

As Hurricane Season Approaches, Review Your Insurance

The New York Times

The Atlantic hurricane season is a little more than two weeks away, so now is a good time for homeowners along the coast to check their insurance coverage.

The annual hurricane season runs for six months, from June through November.

“A good place to start is your deductible,” said Amy Bach, executive director of United Policyholders, an advocacy group that works on behalf of consumers with insurance. “It’s really helpful to know what the dollar amount is.”

Most homeowner insurance policies for coastal properties now have separate deductibles for damage caused by hurricanes, and the amounts are usually based on a percentage of the home’s insured value, rather than a flat dollar fee.

Details of a policy’s hurricane deductible will typically be explained on the policy’s “declarations” page. Ms. Bach suggests that consumers call their insurance agent if they don’t fully understand what their policy requires, so they can plan for out-of-pocket costs in the event of a storm.

While a deductible of 1 percent may not sound significant, if the home’s insured value is \$350,000, that means the deductible is \$3,500; with a 5 percent deductible, it’s \$17,500. For that reason, consumers should be cautious about increasing hurricane deductibles to lower their insurance premiums, Ms. Bach said, because it could leave them underinsured in the event of a serious storm.

Loretta Worters, a spokeswoman for the Insurance Information Institute, a trade group, said some insurers include the dollar value of the deductible, along with the applicable percentage, to eliminate confusion.

A hurricane deductible is distinct from the deductible for other sorts of damage to the home and usually goes into effect when a storm is categorized as a hurricane by the National Weather Service — or, in some cases, when a storm is named, even if doesn't become a hurricane. Some policies have separate windstorm deductibles that apply even for unnamed storms.)

Nineteen states and the District of Columbia have hurricane deductibles, according to the institute.

Some states — including Alabama, Mississippi and South Carolina — offer a tax deduction for money deposited in special catastrophe savings accounts, to help homeowners set aside funds for their hurricane deductibles.

Some policies offer discounts if homeowners use reinforced shutters to protect windows, or use special clips or straps to help secure roofs during storms.

Ms. Worters noted that standard homeowner policies don't cover damage from floodwaters, even if it is caused by a hurricane's storm surge. Homeowners must buy separate flood coverage, either through the National Flood Insurance Program or from private companies. There is often a waiting period 30 days, in the case of federal flood insurance) before flood policies take effect.

Homeowners who want coverage beyond a standard flood policy can also consider extra insurance, available from excess or surplus lines insurers.

Here are some questions and answers about hurricane coverage:

What is the forecast for this year's hurricane season?

The federal government, through the National Oceanic and Atmospheric Administration, typically issues its Atlantic hurricane season predictions in late May, but other sources have made initial forecasts. Colorado State University's Tropical Meteorology Project, for instance, made a preliminary forecast in April predicting four hurricanes and 11 named storms this season — slightly below historical averages.

However, the Colorado researchers reminded coastal residents that "it only takes one hurricane making landfall to make it an active season for them" and that "they should prepare the same for every season, regardless of how much activity is predicted."

What is a typical hurricane deductible?

Deductibles usually range from 1 percent to 5 percent, but can be as high as 10 percent, depending on the location of the property.

Do I have to pay the deductible in cash?

No. If you make a claim, the amount of the deductible will be subtracted from the amount the insurance company pays you, Ms. Bach said. So while you don't necessarily have to pay the deductible up front, you may have to come up with extra money to make repairs. "You don't have to pay the money," she said. "But it's that much less that you'll get."