

OFFICIAL COMPILATION OF CODES, RULES AND REGULATIONS OF THE STATE OF NEW YORK

TITLE 11. INSURANCE DEPARTMENT
CHAPTER III. POLICY AND CERTIFICATE PROVISIONS [FN1]
SUBCHAPTER B. PROPERTY AND CASUALTY INSURANCE
PART 74. HOMEOWNER'S INSURANCE DISCLOSURE INFORMATION

Text is current through April 30, 2002, and annotations are current through April 1, 2002.

Section 74.0 Introduction and purpose.

(a) Chapter 44 of the Laws of 1998 enacted a new section 3445 of the Insurance Law, requiring the superintendent to establish by regulation disclosure requirements with respect to the operation of any deductible in a homeowner's insurance policy or dwelling fire personal lines policy which applies as the result of a windstorm. Further, section 3445 requires such regulation to prescribe the form of a notice to be provided by an insurer to an insured and provides that the notice shall explain in clear and plain language the amount of the deductible, the circumstances under which the deductible applies and any other matters which the superintendent, in his or her discretion, shall deem necessary or appropriate.

(b) The purpose of this Part is to set standards for the uniform display of windstorm deductibles, which consist of hurricane and non-hurricane deductibles, in the policy declarations; and to provide the minimum provisions to be contained in the policyholder disclosure notice, which will explain the purpose and operation of the hurricane deductible, and must accompany new and renewal policies containing such deductibles

Section 74.1 Policyholder disclosure.

(a) Every homeowner's and dwelling fire personal lines policy containing a hurricane deductible shall display the applicable percentage amount and corresponding dollar amount of the hurricane deductible in the policy declarations. The non-hurricane deductible, as well as any deductible applicable to all other covered perils, may be shown as a dollar amount only. The hurricane deductible provisions shall be shown in close proximity to the non-hurricane deductible provisions and shall be given equal or greater prominence as the non-hurricane deductible provisions applicable to the policy.

(b) Every homeowner's and dwelling fire personal lines policy containing a hurricane deductible shall be accompanied by a policyholder notice, to be filed with the Insurance Department, and which shall contain the following minimum information:

- (1) a prominent announcement that the accompanying policy is subject to a hurricane deductible;
- (2) a clear explanation that a hurricane deductible means the amount for which the policyholder is responsible in the event of a covered loss caused by a hurricane;
- (3) a plain-language explanation of the coverage part or parts subject to the hurricane deductible and of whether the hurricane deductible applies separately to each coverage part or in the aggregate to total losses under all affected coverage parts;
- (4) a statement that a clear display of the actual dollar amount as well as a description of the hurricane deductible as a percentage of the insured value can be found on the declarations page;
- (5) generic examples of how sample deductible amounts would apply to some theoretical loss scenarios, including losses smaller than and greater than the deductible amount;

(6) a clear explanation of the event which shall trigger the hurricane deductible;

(7) a clear explanation of the time period during which the hurricane deductible will be triggered;
and

(8) a clear explanation that, if a coverage part limit of liability or policy limit of liability is changed (for example, due to contractual inflation protection provisions, adjustments reflecting changes in replacement cost or a request by the insured), then the dollar amount of the deductible will be changed based on the amount of the new limit of liability.

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(c) This policyholder notice shall accompany all new homeowner's and dwelling fire personal lines policies subject to a hurricane deductible and first written to become effective on or after January 1, 1999; and all renewal homeowners and dwelling fire policies subject to a hurricane deductible renewed effective on or after January 1, 1999.

(d) This policyholder notice shall accompany all renewals of affected homeowner's and dwelling fire personal lines policies annually thereafter.

(e) At its option, an insurer may combine the flood insurance notice required by section 3444 of the Insurance Law with the policyholder notice required by this section.