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HUNG OUT TO DRY: PROPERTY INSURANCE CANCELLATION

June 24, 2021

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Following the recent wave of policy cancellations and non-renewals, many of Florida's property owners are left wondering whether cancellation of their policy is imminent and, if so, how long will they have to find new insurance. The cancellation of an insurance policy always a concerns but even more time-sensitive during hurricane season. Fortunately, the cancellation of certain property insurance policies during a hurricane event is governed by Florida Statute Section 627.4133(2)(d), which outlines the various requirements and time frames Florida's insurers must follow.

Importantly, suppose any cancellation or non-renewal of a policy is to take effect during a hurricane. In that case, the effective date of such cancellation or non-renewal is extended until the end of the duration of such a hurricane. The insurer may collect premiums at the introductory rates or the rates then in effect for the period of time for which coverage is extended. However, this does not apply if the property owner has secured replacement coverage that is in effect during the duration of a hurricane.

Further, upon declaration of emergency and the filing on an Order by the Commissioner of Insurance Regulation, an insurer may not cancel or non-renew a personal residential or commercial residential property insurance policy covering a dwelling or residential property located in Florida which has been damaged because of a hurricane or wind loss that is the subject of the declaration of emergency for 90 days after the dwelling, or residential property has been repaired. A structure is deemed to be repaired when substantially completed and restored to the extent that it is insurable by another authorized insurer that is writing policies in this state.

Notwithstanding the above, an insurer may cancel or non-renew a policy prior to repair under the following terms:

- Upon ten days' notice for nonpayment of premium; or
- Upon 45 days' notice:
  - For a material misstatement or fraud related to the claim;
  - If the insurer determines that the insured has unreasonably caused a delay in the repair of the dwelling; or
  - If the insurer has paid policy limits.

Suppose the insurer elects to non-renew a policy covering a property that has been damaged. In that case, the insurer shall provide at least 90 days' notice to the insured that the insurer intends to non-renew the policy 90 days after the dwelling or residential property has been repaired.

These guidelines do not apply to all insurance companies doing business in Florida, and there are always exceptions to every rule. Accordingly, it is crucial to immediately discuss any cancellation or non-renewal with your insurance representative to ensure replacement coverage.

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