risk Information
66 System to obtain information regarding whether the property is located in a special flood hazard area.
67 Any failure of the landlord to provide such notice shall not affect the validity of the rental agreement. If
68 the tenant requests translation of the notice from the English language to another language, the
69 landlord may assist the tenant in obtaining a translator or refer the tenant to an electronic translation
70 service. In doing so, the landlord shall not be deemed to have breached any of his obligations under
71 this chapter or otherwise become liable for any inaccuracies in the translation. The landlord shall not
72 charge a fee for such assistance or referral.

73 D. Nothing in this section shall be construed to prohibit the landlord from recovering from the tenant
74 as part of the rent, the tenant's prorated share of the actual costs of other insurance coverages provided
75 by the landlord relative to the premises, or the tenant's prorated share of a self-insurance program held
76 in an escrow account by the landlord, including the landlord's administrative or other fees associated
77 with the administration of such coverages. The landlord may apply such funds held in escrow to pay
78 claims pursuant to the landlord's self-insurance plan.

79 **§ 55-248.7:2. Landlord may obtain certain insurance for tenant.**

80 A. Damage Insurance. A landlord may require as a condition of tenancy that a tenant have
81 commercial insurance coverage as specified in the rental agreement to secure the performance by the
82 tenant of the terms and conditions of the rental agreement and pay for the cost of premiums for such
83 insurance coverage obtained by the landlord, generally known as "damage insurance." As provided in
84 § 55-248.4, such payments shall not be deemed a security deposit, but shall be rent. However, as
85 provided in § 55-248.9, the landlord cannot require a tenant to pay both security deposits and the cost of
86 damage insurance premiums, if the total amount of any security deposits and damage insurance
87 premiums exceeds the amount of two months' periodic rent. The landlord shall notify a tenant in writing
88 that the tenant has the right to obtain a separate policy from the landlord's policy for damage insurance.
89 If a tenant elects to obtain a separate policy, the tenant shall submit to the landlord written proof of
90 such coverage and shall maintain such coverage at all times during the term of the rental agreement.
91 Where a landlord obtains damage insurance coverage on behalf of a tenant, the insurance policy shall
92 provide coverage for the tenant as an insured. The landlord shall recover from the tenant the actual costs
93 of such insurance coverage and may recover administrative or other fees associated with administration
94 of a damage insurance policy, including a tenant opting out of the insurance coverage provided by the
95 landlord pursuant to this subsection. If a landlord obtains damage insurance for his tenants, the landlord
96 shall provide to each tenant, prior to execution of the rental agreement, a summary of the insurance
97 policy or certificate evidencing the coverage being provided and upon request of the tenant make
98 available a copy of the insurance policy.

99 B. Renter's Insurance. A landlord may require as a condition of tenancy that a tenant have renter's
100 insurance as specified in the rental agreement that is a combination multi-peril policy containing fire,
101 miscellaneous property, and personal liability coverage insuring personal property located in residential
102 units not occupied by the owner. A landlord may require a tenant to pay for the cost of premiums for
103 such insurance obtained by the landlord, to provide such coverage for the tenant as part of rent or as
104 otherwise provided herein. As provided in § 55-248.4, such payments shall not be deemed a security
105 deposit, but shall be rent. If the landlord requires that such premiums be paid prior to the
106 commencement of the tenancy, the total amount of all security deposits and insurance premiums for
107 damage insurance and renter's insurance shall not exceed the amount of two months' periodic rent.
108 Otherwise, the landlord may add a monthly amount as additional rent to recover the costs of such
109 insurance coverage. The landlord shall notify a tenant in writing that the tenant has the right to obtain a
110 separate policy from the landlord's policy for renter's insurance. If a tenant elects to obtain a separate
111 policy, the tenant shall submit to the landlord written proof of such coverage and shall maintain such
112 coverage at all times during the term of the rental agreement. If a tenant allows his renter's insurance
113 policy required by the rental agreement to lapse for any reason, the landlord may provide any landlord's
114 renter's insurance coverage to such tenant. The tenant shall be obligated to pay for the cost of premiums
115 for such insurance as rent or as otherwise provided herein until the tenant has provided written
116 documentation to the landlord showing that the tenant has reinstated his own renter's insurance coverage.

117 C. Where a landlord obtains renter's insurance coverage on behalf of a tenant, the insurance policy
118 shall provide coverage for the tenant as an insured. The landlord shall recover from the tenant the actual
119 costs of such insurance coverage and may recover administrative or other fees associated with the
120 administration of a renter's insurance program, including a tenant opting out of the insurance coverage
121 provided to the tenant pursuant to this subsection. If a landlord obtains renter's insurance for his tenants,

the landlord shall provide to each tenant, prior to execution of the rental agreement, a summary of the insurance policy prepared by the insurer or certificate evidencing the coverage being provided and upon request of the tenant make available a copy of the insurance policy. *Any failure of the landlord to provide such summary or certificate, or to make available a copy of the insurance policy, shall not affect the validity of the rental agreement.*

If the rental agreement does not require the tenant to obtain renter's insurance, the landlord shall provide a written notice to the tenant, prior to the execution of the rental agreement, stating that (i) the landlord is not responsible for the tenant's personal property, (ii) the landlord's insurance coverages do not cover the tenant's personal property, and (iii) if the tenant wishes to protect his personal property, he should obtain renter's insurance. The notice shall inform the tenant that any such renter's insurance obtained by the tenant does not cover flood damage and advise the tenant to contact the Federal Emergency Management Agency (FEMA) or visit the websites for FEMA's National Flood Insurance Program or for the Virginia Department of Conservation and Recreation's Flood Risk Information System to obtain information regarding whether the property is located in a special flood hazard area. Any failure of the landlord to provide such notice shall not affect the validity of the rental agreement. If the tenant requests translation of the notice from the English language to another language, the landlord may assist the tenant in obtaining a translator or refer the tenant to an electronic translation service. In doing so, the landlord shall not be deemed to have breached any of his obligations under this chapter or otherwise become liable for any inaccuracies in the translation. The landlord shall not charge a fee for such assistance or referral.

D. Nothing in this section shall be construed to prohibit the landlord from recovering from the tenant as part of the rent, the tenant's prorated share of the actual costs of other insurance coverages provided by the landlord relative to the premises, or the tenant's prorated share of a self-insurance program held in an escrow account by the landlord, including the landlord's administrative or other fees associated with the administration of such coverages. The landlord may apply such funds held in escrow to pay claims pursuant to the landlord's self-insurance plan.