

Bill No. CS for CS for SB 1488

Barcode 113790

CHAMBER ACTION

Senate

House

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Senator Garcia moved the following amendment:

Senate Amendment (with title amendment)

On page 49, line 15, through
page 52, line 30, delete those lines

and insert:

Section 12. Effective October 1, 2006, subsections
(3), (4), (8), and (9) of section 627.701, Florida Statutes,
as amended by section 4 of chapter 2004-480, Laws of Florida,
are amended to read:

627.701 Liability of insureds; coinsurance;
deductibles.--

(3)(a) A policy of residential property insurance
shall include a deductible amount applicable to hurricane ~~or~~
~~wind~~ losses no lower than \$500 and no higher than 2 percent of
the policy dwelling limits with respect to personal lines
residential risks, and no higher than 3 percent of the policy
limits with respect to commercial lines residential risks;
however, if a risk was covered on August 24, 1992, under a
policy having a higher deductible than the deductibles allowed

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1 by this paragraph, a policy covering such risk may include a
 2 deductible no higher than the deductible in effect on August
 3 24, 1992. Notwithstanding the other provisions of this
 4 paragraph, a personal lines residential policy covering a risk
 5 valued at \$50,000 or less may include a deductible amount
 6 attributable to hurricane ~~or wind~~ losses no lower than \$250,
 7 and a personal lines residential policy covering a risk valued
 8 at \$100,000 or more may include a deductible amount
 9 attributable to hurricane ~~or wind~~ losses no higher than 10 5
 10 percent of the policy limits unless subject to a higher
 11 deductible on August 24, 1992; however, no maximum deductible
 12 is required with respect to a personal lines residential
 13 policy covering a risk valued at more than \$500,000. An
 14 insurer may require a higher deductible, provided such
 15 deductible is the same as or similar to a deductible program
 16 lawfully in effect on June 14, 1995. In addition to the
 17 deductible amounts authorized by this paragraph, an insurer
 18 may also offer policies with a copayment provision under
 19 which, after exhaustion of the deductible, the policyholder is
 20 responsible for 10 percent of the next \$10,000 of insured
 21 hurricane ~~or wind~~ losses.

22 (b)1. Except as otherwise provided in this paragraph,
 23 prior to issuing a personal lines residential property
 24 insurance policy on or after January 1, 2006 ~~April 1, 1996~~, or
 25 prior to the first renewal of a residential property insurance
 26 policy on or after January 1, 2006 ~~April 1, 1996~~, the insurer
 27 must offer alternative deductible amounts applicable to
 28 hurricane ~~or wind~~ losses equal to \$500, ~~and~~ 2 percent, 5
 29 percent, and 10 percent of the policy dwelling limits, unless
 30 the specific percentage ~~2 percent~~ deductible is less than
 31 \$500. The written notice of the offer shall specify the

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1 hurricane or wind deductible to be applied in the event that
 2 the applicant or policyholder fails to affirmatively choose a
 3 hurricane deductible. The insurer must provide such
 4 policyholder with notice of the availability of the deductible
 5 amounts specified in this paragraph in a form approved by the
 6 office in conjunction with each renewal of the policy. The
 7 failure to provide such notice constitutes a violation of this
 8 code but does not affect the coverage provided under the
 9 policy.

10 2. This paragraph does not apply with respect to a
 11 deductible program lawfully in effect on June 14, 1995, or to
 12 any similar deductible program, if the deductible program
 13 requires a minimum deductible amount of no less than 2 percent
 14 of the policy limits.

15 3. With respect to a policy covering a risk with
 16 dwelling limits of at least \$100,000, but less than \$250,000,
 17 the insurer may, in lieu of offering a policy with a \$500
 18 hurricane or wind deductible as required by subparagraph 1.,
 19 offer a policy that the insurer guarantees it will not
 20 nonrenew for reasons of reducing hurricane loss for one
 21 renewal period and that contains up to a 2 percent hurricane
 22 or wind deductible as required by subparagraph 1.

23 4. With respect to a policy covering a risk with
 24 dwelling limits of \$250,000 or more, the insurer need not
 25 offer the \$500 hurricane ~~or wind~~ deductible as required by
 26 subparagraph 1., but must, except as otherwise provided in
 27 this subsection, offer the other ~~2 percent~~ hurricane
 28 deductibles ~~or wind deductible~~ as required by subparagraph 1.

29 ~~(c) In order to provide for the transition from wind~~
 30 ~~deductibles to hurricane deductibles as required by this~~
 31 ~~subsection, an insurer is required to provide wind deductibles~~

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1 ~~meeting the requirements of this subsection until the~~
 2 ~~effective date of the insurer's first rate filing made after~~
 3 ~~January 1, 1997, and is thereafter required to provide~~
 4 ~~hurricane deductibles meeting the requirements of this~~
 5 ~~subsection.~~

6 (4)(a) Any policy that contains a separate hurricane
 7 deductible must on its face include in boldfaced type no
 8 smaller than 18 points the following statement: "THIS POLICY
 9 CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE LOSSES, WHICH MAY
 10 RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU." A policy
 11 containing a coinsurance provision applicable to hurricane
 12 losses must on its face include in boldfaced type no smaller
 13 than 18 points the following statement: "THIS POLICY CONTAINS
 14 A CO-PAY PROVISION THAT MAY RESULT IN HIGH OUT-OF-POCKET
 15 EXPENSES TO YOU."

16 (b) Beginning October 1, 2005, for any personal lines
 17 residential property insurance policy containing a separate
 18 hurricane deductible, the insurer shall compute and
 19 prominently display the actual dollar value of the hurricane
 20 deductible on the declarations page of the policy at issuance
 21 and, for renewal, on the renewal declarations page of the
 22 policy or on the premium renewal notice.

23 (c) Beginning October 1, 2005, for any personal lines
 24 residential property insurance policy containing an inflation
 25 guard rider, the insurer shall compute and prominently display
 26 the actual dollar value of the hurricane deductible on the
 27 declarations page of the policy at issuance and, for renewal,
 28 on the renewal declarations page of the policy or on the
 29 premium renewal notice. In addition, beginning October 1,
 30 2005, for any personal lines residential property insurance
 31 policy containing an inflation guard rider, the insurer shall

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1 notify the policyholder of the possibility that the hurricane
 2 deductible may be higher than indicated when loss occurs due
 3 to application of the inflation guard rider. Such notification
 4 shall be made on the declarations page of the policy at
 5 issuance and, for renewal, on the renewal declarations page of
 6 the policy or on the premium renewal notice.

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9 ===== T I T L E A M E N D M E N T =====

10 And the title is amended as follows:

11 On page 3, line 26, following the semicolon

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13 insert:

14 providing for computation and display of the
 15 dollar value of hurricane deductibles;
 16 requiring insurers to compute and display
 17 actual dollar values of certain riders for
 18 certain policies;

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