

A satellite image showing the state of Florida in green and brown, surrounded by the dark blue Atlantic Ocean. A large, swirling white and grey hurricane is visible in the ocean to the east of Florida. A thin red line curves from the top left corner down to a circular icon at the bottom left.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES



# **FLORIDA'S HURRICANE DEDUCTIBLE**

A satellite image showing the state of Florida in green and brown, surrounded by the dark blue Atlantic Ocean. A large, swirling white and grey hurricane is visible in the ocean to the east of Florida.

Florida is a unique state that is surrounded by water on three sides and is susceptible to hurricanes. Therefore, Florida has a very unique hurricane deductible. To make sure it is applied consistently to all covered windstorm claims resulting from a hurricane, the law is very specific regarding when the hurricane deductible applies, for what duration and how many can be applied in a calendar year.



## Definitions

**Hurricane:** A storm system that has been declared a “hurricane” by the National Hurricane Center.

**Hurricane Coverage:** Insurance coverage for damage caused by a windstorm during a hurricane. This does not include coverage for flooding.

**Hurricane Deductible:** The percentage paid by the policyholder before an insurance company pays anything. Hurricane deductibles are typically 2, 5 or 10 percent of the amount of insurance covering the dwelling at the time of loss. In Florida, you only have to pay one hurricane deductible within the calendar year, provided you are insured with the same insurance company or group of companies for the second or subsequent hurricanes during the same calendar year.



# When Does the Hurricane Deductible Apply?

The hurricane deductible applies:

1. Beginning when a hurricane watch or warning is issued by the National Hurricane Center for any part of Florida. There must be a named hurricane at the time the first watch or warning is issued, if not, the hurricane deductible starts as soon as the storm becomes a named hurricane.
2. Ending 72 hours after the last hurricane watch or warning is lifted by the National Hurricane Center for any part of Florida.

## Example: Hurricane Irma

**Became a Hurricane:** August 31, 2017

**First Hurricane Watch or Warning Issued for Florida:**

September 7, 2017, 10 a.m. EDT

**Last Hurricane Watch or Warning Lifted for Florida:**

September 11, 2017, 8 a.m. EDT

**Hurricane Deductible Started:** September 7, 2017, 10 a.m. EDT

**Hurricane Deductible Ended:** September 14, 2017, 8 a.m. EDT  
(72 hours after the last hurricane watch or warning was lifted).

After Hurricane Irma made landfall and travelled northward through Florida, it was downgraded to a tropical storm and later a tropical depression. Those downgrades had no bearing on the hurricane deductible since Hurricane Irma was a named hurricane when the first hurricane watch or warning was issued for Florida by the National Hurricane Center. Additionally, the hurricane deductible applies until 72 hours after the last watch or warning is lifted, regardless of the status of the storm at that time.



# How is the Calendar Year Hurricane Deductible Applied?

The hurricane deductible applies to all covered windstorm claims that occur during a hurricane. The hurricane deductible is applied on a calendar year basis as long as you are insured by the same insurance company or an insurance company from the same group for all subsequent hurricanes.

