

How to Choose the Right Home Insurance Deductible?

Choosing the right deductible that complements your lifestyle and budget will set you up for financial flexibility when it matters most. Let's cover the process and get you ready.

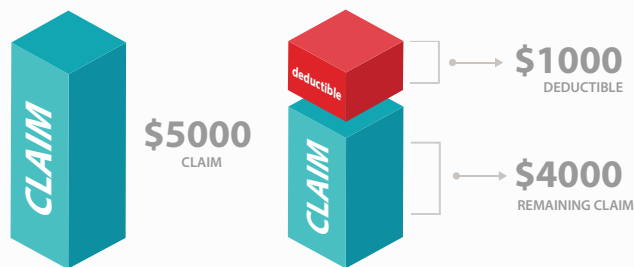
How Do Home Insurance Deductibles Work?

In simplest terms, a deductible is the portion of coverage that you pay out-of-pocket for. Once you file a claim and meet your deductible, your policy pays the remaining balance up to your policy limit.

Types of Home Insurance Deductibles.

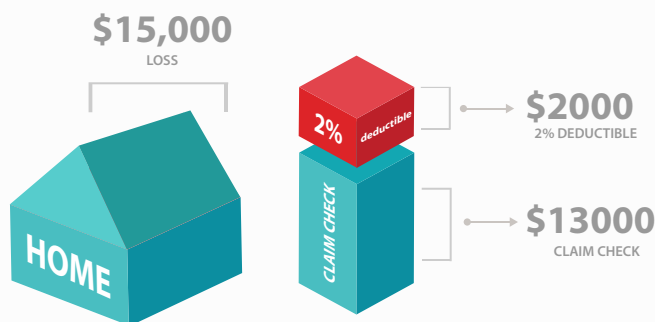
Dollar Amount: A dollar-amount deductible, also known as a "flat" amount deductible is a fixed dollar sum that must be paid out before your insurer pays its portion.

If your deductible is \$1,000, you pay that out-of-pocket before your insurance issues the remaining \$4,000 to fix the damages.



Percentage Amount: A percentage-based deductible is based on a percentage of your home's insured value.

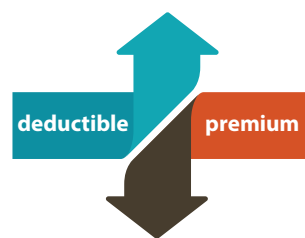
If your house is insured for \$100,000 and your policy has a 2% deductible, \$2,000 would be deducted from any claim payment. So, in the event of \$15,000 loss, your claim check would be \$13,000.



Split deductibles: Split deductibles are different than percentage and dollar amount deductibles because this policy is paid out depending on the type of peril or loss. So based on the event you are experiencing, this deductibles can be one or a combination of both dollar and percentage deductibles. For example, if a split deductible uses dollar-amount in most cases, but switches to percentage-based for losses due to hurricanes or earthquakes.

Choosing a Home Insurance Deductible.

When choosing a deductible, your decision lies in balancing the amount you can afford now (deductible) and the long-term cost of your policy (premium). The higher your deductible, the lower your premium, and vice-versa.



By lowering your monthly premium and raising your deductible, you might be able to save money in the long run, especially if you take preventative precautions with your home to eliminate any risks or liabilities.

On the other hand, a lower deductible, high premium plan will help you avoid costly out-of-pocket expenses in the event that you do have to file a claim.

How to Limit Your Claims.

Making sure your home is well maintained throughout the year goes a long way to avoiding claims and paying for deductibles. Inspecting your roof, caulking windows, monitoring pipes are all preventative measures that can help you avoid claims related to water damage for example.

For more information:

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