

A hurricane deductible is the part of a covered hurricane loss you pay yourself before your homeowners insurance pays its share. In Florida, it is usually a percentage of your home's insured dwelling coverage—not a flat amount like \$1,000. That small detail can turn a storm-damage claim into a five-figure cash problem.

Here's the simplest way to think about it: your policy sets a dollar amount for the home itself, applies a deductible percentage to that amount when the policy's hurricane rules are triggered, and leaves you responsible for that deductible on a covered claim. The exact rules depend on your policy, so check the declarations page and the wording—not just the number quoted during a sale.

First, what does “dwelling coverage” mean?

Dwelling coverage, often labeled Coverage A, is the amount your policy uses to insure the physical home: the structure, attached parts, and certain built-in features. It is not automatically the same as your home's market value or what you paid for it. Land is not insured as part of the dwelling, and your personal belongings are generally handled under a different coverage category.

For example, a house might sell for \$600,000 but have dwelling coverage of \$450,000. The policy's rebuilding estimate, construction costs, and other details help determine that coverage amount. If your hurricane deductible is a percentage deductible, the percentage is commonly applied to the dwelling coverage shown in your policy—not to the home's sale price. Confirm the calculation in your actual policy documents.

How the percentage deductible works

Common hurricane deductible options: 2%, 5%, 10%. The percentage is multiplied by your dwelling coverage to calculate the deductible. Here is what that looks like with \$400,000 in dwelling coverage:

Hurricane deductible Calculation Deductible amount 2% $\$400,000 \times 0.02$ \$8,000 5% $\$400,000 \times 0.05$ \$20,000
10% $\$400,000 \times 0.10$ \$40,000

That is the deductible amount—not a bill automatically due just because a hurricane passes nearby. It generally matters when you have covered damage and the hurricane deductible applies under the terms of your policy. If the covered repair estimate is less than the deductible, the insurer may pay nothing for that claim. If the covered loss is larger, the deductible is typically subtracted from the covered amount, subject to policy terms, limits, and any other applicable rules.



Why the out of pocket cost can surprise you

On a \$400,000 home, a 5% hurricane deductible is \$20,000. That can feel very different from hearing “five percent” during a quick insurance quote. A percentage deductible can create a five-figure cash gap between the damage you experience and the amount the insurance company contributes toward covered repairs.

Suppose a storm causes \$55,000 in covered damage to the dwelling and your hurricane deductible is \$20,000. In a simplified example, the insurer’s payment calculation would start with the covered loss and subtract the deductible, leaving \$35,000 before considering limits, exclusions, depreciation, or other policy details. You would be responsible for the deductible, along with any repair costs the policy does not cover.

Real claims are rarely that tidy. An adjuster has to evaluate what was damaged, what caused it, whether the cause is covered, and how the policy calculates payment. Wind damage and flood damage, for instance, are [rolex collateral loan](#) not interchangeable: standard homeowners insurance typically does not cover flood damage, which may require a separate flood policy. The word “hurricane” in the deductible name does not mean every kind of storm damage is covered.

When does the hurricane deductible apply?

Do not assume that any bad-weather damage automatically triggers your hurricane deductible. Policies define when it applies, and the language can include conditions involving a hurricane declaration, the timing of the storm, and the period during which damage occurs. The rules can differ by policy and insurer.

Before storm season, find the deductible section in your policy and ask your insurer or agent to explain it in plain language. In particular, ask:



- What event or conditions trigger the hurricane deductible?
- Is the deductible based on Coverage A, and what dollar amount is Coverage A today?
- Does the policy have a separate windstorm deductible or other special deductible?
- How does the policy define the time period for applying the deductible?
- What documentation should I keep if I have damage?

It is also worth checking whether your policy has a different deductible for other types of losses. A standard all-perils deductible, a hurricane deductible, and a flood insurance deductible may all be different. Read the declarations page alongside the full policy; the declarations page is a useful summary, but it is not the complete contract.

The hard part: paying for repairs before life returns to normal

After a major storm, the deductible is only one piece of the money problem. Contractors may be booked, building materials may be scarce, and emergency work can cost more than expected. Banks and insurers may face a surge in requests at the same time. A claim can take time to inspect and resolve, while a damaged roof or water intrusion may need attention right away.

