

Business & Technology

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HURRICANES

Insurers take aim at state's payout law

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For Scott White, whether Hurricane Ivan's storm surge or fierce winds destroyed his Gulf Breeze townhome is irrelevant. He just wants insurance money so he can rebuild.

He estimates rebuilding to newer, tougher building codes will cost about \$300,000. So far, he's got \$125,000 — the most he can get under his flood policy — from the federally backed National Flood Insurance Program. But his wind insurer offered only \$11,000, arguing the damage was caused by waves, not wind.

In the aftermath of last year's deadly hurricanes, most homeowners didn't pay much attention to whether winds or water battered their homes. But soon they might.

To insurance companies, what caused the damage and whether they should pay for it is a major issue — one worth going to court over, even one worthy of a lobbying full-court press in the Florida Legislature.

Insurers want to change the state's 106-year-old "valued policy law," which basically requires insurance companies to pay the full amount of an insurance policy if the property is deemed a total loss. They want to undo a 4th District Court of Appeal ruling requiring that companies pay the full amount of a policy to repair a home deemed a total loss, regardless of what caused the damage.

The appeals court decision is "bad law," said Sam Miller, executive vice president of the Florida Insurance Council. While it's possible that a court case could undo the appeals court decision, "we are trying desperately to get the Legislature to do that."

Miller said the industry hopes it can have the change made retroactively, to affect last year's hurricanes.

Measures making their way through the Legislature would change that law to allow insurers to pay only for their share of a loss. That would mean that if an adjuster determines that wind caused 60 percent of damage to a home and flood caused 40 percent, the insurers would pay accordingly.

Hundreds of hurricane victims, including White, hope no changes happen. Even under the current law, White, 52, faces paying thousands of dollars of his own money to rebuild his home, despite his two insurance policies.

White is taking his insurer, which he declined to identify, to court. "It's not like I can retire now," said White, a pilot. With the proposed changes, "the people of Florida are going to lose big," he

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