Know Your Insurance

Home

Courtesy of WWW Insurance LLC

Named Storm and Hurricane Deductibles

The heavy rainfall, high winds and storm surges associated with hurricanes and other intense storms can devastate any home, even those located hundreds of miles off of a coast. And, because these storms have the potential to cause tens of billions of dollars in damage, insurance providers generally use special, “named storm or hurricane deductibles,” to provide coverage in the event of a loss. These deductibles are different from the standard deductible for other types of claims.

Named storm and hurricane deductibles are typically higher than traditional fixed-dollar deductibles, but are only triggered under specific circumstances and can vary based on location. However, it’s important to review your policy and know the details of these deductibles so your family and home are prepared in the event of a severe storm.

What’s in a Name?

Both named storm and hurricane deductibles are specific types of deductibles that apply to certain weather-related claims, but they differ in their scope and application.

A named storm deductible applies when damage is caused by any storm that has been officially named by the National Weather Service or the National Hurricane Center. This includes tropical storms and hurricanes. The named storm deductible is typically a percentage of the insured value of the home, rather than a fixed dollar amount.

A hurricane deductible is more specific and only applies when damage is caused by a hurricane. The trigger for a hurricane deductible is usually when the National Hurricane Center of the National Weather Service officially declares a storm to be a hurricane. Like the named storm deductible, the hurricane deductible is often a percentage of the home's insured value. However, it only comes into play when the damage is specifically due to a hurricane, not other types of named storms.

In summary, the key difference lies in the type of storm that triggers the deductible. A named storm deductible can apply to a broader range of storms, while a hurricane deductible is specifically for hurricanes. It's important for homeowners to understand these distinctions, as they can significantly impact out-of-pocket costs in the event of storm-related damage. Always review your policy details to know which deductibles apply to your coverage.

The Triggers for Named Storm and Hurricane Deductibles

The triggers for named storm deductibles can vary based on the insurance provider and location, although almost all triggers generally include a timing window such as 24 hours before a storm is named by the NWS to 48 hours after it is downgraded to a tropical storm. During this window, your named storm deductible will apply to any damage instead of a normal wind and hail deductible.

If your homeowners coverage is with an “admitted” insurer in Florida the hurricane deductible applies only for a hurricane as defined in the statutes and the duration in which the hurricane deductible would apply includes the time period:

- Beginning at the time a hurricane watch or warning is issued for any part of Florida by the NationalHurricane Center.
- Continuing for the time period during which the hurricane conditions exist anywhere in Florida; and
- Ending 72 hours following the termination of the last hurricane watch or hurricane warning issued forany part of Florida by the National Hurricane Center. Other triggers can include when a hurricane makes landfall or when a hurricane watch is declared.

Because the triggers for named storm and hurricane deductibles can vary significantly, it’s important to look up the exact rules as defined by the state you live in and your specific insurance policy.

How Named Storm and Hurricane Deductibles are Applied

Named storm and hurricane deductibles are generally higher than regular deductibles because they are based on a percentage rather than on a fixed dollar amount. Most named storm and hurricane deductibles are between 2%-5%* of your dwelling amount, but in high-risk areas, deductibles can reach as high as 10%. Choosing a higher deductible can reduce your premium, but it also means higher out-of-pocket costs in the event of a hurricane.

For example, imagine that your home is insured for $500,000. If your home is damaged by normal wind or hail, you would pay a regular, fixed-dollar deductible—usually between $1,000 and $2,500*—before your insurance provider would provide coverage for the remaining damage. However, if the damage was caused during the window of a named storm or hurricane deductible, your deductible would be calculated using a percentage. For a 5% deductible, this would amount to an out-of-pocket expense of $25,000 before your insurance provider would pay for damages.

Also, in Florida the hurricane deductible for a Homeowner’s policy typically applies on a calendar year basis. However this calendar year deductible applies only if you are insured by the same company during all hurricanes. Once the deductible is met for the calendar year, the “all other peril” (AOP) deductible would apply to any subsequent hurricane losses.*

What it Means for You

Deductibles for damage caused by named storms or hurricanes are higher in order to mitigate the financial risk to insurance providers while still offering premiums that are relatively low. Additionally, many insurance providers believe that the high deductibles will encourage homeowners to take proactive steps to protect their homes from severe storms. Understanding your deductible and preparing for potential costs can help manage your finances effectively in the event of a hurricane.
To review your coverage, or for tips to protect your home from severe storms, contact us at 727.522.7777 today.

*Individual policies may vary. Please refer to your homeowners policy to better understand your deductible.