

**FROM:** Director, Worldwide Markets  
**LOCATION:** 86/G12  
**EXTENSION:** 6677  
**DATE:** 27 August 2004  
**REFERENCE:** Y3379  
**SUBJECT:** FLORIDA OFFICE OF INSURANCE REGULATION  
EMERGENCY RULE: 69OER04-05 AND  
HURRICANE CHARLEY REPORTING

**SUBJECT AREA(S):** Enacted prohibitions on Florida policies and insurer reporting requirements following Hurricane Charley

**ATTACHMENTS:**

**ACTION POINTS:** All underwriters and managing agents to note the enacted prohibitions and reporting requirements

**DEADLINE:** **Immediate**

## 1. Purpose of bulletin

To inform the market of Florida's Office of Insurance Regulation ("Florida Office") Emergency Rule 69OER04-05 approved by Florida's State Cabinet on 24 August, 2004 and Hurricane Charley reporting requirements. The Emergency Rule supersedes and replaces the Emergency Order issued by the Florida Office, dated 18 August, 2004 covered in Market Bulletin Y3376, dated 19 August, 2004. The Hurricane Charley reporting requirements are detailed in the Florida Office Informational Memorandum OIR-04-008M, issued 18 August, 2004.

## 2. Emergency Rule 69OER04-05

The Emergency Rule builds on the previously issued Emergency Order (the requirements of which remain applicable to insurers), which it supersedes. The rule establishes limits on cancellation and non-renewal of insurance coverage for victims of Hurricane Charley and alternative procedures for the cancellation and non-renewal of policies under certain circumstances. This market bulletin identifies **additional** information and requirements provided by the rule not included in the first order:

## **Applicability**

The Emergency Rule does not apply to reinsurance contracts, but does require reinsurers to notify the Florida Office of cancellations and non-renewals concerning Florida property risks. Such notice should be directed to the Florida Bureau of Property and Casualty Solvency.

In addition to the 12 listed counties identified by the Emergency Rule, persons located outside of those counties, subject to displacement because of damage to their home, or who have become unemployed, as a result of Hurricane Charley, or who are unable to receive or respond to notices or obtain replacement coverage may petition insurers for relief from a cancellation or non-renewal and the insurer may not unreasonably refuse to reinstate the policy.

The Emergency Rule also states that the rule does not apply to policies issued or renewed after 15 August, 2004 (this differs from the Emergency Bill which states 10 August, 2004). Except that for such policies a notice of cancellation or non-renewal may be issued between 15 September, 2004 and 15 October, 2004 which may only take effect at the end of the applicable notice period but no sooner than 15 October, 2004, valid only if the policyholder provides signed acknowledgement of receipt to an agent or company representative, the policyholder signs a postal return receipt, or the notice is in response to material misrepresentation or fraud.

## **Extension of Time**

The Emergency Order provided an extension of time to the insured to perform any act or transmit information or funds required by a policy provision, notice, correspondence, or law, on or after 10 August, 2004 to 15 October, 2004. The Emergency Rule states that a policyholder is liable for additional premiums for any extended coverage.

## **Cancellations and non-renewal**

The Emergency Order prohibited the cancellation or non-renewal of a policy and the issuing of a notice of cancellation or non-renewal between 10 August, 2004 and October 15, 2004. All notices of cancellation or non-renewal or other correspondence issued or mailed 1 August 2004 to 10 August 2004 to such insureds must be withdrawn and reissued to the insureds on or after 15 October 2004.

The Emergency Rule states that a cancellation or non-renewal may take effect prior to 15 October, 2004 at the written request of, or with the written concurrence of, the policyholder. The Emergency Rule also states that if a policy was subject to a cancellation or non-renewal notice that went out before 1 August, 2004, which would taken effect between 10 August 2004 and 15 October 2004, the rule does not render the notice invalid, but the insurer must extend the term of the policy through 15 October, 2004, and the premium for the extension will be the appropriate pro rata portion of the premium for the full term of the policy.

## **Continuing duty to pay premium**

The Emergency Rule states that the rule does not excuse a policyholder from the duty to pay premiums for coverage actually provided.

### **3. Hurricane Charley Reporting**

The Hurricane Charley reporting requirements are detailed in the Florida Office Informational Memorandum OIR-04-008M, issued 18 August, 2004. All property and casualty insurers transacting business in Florida are required to submit the information requested by the Florida Office.

Lloyd's US General Counsel has confirmed with the Florida Office that Lloyd's syndicates are subject to the reporting requirements and, whilst we await agreement to the proposed reporting arrangements, Lloyd's Worldwide Markets will coordinate the collection of the information required. The financial projections required by the Florida Office will be sourced from the Hurricane Charley Major Loss Return data requested by Lloyd's Risk Management in their letter dated 24 August, 2004. The claims information required by the Florida Office is to be sourced from Xchanging Claims Services.

### **4. Further information**

We have been advised that for 60 days, the Commissioner of the Florida Office of Insurance Regulation may issue supplemental emergency rules that narrow the scope of rule 69OER04-05 and such emergency rules as are deemed necessary to address unforeseen circumstances. Please contact Lloyd's Worldwide Market Services (contact details found below) for more information.

The Emergency Rule 69OER04-05 is posted on the Florida Office's website:  
[http://www.fldfs.com/companies/pdf/Rule\\_69OER04-05.pdf](http://www.fldfs.com/companies/pdf/Rule_69OER04-05.pdf)

The Informational Memorandum OIR-04-088M is posted on the Florida Office's website:  
<http://www.fldfs.com/companies/Memoranda/OIR-04-008M.pdf>

Please direct any queries to:

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This bulletin has been sent to active underwriters and the compliance officers of managing agents and to Lloyd's brokers.

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