

Part 1 Chapter 41: Named Storm Deductible and Hurricane Deductible.

Rule 41.01: Authority

This Regulation is promulgated by the Commissioner of Insurance pursuant to the authority granted to him by Miss. Code Ann. § 83-5-1 and Miss. Code Ann. § 83-2-3 as amended by House Bill 756, 2014 Regular Session, as well as the provisions of the Mississippi Department of Insurance Regulation “Rules of Practice and Procedure before the Mississippi Insurance Department” 19 Miss. Admin. Code, Part 1, Chapter 15.

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); 19 Miss. Admin. Code, Part 1, Chapter 15; HB 756, 2014 Regular Session

Rule 41.02: Purpose and Scope

The purpose of this Regulation is to implement the provisions contained in House Bill 756, 2014 Regular Session. This Regulation applies to homeowners’ insurance policies written by admitted carriers in this state that contain a named storm deductible or a hurricane deductible. This Regulation shall not apply to policies providing windstorm and hail coverage written by the Mississippi Windstorm Underwriting Association or homeowners’ insurance policies written by non-admitted carriers who are doing business in this state pursuant to Section 83-21-17 et seq. (Rev. 2011).

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.03: Definitions

For the purposes of this Regulation, the following definitions shall apply:

- A. “Deductible” shall mean a policy provision that requires the insured to be responsible for a specific amount or percentage of a loss or the percentage of insured value on the policy and the insurer to pay covered losses in excess of that amount.
- B. “Department” shall mean the Mississippi Insurance Department.
- C. “Homeowners’ Insurance Policies” means any personal lines residential property insurance coverage including any homeowner, dwelling, mobile home, tenant or condominium unit owner form of coverage. For the purposes of this Regulation, this shall include mobile home/manufactured home insurance coverage.
- D. “Hurricane” shall mean a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service.
- E. “Hurricane Deductible” shall mean a percentage wind deductible applicable during an event which is a Hurricane.

- F. “Insurer” shall mean an insurance company writing homeowners’ insurance coverage in this state. For the purposes of this Regulation, the term “Insurer” does not include the Mississippi Windstorm Underwriting Association or non-admitted carriers who are doing business in this state pursuant to Section 83-21-17, et seq. (Rev. 2011).
- G. “Named Storm” means a storm system that has been declared a named storm by the National Hurricane Center of the National Weather Service.
- H. “Named Storm Deductible” shall mean a percentage wind deductible applicable during an event which is a Named Storm.
- I. “National Weather Service” means the weather information service, which includes the National Hurricane Center that is a line office of the National Oceanic and Atmospheric Administration (NOAA).

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.04: Deductibles

Insurers are not required to include a named storm deductible or a hurricane deductible in a homeowners’ insurance policy. However, should an insurer include a named storm deductible or a hurricane deductible in their policy filing, the insurer must comply with the provisions set forth in Miss. Code Ann. § 83-2-3; House Bill 756, 2014 Regular Session; and this Regulation.

- A. Named Storm Deductible – a homeowners’ insurance policy may offer a percentage deductible for the peril of wind from a named storm. If a percentage deductible is provided, the insurer shall offer a buy-back provision for that deductible as set forth in Rule 41.05 of this Regulation.
- B. Hurricane Deductible – a homeowners’ insurance policy may offer a percentage deductible for the peril of wind from a hurricane. If a percentage deductible is provided, the insurer shall offer a buy-back provision for that deductible as set forth in Rule 41.05 of this Regulation.

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.05: Buy-Back Provisions

If a homeowners’ policy includes a percentage named storm deductible or a percentage hurricane deductible, the insurer shall offer a buy-back provision that is actuarially sound; however the Commissioner of Insurance may grant a waiver from the mandatory buy-back provision in accordance with the following procedure and criteria:

- A. The insurer shall make a formal filing requesting a waiver from the buy-back provision requirement with the Commissioner;

- B. The insurer shall submit written proof in its formal filing as to why it is in the best interest of Mississippi policyholders to receive a waiver from the buy-back provision requirement and shall provide any supporting documentation requested by the Commissioner deemed appropriate to make his decision; and,
- C. All expenses incurred by the Commissioner to determine the validity of the waiver request shall be borne by the petitioning insurer.

