



## UNDERSTANDING HURRICANE DEDUCTIBLES

Following Hurricane Irene in August 2011, it came to the attention of the Insurance Department that many Delaware insureds did not understand that their residential property insurance policies contained a separate deductible for losses caused by the perils of wind/hail or hurricanes.

The Department of Insurance believes it is important for insureds to understand the coverage they have purchased. The purpose of the notice is to assure that the insured will have the information necessary to make an informed decision concerning coverages and deductibles. This notice will also provide insureds with information that will assist them in preparing financially for a loss.

Consequently, the Department is requiring all insurers licensed to and writing residential property insurance in Delaware to provide prominent notice to residential property policyholders as to the existence of such deductibles, as follows:

- Insurers are required to provide clear and prominent notice of all wind/hail and hurricane deductibles. Such notice shall be included with the policy at issuance or renewal, or may be sent by a separate mailing. Such notice may be sent via electronic mail to any policyholder who has consented to receive such notices electronically.
- The notice shall clearly disclose relevant details pertaining to such wind/hail and hurricane deductibles, including the trigger of the deductible, and how the deductible is applied, regardless of whether it is stated as a percentage or otherwise.
- If there is a percentage deductible, the insurer must provide an example. The example does not have to be tailored to the insured value of the specific property, but must show clearly how the deductible works (e.g., a two percent (2%) deductible on a house insured for \$300,000 means the policyholder is responsible for the first \$6,000 of the wind/hail or hurricane loss)..

**DISCLOSURE:** Please note that the samples provided above are examples of what hurricane/wind deductibles may look like in a policy. Each insurer may list hurricane and/or wind deductible information differently. **Therefore, each consumer is advised to review their specific policies to confirm the deductible requirements set forth in such policies.**

The information in this document provides the minimum information that must be included in the notice. Insurers may provide any other information to assist their insureds in understanding wind/hail and hurricane deductibles and their application to the insurance policy.

These changes shall be effective to all Delaware residential insurance policies issued or renewed after January 1, 2013.