Florida Senate - 2005

CS for SB 1486

By the Committee on Banking and Insurance; and Senator Garcia

597-1677C-05

1	A bill to be entitled
2	An act relating to property insurance; amending
3	s. 627.701, F.S.; providing that the
4	requirement for a hurricane deductible to apply
5	on an annual basis applies to personal lines
6	residential property insurance policies;
7	requiring insurers that provide commercial
8	residential property insurance to offer
9	alternative hurricane deductibles that apply on
10	an annual basis or to each hurricane; providing
11	an effective date.
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13	Be It Enacted by the Legislature of the State of Florida:
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15	Section 1. Subsection (5) of section 627.701, Florida
16	Statutes, as amended by section 4 of chapter 2004-480, Laws of
17	Florida, is amended to read:
18	627.701 Liability of Insureds; coinsurance;
19	deductibles
20	(5) <u>(a)</u> The hurricane deductible of any <u>personal lines</u>
21	residential property insurance policy <u>issued or renewed on or</u>
22	after May 1, 2005, shall be applied as follows:
23	$\frac{1}{a}$ The hurricane deductible shall apply on an
24	annual basis to all covered hurricane losses that occur during
25	the calendar year for losses that are covered under one or
26	more policies issued by the same insurer or an insurer in the
27	same insurer group.
28	<u>2.(b)</u> If a hurricane deductible applies separately to
29	each of one or more structures insured under a single policy,
30	the requirements of this <u>paragraph</u> subsection apply with
31	respect to the deductible for each structure.
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1	3.(c) If there was a hurricane loss for a prior
2	hurricane or hurricanes during the calendar year, the insurer
3	may apply a deductible to a subsequent hurricane <u>which</u> that is
4	the greater of the remaining amount of the hurricane
5	deductible or the amount of the deductible that applies to
6	perils other than a hurricane. Insurers may require
7	policyholders to report hurricane losses that are below the
8	hurricane deductible or to maintain receipts or other records
9	of such hurricane losses in order to apply such losses to
10	subsequent hurricane claims.
11	4.(d) If there are hurricane losses in a calendar year
12	on more than one policy issued by the same insurer or an
13	insurer in the same insurer group, the hurricane deductible
14	shall be the highest amount stated in any one of the policies.
15	If a policyholder who had a hurricane loss under the prior
16	policy is provided or offered a lower hurricane deductible
17	under the new or renewal policy, the insurer must notify the
18	policyholder, in writing, at the time the lower hurricane
19	deductible is provided or offered, that the lower hurricane
20	deductible will not apply until January 1 of the following
21	calendar year.
22	(b) For commercial residential property insurance
23	policies issued or renewed on or after January 1, 2006, the
24	insurer must offer the policyholder the following alternative
25	hurricane deductibles:
26	1. A hurricane deductible that applies on an annual
27	basis as provided in paragraph (a); and
28	2. A hurricane deductible that applies to each
29	hurricane.
30	Section 2. This act shall take effect upon becoming a
31	law.

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1	STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN COMMITTEE SUBSTITUTE FOR
2	Senate Bill 1486
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4	The committee substitute amends s. 627.701, F.S., to provide that the annual hurricane deductible requirement applies to
5	personal lines residential policies issued or renewed on or after May 1, 2005. For commercial residential policies issued
6 or renewed on or after January 1, 2006, the insurer woul	or renewed on or after January 1, 2006, the insurer would be required to offer the policyholder the option of: 1) a
7	hurricane deductible that applies on an annual basis (as required for personal lines policies), and 2) a hurricane
8	deductible that applies to each hurricane.
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