

problem

Following the devastation in Southwest Florida caused by Hurricane Ian, insurance agents have struggled to find replacement coverage for policyholders whose property insurance policies are canceled or nonrenewed prior to their properties' hurricane damage being repaired.

solution

**SB 1104 by Sen. Bradley and
HB 1149 by Rep. Botana:**

Codify the OIR's authority to prohibit surplus lines insurers from canceling/nonrenewing property insurance policies covering property damaged by a catastrophe that is the subject of an order from the governor and the insurance commissioner until after the property is repaired.

Clarify the definition of "hurricane damage" to include flood damage caused by a hurricane. Flood coverage is not provided under a homeowners policy but is provided under a separate flood policy. Under current law, if losses from a hurricane are attributed to flood, not wind, a homeowners insurer could claim there is no "damage" from a covered peril under their policy and therefore cancel or nonrenew the policy even before repairs to the property are complete, leaving the homeowner unable to find replacement coverage.

Extend post-catastrophe cancellation/nonrenewal prohibition to commercial property. Currently, the law only applies to residential property. As such, Florida's impacted businesses are left in a vulnerable situation following a catastrophe.

Require policy extensions/renewals to have similar terms and conditions. Primarily in commercial residential, FAIA received countless complaints from agents whose consumers were offered policy renewals, to comply with the law, with substantially different terms and conditions. In such a case, given the existing damage to the property, the consumer is left with no other option than to renew the policy with substantially reduced coverage.

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**Support SB 1104
and HB 1149**

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PROTECTIONS

background

In 2004, following Hurricane Charley, the Office of Insurance Regulation (OIR) enacted an emergency rule that, in part, prohibited insurers from canceling/nonrenewing insurance policies for residential properties that sustained damage from the catastrophe. The emergency rule was adopted as insurer underwriting guidelines would leave a damaged residential property uninsurable if the policyholder's legacy insurer canceled/nonrenewed their existing policy.

The following year, the Legislature passed SB 1486 (2005), which codified the emergency rule in §627.4133, F.S. Upon an emergency order from the governor and a subsequent order from the OIR, the new law prohibited a personal/commercial residential insurer from canceling/nonrenewing a property insurance policy when the insured property had been damaged by a storm that was a subject of the order. If a policy was set to cancel/nonrenew before the damage was repaired, an insurer would be required to extend/renew the existing policy. The provision has been amended several times, most recently during the 2023 Legislative Session; however, the law's original intent, to protect consumers, has remained intact.

Although the provisions of this statute do not specifically apply to surplus lines insurers, the OIR, through its executive/emergency authority, has waived this restriction in the past and has applied the provisions of §627.4133, F.S., to surplus lines insurers.

Almost 20 years after Hurricane Charley, Florida was again devastated when Hurricane Ian came ashore in Southwest Florida as a Category 5 hurricane. Following Hurricane Ian and numerous discussions with agents, FAIA identified several opportunities to expand and clarify consumer protections for impacted policyholders.

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