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BULLETIN NO. 11-16

TO: ALL INSURERS TRANSACTING HOMEOWNERS' INSURANCE
IN NEW JERSEY

FROM: THOMAS B. CONSIDINE, COMMISSIONER

RE: APPLICABILITY OF N.J.A.C. 11:2-42.7 TO THE USE OF
HURRICANE DEDUCTIBLES IN CONNECTION WITH HURRICANE
IRENE

This Bulletin provides guidance to insurers regarding the use of mandatory and optional hurricane deductibles in connection with Hurricane Irene. N.J.A.C. 11:2-42.7 provides that the uniform policy language insurers shall utilize for all mandatory and optional hurricane deductible programs for homeowners' insurance as set forth in Exhibit D in the Appendix to subchapter 42. Exhibit D provides, in pertinent part, that "[a hurricane] deductible applies as described below, in the event of direct physical loss to property covered under this policy, caused directly or indirectly in the event of a hurricane named by the National Weather Service or its successor from which sustained hurricane force winds of 74 miles per hour or greater have been measured in New Jersey by the National Weather Service (regardless of whether the sustained hurricane force winds reach the risk insured under the policy) and shall replace any other applicable deductible in that event."

In the case of Hurricane Irene, the National Weather Service did not report winds in New Jersey meeting all of the above regulatory criteria. Accordingly, no mandatory or optional hurricane deductible should be applied to the payment of claims for property damage attributable to Hurricane Irene. The application of any mandatory or optional hurricane deductible in this instance shall be considered a violation of N.J.A.C. 11:2-42.7.

8/29/11
Date

Thomas B. Considine
Commissioner

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