A 5% hurricane deductible on $500,000 of dwelling coverage comes out to **$25,000**. That is the amount you may have to pay toward covered hurricane damage before your homeowners insurance pays its share, subject to your policy's terms and limits.

That number can surprise homeowners because "5%" sounds small until it is applied to a large coverage limit. In Florida, hurricane deductibles are usually percentage-based, and the percentage is commonly calculated from the home's insured dwelling limit—not from the repair bill. The result can be a five-figure cash gap just when contractors, banks, and insurers are dealing with a surge of claims.

Here's the basic math, what to check in your policy, and how to think about paying the deductible if a storm damages your home.

The Short Answer: 5% of $500,000 Is $25,000

For this **dwelling coverage example**, multiply the dwelling limit by the deductible percentage:

$500,000 × 0.05 = $25,000



So, if your policy has a 5% hurricane deductible based on $500,000 in dwelling coverage, your hurricane deductible is $25,000. It does not mean the insurer automatically subtracts 5% from every repair invoice. Rather, the deductible generally represents the amount of covered loss you are responsible for before the insurer pays, subject to policy language, coverage limits, and any applicable rules.



For example, if covered hurricane damage totals $80,000 and the deductible is $25,000, a simplified estimate of the insurer's share would be $55,000. Actual claim payments can differ because of exclusions, sublimits, depreciation, policy conditions, repair estimates, and other deductibles. If covered damage is less than the deductible, there may be no payment for that portion of the claim.

Common Hurricane Deductible Options: 2%, 5%, 10%

Percentage deductibles turn a small-looking rate into a substantial dollar amount. The table below uses a $500,000 dwelling limit to show the difference:

Hurricane deductible option Calculation Deductible on $500,000 2% $500,000 × 0.02 $10,000 5% $500,000 × 0.05 $25,000 10% $500,000 × 0.10 $50,000

Those are examples, not a list of options available to every homeowner. Insurers, policy forms, and state requirements differ. A lower deductible may come with a higher premium, while a higher deductible may reduce the premium but leave you responsible for more after a storm. Compare both the annual cost and the amount you would need to produce quickly after a loss.

What Is the Percentage Based On?

In many Florida homeowners policies, the hurricane deductible is calculated as a percentage of the dwelling coverage limit, often called Coverage A. That limit is intended to reflect the insured cost to rebuild the home, not necessarily its market value or the amount of your mortgage.

That distinction matters. A home's market price can include land value, location, and other factors that do not translate directly into the cost to reconstruct the building. Likewise, the Coverage A limit may change when a policy renews or is updated. If the limit rises, a percentage-based deductible can rise in dollars even if the deductible percentage stays the same.

Do not rely on a quote summary or an old renewal notice alone. Read the declarations page and the hurricane deductible endorsement. Confirm:

- The dwelling coverage limit used for the calculation.

- The hurricane deductible percentage and resulting dollar amount.
- How the policy defines a hurricane and when the deductible applies.
- Whether the deductible applies once per calendar year or under another policy-specific rule.
- How hurricane damage is distinguished from other covered causes of loss.
- Whether separate windstorm, flood, or other deductibles may also apply.

Florida policy rules and contract language can be specific, and they may change. If the wording is unclear, ask your agent or insurer to explain the calculation in writing. For a disputed coverage question, consider getting advice from a qualified insurance professional or attorney.

Why a $25,000 Deductible Can Become a Cash-Flow Problem

A deductible is not just a line in the policy. It is money the household may need to contribute while the home is damaged and normal routines are disrupted. A $25,000 obligation can create a serious short-term problem even for a family with steady income, especially if the damage also forces temporary housing, emergency repairs, or time away from work.

After a major storm, liquidity can be constrained from several directions at once. Banks may have limited branch access, longer processing times, or overwhelmed customer-service teams. Contractors may require deposits to reserve crews or buy materials, while demand pushes up wait times. Insurers may need time to inspect damage and confirm coverage. Meanwhile, families may be paying for hotels, transportation, cleanup, or urgent repairs before reimbursement is settled.