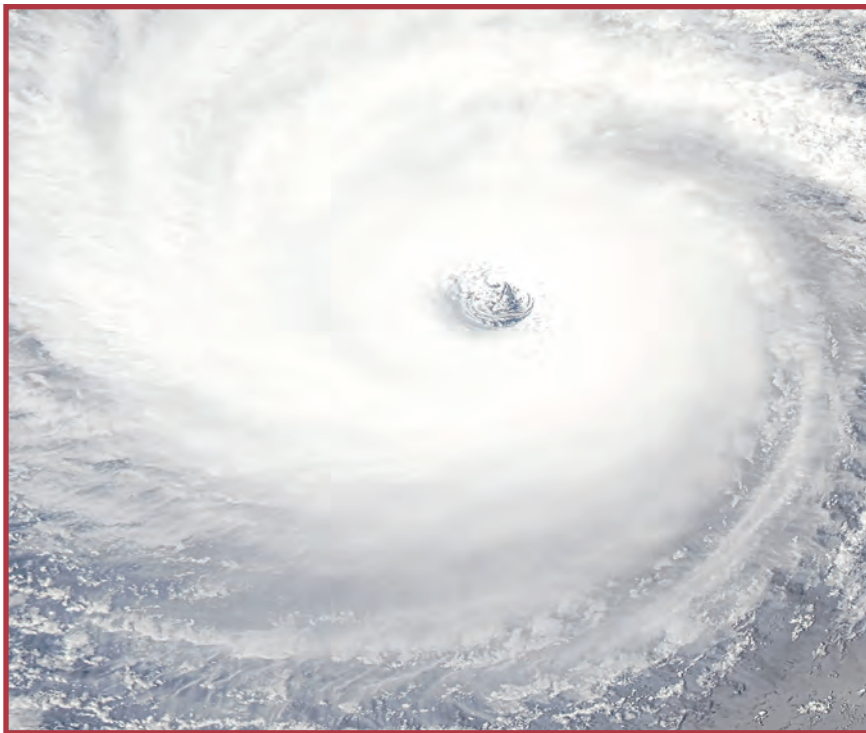
This means that if you are insured with the same insurance company or an insurance company within the same group when windstorm damage occurs from a second hurricane during the same calendar year, the deductible for the second hurricane will be **the greater of:**

1. The amount left over from the first hurricane deductible, if the deductible wasn't fully met or
2. The "all peril" deductible as stated on the policy.

If the hurricane deductible was met in full with the first covered windstorm claim, the "all peril" or standard deductible would apply to other windstorm claims resulting from a hurricane that occur in the same year.







However, if a policyholder has windstorm damage resulting from the first hurricane of the calendar year and then moves the policy to a different insurance company that is **not** a part of the original insurance company's group, the hurricane deductible applies in full to the second claim without any credit given for the first hurricane deductible that occurred the same year.

Policyholders should **always** file claims even when the cost to repair the windstorm damage is less than the hurricane deductible. If you file the claim, the company has a record of the amount of credit that should be applied towards the hurricane deductible for the second or subsequent windstorm claim resulting from a hurricane. Also, it is very common to discover hidden damage once the contractor begins repairs. If you have already filed the original claim, a supplemental claim can be easily added to the total amount. It may cause additional delays and even a claim denial if the original windstorm damage was not reported to the insurance company timely.





## Example

The policyholder has \$200,000 in insurance coverage on his home with a 2 percent (\$4,000) hurricane deductible. The “all peril” deductible is \$1,000. The policyholder filed the following windstorm claims resulting from hurricanes this calendar year and has not changed insurance companies:

**Hurricane 1:** Hurricane 1 caused windstorm damage of \$2,000. Since the hurricane deductible is \$4,000, the policyholder must pay for the repairs out of pocket; the insurance company credited the \$2,000 claim to the calendar year hurricane deductible. This leaves a hurricane deductible balance of \$2,000, which will apply to a second windstorm claim resulting from a hurricane that occurs in the same calendar year. The \$2,000 deductible balance **is greater than** the “all peril” deductible of \$1,000.

**Hurricane 2:** Hurricane 2 caused windstorm damage of \$5,000. The balance of the hurricane deductible from Hurricane 1 is \$2,000. Since the remaining balance of the hurricane deductible of \$2,000 **is greater than** the “all peril” deductible of \$1,000, the balance of \$2,000 will be subtracted from the amount of damage caused by Hurricane 2. After the balance of \$2,000 has been applied, the full calendar year hurricane deductible is met. The insurance company will pay the repair balance of \$3,000 for Hurricane 2 and all subsequent windstorm claims resulting from hurricanes that occur within the same calendar year will have the “all peril” deductible of \$1,000 applied to each claim.







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