



## TONRY TOPICS

### What Do the Deductibles on My Homeowner's Policy Mean?

You may be familiar with the term deductible. Do you know if your homeowner's policy has an "all other perils," "wind/hail," "named storm," or "hurricane" deductible? In this article, we will explain what these different deductibles apply to and why they are important.

A deductible is the amount of money that you, the insured, are responsible for paying when there is a covered claim. You may have one deductible on your policy, or you may have more than one based on the type of claim.

The standard deductible on a homeowner's policy is an **"all perils" deductible**. This deductible applies to what it sounds like – all covered losses. In the event of a covered loss, you would have to pay the deductible amount listed on your homeowner's policy before the insurance carrier provides any monetary relief. These deductibles generally range from \$500-\$5,000.

For a variety of underwriting reasons, including prior history, a homeowner's policy might also have a separate deductible for **specific perils**, in which case the standard deductible would be applied to **"all other perils."**

A **"named storm" deductible** applies when a covered loss is the result of a storm given a name by the National Weather Service or National Hurricane Center. These deductibles usually vary from 1%-5% of your Coverage A (dwelling limit) and are most common for properties by the coast. If the storm has a name, then, the "named storm" deductible would

be applied to the claim – not the "all other perils" deductible.

A **"wind/hail" deductible** applies when a covered loss is caused by wind or hail, regardless of whether it was a named storm or not. They are typically a percentage of your home's Coverage A (dwelling limit) ranging from 1%-5%. If it is a windy or stormy day, and you have a "wind/hail" deductible on your policy, the "wind/hail" deductible would be applied to the claim caused by wind or hail – not the "all other perils" deductible. By definition, a wind/hail deductible will apply more often than a named storm deductible.

A **"hurricane" deductible** is triggered when the National Weather Service or National Hurricane Center declares a hurricane in a specific area, and you, the insured, suffer a loss caused by the hurricane. Like a "wind/hail" deductible, the insured is responsible to pay 1%-5% of the Coverage A (dwelling amount) due to a loss caused by a hurricane.

An **"earthquake" deductible** would apply when optional earthquake coverage is added to a homeowner's policy, usually 1%-2% of the dwelling limit.

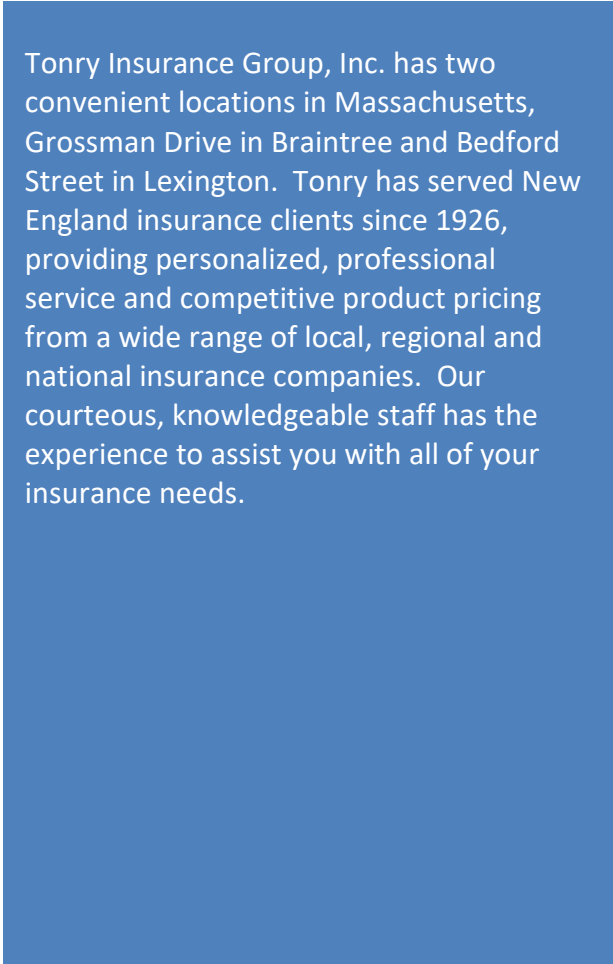
Finally, in circumstances where there have been prior claims or for other underwriting reasons, some policies might have a **"theft" deductible** that is different (usually higher) than the "all other perils" deductible.

Understanding the deductibles on your homeowner's policy is extremely important. Having the right deductibles on your policy affects the premium you pay and the amount you would receive in a claim. If you are interested in a review of your homeowner's policy, or would like to explore options, please contact us at Tonry Insurance Group.





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