United Policyholders
Empowering the Insured

[Check deductibles on homeowner insurance](https://uphelp.org/check-deductibles-on-homeowner-insurance/)

The Dallas Morning News

There's nothing wrong with a high deductible, as long as you keep enough funds in savings to pay it. Like a spare tire or a flashlight, homeowner's insurance is one of those things that you don't really want until you need it.

Now, even when you need to pay for damage to your home, you may not want to use your homeowner's coverage. And, if you do want your insurer to pay, you might be surprised to discover you must first foot the bill up to a sizable limit.

Nothing wrong with a high deductible, as long as you keep enough funds in savings to pay it, says Amy Bach, executive director of United Policyholders, a consumer advocacy group.

"I've advocated high deductibles for a long time," she explains.

Besides keeping premium costs down, high deductibles mean you won't file as many claims since costs of repairs might be under or near deductible. Keeping claims down also keeps premiums affordable, says Bach. However, some owners might be surprised to learn that their deductible is higher than they thought, or that they have multiple deductibles.

"Insurers have discovered that if they apply a separate, high deductible to certain risks like high winds or earthquakes, they can better manage [costly] catastrophic risks," says Bach.

"Companies won't increase a deductible without notifying the policyholder," says Don Griffin of the trade group, American Property Casualty Insurance Association.

Still, a homeowner might not read a letter from his insurer, notifying them of a deductible change.

Bach advises homeowners to be wary of one type of deductible –those linked to a percentage of the rebuilding costs. Looking at a percentage of, say ten percent, can sound low. But a home needing

$400,000 to rebuild, with a 10 percent deductible, would mean that the homeowner has to foot the first $40,000.

With increases in damage in past years, “People have to start paying more attention to their [homeowner] insurance,” concludes Bach.