

Homeowner's Insurance 101:

The Homeowner's "Hail Roof Damage Deductible Carve Out": HELP!

I just learned that my homeowner's insurance policy has been modified to include a "Hail-Roof Damage Deductible Carve Out". My Insurance Agent advised me that my deductible for hail damage is now over \$20,000, based on a percentage of the insured value of my home. She told me that she checked with several other insurance carriers and all of them have similar provisions – a couple are even higher. What can I do – HELP!

Background

Historically, Homeowners could take comfort in the fact that the stated deductible in their standard homeowner's insurance policy, typically, \$500 - \$2,500, would cap their out of pocket expense associated with the repair of damage caused by weather related events. Throughout the U.S., the most common weather related insurance claim involves roof damage caused by hail.

Over the past decade, hail related roof damage claims have cost the U.S. Insurance Industry in excess of \$60 Billion. Starting about three years ago, U.S. Insurance Companies began modifying their homeowner's policies to provide for a standard deductible "carve out" for roof damage caused by hail. Under the roof-hail deductible carve out, Homeowners pay a deductible related to a roof repair claim that is a percentage of the insured value of the home, rather than the stated policy deductible that applies to all other claims. On average, the deductible percentage is 2% of the insured value, meaning that where the Homeowner has a home with an insured value of \$1 Million, a \$500 stated deductible and, a 2% roof-hail deductible carve out, they would be responsible for paying a deductible of \$20,000 for a roof repair caused by hail.

As of 2025, virtually all U.S. Insurance Companies have modified their standard homeowner's insurance policies to provide for a deductible "carve out" for roof damage caused by hail.

Options

Homeowner's have three basic options in addressing the "Hail – Roof Damage Deductible Carve Out" in their homeowner's insurance policy. They are discussed in no particular order below:

1. Pay The Higher Deductible. Under this option, the Homeowner pays the higher deductible related to the hail related roof damage repair. In most instances, this

option is just not feasible. Most Homeowners do not have the liquidity to pay the higher deductible and few would want to liquidate an investment account to pay the deductible, even if they could. Similarly, borrowing the money from a Bank to pay the deductible would take time, if it was an option at all.

2. Don't Repair The Damage. Given the challenge that an unexpected cost of this magnitude could cause a Homeowner, under this option and due to financial restraints, the Homeowner simply elects to not repair the roof damage at all. Unfortunately, this option can result in unintended and adverse consequences ranging from water intrusion damage to the home to a default of the mortgage covenants related to the Homeowner's residential loan, exposing the Homeowner to possible foreclosure.

3. Acquire Deductible Coverage. Under this option, the Homeowner acquires contractual coverage to offset some or all of the deductible amount cited in the "Hail – Roof Damage Deductible Carve Out" in their homeowner's insurance policy. Ideally, where a Homeowner enters into a coverage contract to mitigate or eliminate the deductible, the coverage contract should be backed by a policy of insurance. As of this date, the only coverage contract that is backed by a policy of insurance is the Roof Guard™ – Loss Guard™ Roof Protection product offered by US Construction Services. The annual cost of the roof protection is approximately 10% of the deductible amount and "zeroes-out" the deductible amount during the one year term of the contract, regardless of the number of individual roof claims the Homeowner submits during that year.