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.06: Uniform Policy Language for Named Storm Deductibles

Any homeowners' insurance policy or endorsement that includes a named storm deductible must include the following language in the policy:

- A. Definition of Named Storm – the policy must define a named storm as set forth in the definition found at Rule 41.03(G) of this Regulation.
- B. Period when a Named Storm Deductible Applies – the policy must state that the named storm deductible is only applicable to wind, wind gusts, hail, rain, tornado, or cyclone losses occurring during the duration of a named storm and define the duration as follows:
 - 1. Beginning at the time a named storm watch or warning is issued for any part of Mississippi by the National Hurricane Center of the National Weather Service;
 - 2. Continuing for the time period during which the named storm conditions exist anywhere in Mississippi; and,
 - 3. Ending twenty-four (24) hours following the termination of the last named storm watch or warning issued for any part of Mississippi by the National Hurricane Center of the National Weather Service.
- C. The policy or endorsement must clearly state what Coverages under the policy are subject to the Named Storm Deductible.
- D. Rule 41.13 of this Regulation, entitled “Attachment A - Named Storm Deductible Uniform Policy Language” provides the minimum language that must be included in the policy or endorsement. Any additions to this uniform language must be filed with and approved by the Department prior to use.
- E. The institution and/or modification of a named storm deductible is considered a material change and is subject to the provisions of Miss. Code Ann. § 83-2-3.
- F. Insurers must file their Named Storm Deductible Uniform Policy Language with the Department prior to use. Policies issued or renewals processed on or after October 1, 2014, must include approved Named Storm Deductible Uniform Policy Language.

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.07: Uniform Policy Language for Hurricane Deductibles

Any homeowners' insurance policy or endorsement that includes a hurricane deductible must include the following language in the policy:

- A. Definition of Hurricane – the policy must define a hurricane as set forth in the definition found at Rule 41.03(D) of this Regulation.
- B. Period when the Hurricane Deductible Applies – the policy must state that the hurricane deductible is only applicable to wind, wind gusts, hail, rain, tornado, or cyclone losses occurring during the duration of a hurricane and define the duration as follows:
 - 1. Beginning at the time a hurricane watch or warning is issued for any part of Mississippi by the National Hurricane Center of the National Weather Service;
 - 2. Continuing for the time period during which the hurricane conditions exist anywhere in Mississippi; and,
 - 3. Ending twenty-four (24) hours following the termination of the last hurricane watch or hurricane warning issued for any part of Mississippi by the National Hurricane Center of the National Weather Service.
- C. The policy or endorsement must clearly state what Coverages under the policy are subject to the Hurricane Deductible.
- D. Rule 41.14 of this Regulation, entitled “Attachment B - Hurricane Deductible Uniform Policy Language” provides the minimum language that must be included in the policy or endorsement. Any additions to this uniform language must be filed with and approved by the Department prior to use.
- E. The institution and/or modification of a hurricane deductible is considered a material change and is subject to the provisions of Miss. Code Ann. § 83-2-3.
- F. Insurers must file their Hurricane Deductible Uniform Policy Language with the Department prior to use. Policies issued or renewals processed on or after October 1, 2014, must include approved Hurricane Deductible Uniform Policy Language.

