



## LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON  
COMMISSIONER

### **ADVISORY LETTER 2018-01 (REVISED AND REISSUED)**

**TO: ALL PROPERTY AND CASUALTY INSURERS**

**FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE**

**RE: INTERPRETATION AND APPLICATION OF THE SEPARATE NAMED  
STORM OR HURRICANE DEDUCTIBLE PURSUANT TO LA. R.S. 22:1337**

**DATE: NOVEMBER 8, 2023**

Advisory Letter 2018-01 is reissued to clarify and restate for all authorized property and casualty insurers how the separate named storm deductibles or hurricane deductibles are to be applied to claims resulting from a hurricane or storm event named by the National Hurricane Center of the National Weather Service.

It has come to the attention of the Louisiana Department of Insurance (LDI) that there is some confusion as to whether a named storm deductible or hurricane deductible should be applied to claims for damages resulting from a hurricane or named storm event. This confusion is cause for the LDI to reissue Advisory Letter 2018-01 to provide guidance to all authorized property and casualty insurers as to how they should interpret and apply separate deductibles when damage to an insured property results from a hurricane or named storm.

The interpretation and application begin with the understanding of La. R.S. 22:1337. In pertinent part, this law states that all authorized insurers issuing homeowners insurance, or insurance on a one- or two-family owner-occupied premises, that use a separate deductible that is to be applied in place of any other deductible to loss or damage resulting from a named storm or hurricane, shall apply that separate deductible on an annual basis to all named storm or hurricane losses that occur during the calendar year.

Further, if an insured incurs more than one named storm or hurricane loss during a calendar year, the insurer may only apply the balance of any unused separate deductible up to the amount of the separate deductible such that the insured will only incur one separate deductible each calendar year for all losses caused by a named storm or a hurricane.

Given that the insurance policy is a contract between the insurer and the insured, both parties are governed by the terms, conditions, and definitions set forth in the policy. Each authorized insurer is allowed to use the policy to determine the event that will trigger when a separate deductible is to be applied to a claim under the policy and the amount

of that separate deductible. Some authorized insurers allow the naming of the storm system by the National Hurricane Center of the National Weather Service to be the trigger for this separate deductible. Other authorized insurers use their own policy form to define when this separate deductible is to be applied.

La. R.S. 22:1337(A)(2) specifically defines a named storm as "a storm system that has been declared a named storm by the National Hurricane Center of the National Weather Service." Thus, for those policies which provide that a separate "named storm deductible" applies, the operative trigger is whether the storm system is assigned a "name" by the National Hurricane Center of the National Weather Service, regardless of whether it is classified as a subtropical storm, a tropical storm, or a hurricane.

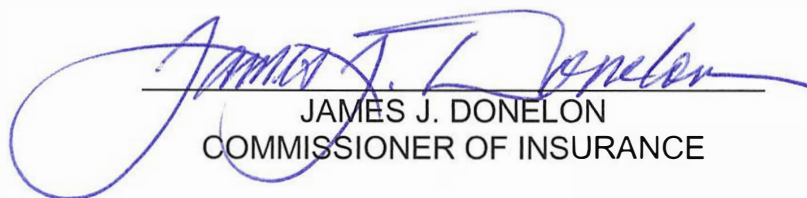
On the other hand, if the policy states that a separate deductible applies to a storm system declared by the National Hurricane Center of the National Weather Service to be a tropical storm or a hurricane, then the separate deductible only applies if the storm system is classified as a tropical storm or a hurricane by the National Hurricane Center of the National Weather Service. In that case, if the storm system is classified as a subtropical storm, the separate deductible would not be triggered, regardless of the fact that the National Hurricane Center of the National Weather Service assigns a "name" to the subtropical storm.

The importance of this, to both the insurer and the insured, is that the policy's specific terms and conditions will determine whether a separate named storm deductible is to be applied in each given situation.

All authorized insurers are hereby advised to interpret and apply the separate named storm deductible or hurricane deductible provided for in their specific policies in a manner compliant with La. R.S. 22:1337 and pursuant to the terms, conditions, and definitions set forth in the underlying policy when adjusting a claim that is subject to a separate deductible.

If there are any questions or concerns regarding Advisory Letter 2018-01 (Revised and Reissued), please contact the Deputy Commissioner for the Office of Property and Casualty at (225) 342-5203 or electronically at [public@ldi.la.gov](mailto:public@ldi.la.gov).

Baton Rouge, Louisiana, this 8th day of November 2023.

  
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JAMES J. DONELON  
COMMISSIONER OF INSURANCE