That means post-storm liquidity—the cash or credit you can access quickly—matters. A homeowner may need to pay for temporary protection, an inspection, or urgent repairs while waiting for claim decisions or insurance payments. Meanwhile, banks and contractors can tighten up: lenders may slow applications, contractors may require deposits, and prices or schedules may change as demand rises.

Do not build your storm plan around the assumption that you can borrow after the storm. HELOCs and new credit can be slow or paused after disasters. A lender may review a home's condition, pause lending in an affected area, or take longer to process applications when demand spikes. Even if a credit line is available, it is debt with repayment costs, not insurance proceeds.

How to prepare for the deductible before hurricane season

The goal is not necessarily to hold the entire deductible in cash if that is unrealistic. The goal is to know the number, decide how you would handle it, and avoid discovering your plan during a crisis.

1. **Find your actual dollar deductible.** Multiply your policy's dwelling coverage by the hurricane deductible percentage. Verify the result with your insurer or agent.
2. **Review your emergency savings.** Compare available savings with the deductible and likely immediate expenses. Keep storm funds accessible, rather than relying only on investments that may take time to sell or transfer.
3. **Check borrowing options in advance.** If you are considering a HELOC or another credit source, ask about eligibility, timelines, costs, and what could affect availability. Applying before a disaster may be more practical than applying after one, but approval is never guaranteed.
4. **Document the property.** Take dated photos or video of the home and belongings, save receipts for improvements, and keep insurance details somewhere you can reach if the house is inaccessible.
5. **Know your temporary-repair process.** Ask how to protect the home from further damage, what receipts to keep, and how to report a claim. Do not wait to report damage just because you are still gathering paperwork.

Should you choose a higher deductible to lower the premium?

A higher deductible may reduce your insurance premium, but it transfers more of the early loss cost to you. Compare the premium savings with the extra amount you would have to pay after a storm. For example, moving from a 2% deductible to a 5% deductible on \$400,000 of dwelling coverage increases the deductible from \$8,000 to \$20,000—an additional \$12,000 at claim time.

Ask for the annual premium difference in writing, then consider whether you could realistically cover the larger out of pocket cost. A lower premium is not a bargain if the deductible would force you into expensive borrowing or prevent you from making urgent repairs. Your choice should fit your household budget, savings, and risk tolerance—not just the monthly payment.

Where do assets and borrowing fit in?

Some homeowners have assets that could potentially support short-term borrowing, but any option should be assessed carefully and well before a storm. For example, a collateral loan (watch held as security) is a loan secured by a watch; it is not homeowners insurance, and the borrower must repay it under the agreement or risk losing the pledged item. Diamond Banc is one company in the collateral-lending space. Before considering this route, compare the loan's rate, fees, repayment period, and consequences of default with other available choices.

If you are trying to estimate what a watch might sell for, secondary market pricing trackers (WatchCharts) can provide market context. WatchCharts tracks watch-market pricing; it does not guarantee what a lender will offer for collateral or what a particular watch will sell for. Condition, model, documentation, demand, and the lender's valuation process can all affect an offer. A financial firm such as Morgan Stanley may help clients think through broader financial planning, but it does not replace your insurer's explanation of policy terms or guarantee access to funds after a disaster.

These examples are planning considerations, not recommendations to borrow against valuable property. Avoid counting an asset as storm-ready cash unless you know how quickly it could be converted to funds, what it would cost, and what you could lose. A dedicated savings reserve is generally more straightforward than arranging a rushed loan after damage has occurred.

The simplest takeaway

A Florida hurricane deductible is usually a percentage deductible calculated from your dwelling coverage. Multiply the percentage by that coverage amount to see the likely deductible in dollars: 2%, 5%, or 10% can translate into thousands—or tens of thousands—of dollars. That is the amount you may need to absorb on a covered hurricane claim before insurance contributes, subject to your specific policy.

Read the policy, confirm the trigger, and do the math before storm season. Then make a realistic plan for the deductible and immediate repairs. The best time to discover a five-figure cash gap is while the sky is clear—not while you are waiting for a roofer, a lender, and an insurance inspection at the same time.