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.08: Notice of Named Storm Deductibles

- A. Insurers are required to provide clear and prominent notice of all named storm deductibles. Notices of named storm deductibles must comply with the provisions of this Regulation; Miss. Code Ann. § 83-2-3; and HB 756, 2014 Regular Session.
1. The notice shall be included in either the policy issuance and renewal package; in a separate mailing sent at the time of policy issuance or renewal; the Outline of Coverage and Comprehensive Policy Checklist; or the billing statement.
 2. The notice shall clearly and fully disclose all details pertaining to all named storm deductibles in no less than 10-point type.
 - a. While the information provided will vary depending upon the specifics of the deductible, at a minimum the insurer must explain how the deductible will be applied and details about when the deductible applies.
 - b. The purpose of the notice is to inform the insured of all information necessary to make an informed decision concerning named storm deductibles in the policy.
 - c. Insurers are strongly encouraged to include the actual dollar amount of the percentage deductible based on the Coverage A coverage amount on the notice. If the insurer is unable to do so, the notice must specify that the actual dollar amount is included on the declarations page.
- B. Insurers must offer a practical example of how the named storm deductible works.
1. The example does not have to be tailored to the insured value of the specific property but must show clearly how the deductible works in a named storm scenario.
 2. The actual dollar amount of a percentage deductible based on the Coverage A coverage amount must be shown on the declarations page.
- C. The provisions of this Regulation provide the minimum that must be included in the notice. Insurers may provide any other information to assist in the insured's understanding of the deductible and its application to the insurance policy.
- D. Insurers must file their Notice of a Named Storm Deductible with the Department prior to use. Policies issued or renewals processed on or after October 1, 2014, must include a Notice of Named Storm Deductible if the policy includes a named storm deductible.

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.09: Notice of Hurricane Deductibles

- A. Insurers are required to provide clear and prominent notice of all hurricane deductibles. Notices of hurricane deductibles must comply with the provisions of this Regulation; Miss. Code Ann. § 83-2-3; and HB 756, 2014 Regular Session.
1. The notice shall be included in either the policy issuance and renewal package; in a separate mailing sent at the time of policy issuance or renewal; the Outline of Coverage and Comprehensive Policy Checklist; or the billing statement.
 2. The notice shall clearly and fully disclose all details pertaining to all hurricane deductibles in no less than 10 point type.
 - a. While the information provided will vary depending upon the specifics of the deductible, at a minimum the insurer must explain how the deductible will be applied and details about when the deductible applies.
 - b. The purpose of the notice is to inform the insured of all information necessary to make an informed decision concerning the hurricane deductibles in the policy.
 - c. Insurers are strongly encouraged to include the actual dollar amount of the percentage deductible based on the Coverage A coverage amount on the notice. If the insurer is unable to do so, the notice must specify that the actual dollar amount is included on the declarations page.
- B. Insurers must offer a practical example of how the hurricane deductible works.
1. The example does not have to be tailored to the insured value of the specific property but must show clearly how the deductible works in a hurricane scenario.
 2. The actual dollar amount of a percentage deductible based on the Coverage A coverage amount must be shown on the declarations page.
- C. The provisions of this Regulation provide the minimum that must be included in the notice. Insurers may provide any other information to assist in the insured's understanding of the deductible and its application to the insurance policy.
- D. Insurers must file their Notice of a Hurricane Deductible with the Department prior to use. Policies issued or renewals processed on or after October 1, 2014, must include a Notice of Hurricane Deductible if the policy includes a hurricane deductible.

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.10: Rate and Policy Form Filings

- A. All rate filings must provide sufficient actuarial justification for rate variances, premium offsets and premium credits for a named storm deductible or hurricane deductible.

- B. Insurers must demonstrate that rates are not excessive, inadequate or unfairly discriminatory.
- C. Insurers that choose to utilize hurricane models in the setting of rates must identify the model(s) used, including the version of the Model(s) used, as well as provide a complete explanation of (1) the reasons(s) that the particular model(s) was chosen; and (2) the effect that use of the model(s) may have had on the rates requested. Any changes in the model(s) utilized from a prior filing must be fully explained.
- D. If an insurer is requesting an increase in premium due to increased reinsurance costs, the insurer must provide an explanation of the increased cost. This explanation should include an explanation of alternatives to reinsurance (i.e. CAT bonds, surplus notes, etc.). Insurers should fully disclose how reinsurance costs are allocated to Mississippi.

