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**GOVERNOR CHRISTIE INCREASES INSURANCE MONEY AVAILABLE
BY PROHIBITING INSURERS FROM IMPOSING
“HURRICANE DEDUCTIBLES”**

On November 2, 2012, Governor Christie signed Executive Order 107 barring insurance carriers from imposing “hurricane deductibles” on New Jersey homeowners. A traditional property insurance deductible is for a specified amount (for example \$500), which means the carrier will not pay the first \$500 of a claim. Hurricane deductibles, however, are written as a percentage of the property value (typically 2% to 5% of the total). As a result, for a \$500,000 home with a 5% hurricane deductible, the insurer would not pay the first \$25,000 of the claim.

Because the National Weather Service downgraded Sandy from a hurricane to a “post-tropical storm” just prior to landfall, Governor Christie barred carriers from imposing their hurricane deductibles. The net effect of this Order is to lower the deductibles imposed on homeowners and increase the amount of insurance proceeds in the hands of the homeowners. In the example given above, the homeowner could receive \$24,500 more in insurance proceeds as a result of this Order.

Executive Order 107 had a number of other provisions, all of which were designed to streamline and simplify the insurance claims process post-Sandy. One provision specifies that insurance carriers are to “exercise appropriate forbearance” of due dates or deadlines for claims filings. The Order gives added flexibility to claimants who are having difficulty submitting their claims in a timely fashion.

Schenck, Price, Smith & King’s Hurricane Sandy Insurance Advisory Group has prepared a presentation on a wide range of topics which are likely to arise from Sandy-related insurance claims. Please feel free to contact any member of the Group with any questions which you may have at 973-539-1000.

Hurricane Sandy Insurance Advisory Group Members:

Frank M. Coscia, Chair	fmc@spsk.com
John M. Bowens	jmb@spsk.com
Stephen B. Fenster	sbf@spsk.com
James A. Kassis	jak@spsk.com
Jeffrey T. LaRosa	jtl@spsk.com
Gilbert S. Leeds	gsl@spsk.com
John D. McCarthy	jdm@spsk.com
Sidney A. Sayovitz	sas@spsk.com
Gary F. Werner	gfw@spsk.com

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FLORHAM PARK 220 Park Avenue PO Box 991 Florham Park, NJ 07932 Tel: 973-539-1000 www.spsk.com	NEW YORK 116 West 23 rd Street Suite 500 New York, NY 10011 Tel: 212-386-7628	PARAMUS Country Club Plaza 115 West Century Road Suite 100 Paramus, NJ 07652 Tel: 201-262-1600
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