

Hurricane Deductibles

Background

A deductible is the amount of money a policyholder pays before their insurance kicks in. Homeowners insurance policies in Florida have two separate deductibles; one for hurricane damage and one for all other perils. Hurricane deductibles are available in many coastal states to help keep private sector property insurance available and affordable by having policyholders share more of the risk with their insurer. Hurricane deductibles apply when there is wind damage to a home in the state as a result of a hurricane that is named by the National Hurricane Center and comes with a hurricane warning.

Deductible options

Hurricane deductibles are based on the total insured value of the property. Unless homeowners choose a higher amount, a hurricane deductible is \$500 for dwellings under \$100,000 and 2 percent for dwellings insured for \$100,000 or over. Florida statute 627.701 states that insurers must offer hurricane deductibles of \$500, 2 percent, 5 percent and 10 percent. Selecting a higher deductible lowers annual premiums, but it increases the amount of money you have to pay before insurance kicks in. An example: For a home insured for \$200,000, a 2 percent deductible means the homeowner pays \$4,000 before insurance kicks in.

Multiple hurricanes, one deductible

Florida law requires that hurricane deductibles apply on an annual basis to hurricane losses that occur in a calendar year. For that reason, policyholders are encouraged to report all windstorm-related damage as it occurs. If a property is damaged by more than one hurricane in a calendar year, insurers may apply a deductible to the subsequent hurricane that is the greater of the:

- Remaining amount of the hurricane deductible, or
- The amount of the deductible that applies to all other perils.

Reporting damage from hurricanes that fall under the deductible amount enables insurers to help policyholders keep track of damage and ensures you will get fully reimbursed if another hurricane occurs later that year.

How to check your deductible amount

The Declarations Page of your insurance policy lists the dollar amount of your deductible, along with the premium credit you receive for choosing a higher deductible.