It is risky to assume that a claim payment will arrive in time to cover the first bills. Claim handling varies, and the insurer may need documentation, inspections, estimates, or additional review. Keep receipts and records, take reasonable steps to prevent further damage, and follow the insurer's instructions about repairs and claim documentation.

Why a HELOC or New Credit May Not Be Available

Some homeowners plan to borrow against home equity if a storm creates an emergency. That may be an option in ordinary circumstances, but it is not a reliable post-storm plan. A home equity line of credit (HELOC) takes time to apply for and arrange, and lenders may change underwriting standards or pause new applications during a disaster. If the property is damaged, its condition can also complicate a lender's review.

New credit cards, personal loans, or other borrowing may likewise be delayed, limited, or more expensive than expected. Approval is never guaranteed, and relying on credit can add interest costs at the exact moment household expenses are climbing. It is sensible to miamiweekly.com understand available borrowing options before hurricane season, but avoid treating an unapproved loan as money you already have.

A stronger approach is to plan for the deductible as a known possible expense. If your policy shows a $25,000 hurricane deductible, consider how much of that amount could be paid from accessible savings, how quickly those funds could be reached, and what other expenses would compete for the same cash.

Practical Ways to Prepare for the Deductible

1. **Verify the number.** Ask your insurer or agent to confirm the exact dollar deductible using the current Coverage A limit.

2. **Set a target reserve.** Build an emergency fund that reflects your deductible and other likely storm-related costs. Even a partial reserve is more useful than assuming credit will be available.
3. **Keep funds accessible.** Consider how quickly you could use the money if branches, payment systems, or travel routes are disrupted. Do not put the entire reserve in an account or investment that may be difficult to access.
4. **Review coverage before renewal.** Compare premium savings with the extra amount you would owe under a higher deductible. Make the decision based on your budget, not the percentage alone.
5. **Document the home.** Keep a current inventory, photographs, receipts for major improvements, and copies of insurance documents in secure digital storage.
6. **Plan for expenses beyond the deductible.** Temporary housing, food, transportation, and uncovered damage may not be part of the deductible calculation, but they can still strain your finances.

Some households also review their broader financial plan with a professional. For example, a client might discuss emergency reserves and investment liquidity with an adviser at Morgan Stanley. That kind of planning conversation is different from having guaranteed storm cash on hand: investment accounts can fluctuate, transactions can take time, and any tax or market consequences should be considered.

Could a Watch or Other Asset Help Cover a Cash Gap?

People sometimes consider selling an asset or borrowing against one when cash is tight. A collateral loan, where a watch is held as security, is one possible financing route offered by specialist lenders. Diamond Banc, for example, provides collateral-based lending options involving luxury assets. The lender evaluates the item and its documentation, and loan terms, eligibility, timing, fees, and repayment requirements depend on the specific transaction.

This should be treated as a possible source of liquidity—not as a substitute for an emergency fund or insurance coverage. With a collateral loan, the watch is held as security, and failure to repay under the agreement can put the asset at risk. Borrowing costs can also make the funds more expensive than using savings. Read the agreement carefully and compare the total repayment amount with other available options.

For owners trying to understand a watch's potential resale value, secondary market pricing trackers such as WatchCharts can provide useful reference points. They are not the same as a formal appraisal or a lender's offer. Condition, box and papers, service history, model demand, transaction fees, and the speed of sale can all affect what a seller actually receives. A displayed market estimate does not guarantee that a watch can be sold or pledged quickly for that amount.

That distinction is especially important after a hurricane. Secondary-market prices can change, buyers may be harder to reach, and selling under time pressure can mean accepting less. If a watch or another asset is part of your backup plan, learn the process and likely costs well before a storm rather than counting on a last-minute transaction.

Do the Math Before Storm Season

The calculation itself is simple: with $500,000 in dwelling coverage, a 5% hurricane deductible is a **$25,000 deductible**. The harder question is whether that amount—and the expenses around it—can be managed when a storm has damaged your home and many other households are seeking help at the same time.

Check the policy's actual wording, confirm the deductible in dollars, and weigh the premium against the amount you could realistically pay. Then make a practical liquidity plan that does not depend entirely on a fast claim

payment, an available HELOC, or new credit. A clear number and a prepared plan can make the financial side of a storm more manageable, even when the recovery itself takes time.