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HOUSE BILL NO. 2304

Offered January 9, 2019

Prefiled January 8, 2019

A *BILL to amend and reenact § 55-248.7:2 of the Code of Virginia, relating to the Virginia Residential Landlord and Tenant Act; disclosure of relationship between landlord and insurance company.*

Patron—Leftwich

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:**1. That § 55-248.7:2 of the Code of Virginia is amended and reenacted as follows:****§ 55-248.7:2. 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 § 55-248.4, such payments shall not be deemed a security deposit, but shall be rent. However, as provided in § 55-248.9, the landlord cannot 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 § 55-248.4, 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.

D. Nothing in this section shall be construed to prohibit the landlord from recovering from the tenant

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HB2304

59 as part of the rent, the tenant's prorated share of the actual costs of other insurance coverages provided
60 by the landlord relative to the premises, or the tenant's prorated share of a self-insurance program held
61 in an escrow account by the landlord, including the landlord's administrative or other fees associated
62 with the administration of such coverages. The landlord may apply such funds held in escrow to pay
63 claims pursuant to the landlord's self-insurance plan.

64 *E. Prior to the execution or renewal of a rental agreement or the renewal of same, a landlord shall*
65 *provide a written disclosure to a tenant in cases where (i) there exists a business or financial*
66 *relationship between the landlord and any insurance company (a) providing to the landlord any*
67 *insurance coverage identified in this section or (b) referred by the landlord to a tenant to obtain*
68 *damage or renter's insurance and (ii) any such coverage contains a waiver of subrogation provision.*

69 *For the purposes of this subsection:*

70 *"Business or financial relationship" means any relationship a landlord, or any member of the*
71 *landlord's immediate family, either directly or by way of a partnership in which any of them is a*
72 *partner, employee, agent, or attorney, or through a partner of any of them, or through a corporation in*
73 *which any of them is an officer, director, employee, agent, or attorney, holds or has held within the last*
74 *12-month period 10 percent or more of the outstanding bonds or shares of stock of a particular class*
75 *with the insurance company. "Business or financial relationship" includes any parent-subsiary*
76 *relationship as that term is defined in § 2.2-3101.*

77 *"Immediate family" means (i) a spouse and (ii) any other person who resides in the same household*
78 *as the landlord and who is a dependent of the landlord.*