If a portion of the filing is considered by the insurer to be proprietary and a trade secret, it will be the duty of the insurer to identify the specific portions of the filing that they wish to be held confidential in accordance with the provisions of Miss. Code Ann. § 79-23-1.

- E. From and after October 1, 2014, insurers may not continue to use forms previously approved which are not in compliance with this Regulation; Miss. Code Ann. § 83-2-3; and HB 756.

Source: Miss. Code Ann. §§ 79-23-1; 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.11: Severability

If any provision of any section of this Regulation or the application thereof is held by a court to be invalid, such invalidity shall not affect any other provision of that section or application of the Regulation which can be given effect without the invalid provision or application, and to this end the provisions of the Regulation are declared to be severable.

Source: Miss. Code Ann. §83-5-1 (Rev. 2011)

Rule 41.12: Effective Date

The Effective Date of this Regulation shall be July 1, 2014. Insurers must be in full compliance with the provisions of this Regulation by October 1, 2014.

Source: Miss. Code Ann. §§ 25-43-3.113(2)(b)(i); 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.13: Attachment A – Named Storm Deductible Uniform Policy Language

Attachment A

NAMED STORM DEDUCTIBLE UNIFORM POLICY LANGUAGE

For the premium charged, we will pay only that part of the total of the loss for all Section I Property Coverages that exceeds the Named Storm Deductible noted below:

This deductible applies, as described below, in the event of direct physical loss to property covered under this policy, caused directly or indirectly by wind, wind gusts, hail, rain, tornadoes, or cyclones occurring during a named storm and shall replace any other applicable deductible during that event. A named storm shall mean a storm system that has been declared a named storm by the National Hurricane Center of the National Weather Service.

The duration of the named storm occurs during the time period:

- a. Beginning at the time a named storm watch or warning is issued for any part of Mississippi by the National Hurricane Center of the National Weather Service;
- b. Continuing for the time period during which the named storm conditions exist anywhere in Mississippi; and,
- c. Ending twenty-four (24) hours following the termination of the last named storm watch or warning issued for any part of Mississippi by the National Hurricane Center of the National Weather Service.

The Named Storm deductible shown in the Declarations applies only for loss or damage to covered property caused by wind, wind gusts, hail, rain, tornadoes, or cyclones occurring during a named storm. The Named Storm deductible also applies to any objects driven by wind which are not otherwise excluded if your covered loss occurs during the time period.

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session

Rule 41.14: Attachment B – Hurricane Deductible Uniform Policy Language

Attachment B

HURRICANE DEDUCTIBLE UNIFORM POLICY LANGUAGE

For the premium charged, we will pay only that part of the total of the loss for all Section I Property Coverages that exceeds the Hurricane Deductible noted below:

This deductible applies, as described below, in the event of direct physical loss to property covered under this policy, caused directly or indirectly by wind, wind gusts, hail, rain, tornadoes, or cyclones occurring during a hurricane and shall replace any other applicable deductible during that event. A hurricane shall mean a storm system that has been declared a hurricane by the National Hurricane Center of the National Weather Service.

The duration of the hurricane occurs during the time period:

- a. Beginning at the time a hurricane watch or warning is issued for any part of Mississippi by the National Hurricane Center of the National Weather Service;
- b. Continuing for the time period during which the hurricane conditions exist anywhere in Mississippi; and,
- c. Ending twenty-four (24) hours following the termination of the last hurricane watch or warning issued for any part of Mississippi by the National Hurricane Center of the National Weather Service.

The Hurricane deductible shown in the Declarations applies only for loss or damage to covered property caused by wind, wind gusts, hail, rain, tornadoes, or cyclones occurring during a hurricane. The Hurricane deductible also applies to any objects driven by wind not otherwise excluded if your covered loss occurs during the time period.

Source: Miss. Code Ann. §§ 83-5-1; 83-2-3 (Rev 2011); HB 756, 2014 Regular Session