

With Hurricane Season Here, Time to Check Home Insurance

The New York Times

Bonnie, the tropical storm that drenched the Carolinas over Memorial Day weekend, did not reach hurricane status. But that storm, and the official start of the 2016 hurricane season on Wednesday, make this a good time for homeowners to check their insurance policies to see what is covered if a big storm hits.

In coastal states, damage caused by hurricanes or, in some cases, named storms, is often subject to a separate deductible — an amount deducted from the check the insurer writes to the homeowner when a claim is paid. Special storm deductibles emerged in the mid-1990s, after insurers experienced large losses from Hurricane Andrew in 1992, and they have become more prevalent in the wake of continued costly storms.

Now, homeowner policies in 19 states and the District of Columbia have some version of storm deductibles. The states are Alabama, Connecticut, Delaware, Florida, Georgia, Hawaii, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas and Virginia.)

If you live in one of those states, it's a good idea to check your coverage. Bonnie, which forced highway closings because of floods, provided "a really good reminder that it's time to revisit your insurance policy," said Russ Dubisky, executive director of the South Carolina Insurance Association, an industry group.

Homeowner policies usually have flat deductibles — say, \$500 or \$1,000 — for losses like theft or damage from a fire. Hurricane deductibles work differently. They are usually set as a percentage of the home's insured value — typically, 1 to 5 percent, or even as much as 10 percent in some areas. On a \$250,000 policy, a 1 percent deductible would be \$2,500.

Typically, the insurer will specify a “trigger” for the deductible in the policy — like a declaration of a hurricane or named storm by the National Weather Service. Triggers may vary by state and by insurer. The policy also defines a time period during which the deductible applies.

Usually, information on special storm deductibles can be found on the main “declarations” page of an insurance policy, which provides details on coverage limits, exclusions and the like. But sometimes it takes a bit of hunting to find the deductible language, said Amy Bach, executive director of United Policyholders, a consumer group.

“It used to be simple, and you had one flat deductible,” Ms. Bach said, but no longer, since insurers are seeking to manage costs by shifting risk to consumers. Some policies may have separate percentage deductibles for wind and hail damage that apply even if there is no major named storm, she said.

Ms. Bach advises contacting the insurer to ask specifically about what a policy covers, and to be “a bit more probing” about how the policy’s deductibles work when shopping for coverage.

“Have that conversation,” she said. “Ask, ‘If I had a loss, what cash is this policy going to generate for me?’”

Here are some questions and answers about hurricane coverage:

■ Are there programs to help with the cost of my hurricane deductible?

A few states, including Alabama, Mississippi and South Carolina, offer a state tax break for funds set aside in a “catastrophe” savings account, which can be used to cover the deductible in the event of damage from a major storm. Funds put into the account, along with any interest earned, may be deductible on a state tax return. The accounts have so far not proved wildly popular, Mr. Dubisky said, in part because interest rates on savings accounts remain so low. Check with your state insurance department for details.

■ What type of storm damage does my homeowner policy typically cover?

Standard homeowner policies cover wind damage from tropical storms and hurricanes, according to the Insurance Information Institute. Damage from water blown into your house through a wind-damaged roof

would probably be covered, but flood damage from a storm surge would not. To be covered for flood damage, you need a special policy that can be bought through the National Flood Insurance Program, or from some private insurers. There is usually a 30-day waiting period from the time you buy the flood policy until coverage takes effect.

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

The National Oceanic and Atmospheric Administration last week said it expected a "near normal" season. But that may mean an increase in storms, since hurricane activity has been down for the last three years. The agency predicts a 70 percent chance of 10 to 16 named storms, of which four to eight could become hurricanes, including one to four major hurricanes. The hurricane season lasts for six months, through the end of November.