

**FROM:** Director, Worldwide Markets  
**LOCATION:** 86/G12  
**EXTENSION:** 6677  
**DATE:** 21 September 2004  
**REFERENCE:** Y3396  
**SUBJECT:** FLORIDA OFFICE OF INSURANCE REGULATION  
EMERGENCY ORDER: HURRICANES CHARLEY  
AND FRANCES

**SUBJECT AREA(S):** Enacted prohibitions on Florida policies following  
Hurricanes Charley and Frances

**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's ("Florida Office") Emergency Order issued on 10 September 2004 (Case No.: 78059-04-CO) (the "Emergency Order"). This Emergency Order is intended to supersede Emergency Order 77677-04 (covered in Market Bulletin Y3376), Emergency Rule 690ER04-05 (covered in Market Bulletin Y3379) and Emergency Rule 69OER04-09.

## 2. Emergency Order 78059-04-CO

### Applicability

The Emergency Order applies to all contracts of insurance and other contracts that are subject to regulation under the Florida Insurance Code. This includes surplus lines contracts but excludes reinsurance contracts which are not subject to the Emergency Order. Please note that whist ceding insurers are required to notify the Florida Office regarding cancellation or non-renewal of any reinsurance contract concerning property risks in the State of Florida, this no longer applies to reinsurers.

The Emergency Order provides temporary and emergency relief to persons and risks located in the State of Florida, including those in the 12 counties listed in Market Bulletins Y3376 and Y3379 following the aftermath of Hurricane Charley.

### **Extension of Time**

The Emergency Order provides 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 1 September, 2004 to and including 15 October, 2004. The extension of time does not relieve a policyholder, who has a claim resulting from Hurricane Charley and/or Frances, from complying with their obligations to provide information and cooperate in the claim adjustment process relative to their claim. The Emergency Order states that no interest, penalties or other charges shall accrue or be assessed as the result of the extension of time (although interest owed pursuant to premium financing plans may be assessed).

### **Cancellations and non-renewal**

Between 1 September, 2004 to and including 15 October 2004, no insurer or regulated entity shall cancel or non-renew a policy or contract of insurance or issue a notice of cancellation or non-renewal covering a person, property or risk in the State of Florida unless requested by the insured. Additionally, no such policy may be cancelled or non-renewed solely because of claims resulting from Hurricane Charley and/or Frances.

Furthermore, the Emergency Order states that no insurer shall cancel or non-renew or issue a notice of cancellation or non-renewal of any personal or commercial residential policy from September 1, 2004, to and including November 30, 2004. Policies cancelled due to the request of the insured are not subject to this prohibition.

A cancellation or non-renewal may occur prior to 15 October, 2004 at the written request or written concurrence of the policyholder

The Emergency Order also states that if a policy was subject to a cancellation or non-renewal notice that would have taken effect from 1 September, 2004 to and including 15 October (30 November, 2004 for personal or commercial residential policy), except as outlined above, such notice is not made invalid by the Emergency Order, but the insurer must extend the term of the policy through 15 October, 2004 (30 November, 2004 for personal or commercial residential policy), and the premium for the extension will be the appropriate pro rata portion of the premium for the full term of the policy.

The Emergency Order states an insurer unable to cancel or non-renew a policy due to the operation of the Emergency Order, may upon proper notice, cancel or non-renew such policy, effective on the date the policy would otherwise been cancelled or non-renewed, in the event the insured has not filed a claim under the policy or paid outstanding premium due.

Any insurer who receives a claim from an insured owing premium may offset the premium due from any claim payment made under the policy.

An insurer's offer of replacement coverage, which is voluntarily accepted in an affiliated company, does not constitute a non-renewal or cancellation for purposes of the Emergency Order

The Emergency Order does not apply to new policies issued on or after September 7, 2004.

### **Continuing duty to pay premium**

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

### **3. Further information**

On September 2, 2004, the State Coordinating Officer under Executive Order 04-192, issued a Supplemental Order related to Hurricane Frances. The Supplemental Order gives the Florida Office authority to issue emergency rules and orders as outlined specifically in the Order for a period of 90 days. Lloyd's Worldwide Markets will advise where such supplemental rules are issued which may narrow the scope of the Emergency Order.

Please contact Lloyd's Worldwide Market Services (contact details found below) for more information.

The Emergency Order (Case No.: 78059-04-CO) is posted on the Florida Office's website:

[Emergency Order \(Case No. 78059-04-CO\)](#)

The Executive Order 04-192 is posted on the Florida Office's website:

[Executive Order 04-192](#)

Please direct any queries to:

Lloyd's Worldwide Market Services  
Tel: 020 7327 6677  
Email: [market.services@lloyds.com](mailto:market.services@lloyds.com)  
Box: 190b, Gallery 1

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

The information contained in this market bulletin is provided in order to support managing agents in meeting their commitment '*to protect Lloyd's licences and authorisations to conduct insurance business in the UK and overseas*'. The information will also help underwriters decide, prior to binding, how a risk can be underwritten in compliance with Lloyd's trading rights in the country concerned.

More detailed information on Lloyd's trading rights may be found on <http://www.lloyds.com> under the section headed "Lloyd's trading status". Just select the appropriate country and this will take you to the Quick Reference Guide for the country selected. More detailed information may then be obtained by selecting 'Manual' from the menu on the left hand side of the screen (a Manual may not, however, be available for all territories). You will be asked to input a user name and password, please contact the Market Services Desk (see above contact details) for this information.

Julian James  
Director, Worldwide Markets