

Single Named Storm Deductible Rule: Deductibles by “Authorized” Insurers

As discussed in our [recent article](#), La. R.S. § 22:1337 prohibits “Authorized” Insurers from assessing more than one named storm deductible within a calendar year. The question then becomes what deductible may be assessed? § 22:1337(C) provides:

If an insured incurs named-storm or hurricane losses from more than one named storm or hurricane during a calendar year that are subject to the separate deductible referred to in Subsection B of this Section, the insurer may apply a deductible to the succeeding named storms or hurricanes that is equal to the remaining amount of the separate deductible, or the amount of the deductible that applies to all perils other than a named storm or hurricane, whichever is greater. Insurers may require policyholders to maintain receipts or other records of such losses in order to apply such losses to subsequent named-storm or hurricane claims.

Accordingly, under 22:1337(C), Authorized Insurers may apply (a) the amount that remains under the named storm deductible or (b) the standard policy deductible – whichever is greater. For example, an insured’s Homeowner’s policy with an Authorized Insurer provides a \$2,000 standard deductible and a five percent (5%) named storm deductible on a property with an insured value of \$400,000, resulting in a deductible of \$20,000. The insured then suffers \$10,000 in damages as a result of Hurricane Laura. Under these facts, there remains \$10,000 in deductible that would be assessed against claims related to Hurricane Delta. Now, assume the same insured suffered \$30,000 in Hurricane Laura damages and the full named storm deductible is applied. The Authorized Insurer would then assess the \$2,000 standard deductible against Hurricane Delta claims.

We will continue to monitor this issue as Laura and Delta claims progress. In the interim, please do not hesitate to contact our office should you have any questions related to this article.

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