

Hawai'i Residential Hurricane Insurance Survival Guide





Welcome to the Hawai'i Residential Hurricane Survival Kit. This guide provides valuable information on residential hurricane insurance in Hawai'i. Learn how to protect your home, choose the right coverage and more.

Why do I need Residential Hurricane Insurance?

- **Limited Coverage in Standard Policies:** Most standard homeowners insurance policies do not cover damage caused by hurricanes, particularly wind damage. Hurricane coverage specifically addresses these risks, ensuring that homeowners are protected against the unique threats posed by hurricanes.
- **Higher Risk of Severe Weather:** Hawai'i is susceptible to hurricanes and tropical storms, especially during the hurricane season (June 1 – November 30). Given the potential for severe weather events, having specialized hurricane coverage provides additional protection.
- **Repair and Replacement Costs:** The cost of repairing or rebuilding a home after hurricane damage can be substantial. Hurricane insurance helps cover these costs.
- **Peace of Mind:** Knowing that you have comprehensive coverage in place can provide you with peace of mind, especially those living in areas more prone to hurricane impacts.
- **Mortgage Requirements:** Some lenders may require homeowners to have hurricane insurance as a condition of the mortgage, particularly in high-risk areas, ensuring the property is protected against potential loss.

How does the coverage work?

1. Separate Policy or Endorsement: Hurricane insurance can be purchased as a separate policy or as an endorsement to an existing homeowners insurance policy. This means that homeowners may need to specifically request hurricane coverage, as it is not typically included in standard policies.
2. Depending on the policy, homeowners insurance generally covers risks like fire, theft, and liability. Hurricane insurance specifically addresses damages caused by hurricanes, including:
 - a. Wind damage to the structure of the home.
 - b. Ordinance and law or extended replacement coverage to help pay for increased replacement cost due to updated building codes and construction costs due to hurricane damage.
 - c. Additional living expenses if the home becomes uninhabitable due to hurricane damage.
3. Premium Costs: Hurricane insurance premiums can vary based on the home's location, the level of coverage selected, and the home's construction type. Homes in high-risk areas, or homes built with older construction methods may face higher premiums.



Do I really need hurricane coverage?

As a homeowner in Hawai'i, it's crucial to understand that standard homeowners insurance policies typically do not cover hurricane damage. Given Hawai'i's vulnerability to tropical storms and hurricanes, having dedicated hurricane insurance is essential to protect your property and financial investment. This specialized coverage can help you recover from the devastating effects of a hurricane, ensuring that you can rebuild and restore your home after a storm.



How are my wind, hurricane, or named-storm deductibles set and how do they work?

These deductibles are usually a percentage deductible of the replacement cost of your home. This number is dependent on your location and the insurance carrier. For wind damage coverage, some insurance companies use what's called a hurricane or named-storm deductible. It only applies to damage caused by a named hurricane, and it's usually higher than your other deductibles for other causes of loss.

In most areas ICAT offers deductible options from 1%-15% as well as flat dollar deductibles.

Most hurricane deductibles are from 1-10%. So, if your dwelling is insured for \$500,000 and you have a 2% hurricane deductible, you would need to pay \$10,000 out of pocket before your insurance company would cover any repairs for hurricane or named storm damage.

Replacement Cost: the amount of money needed to replace or repair a damaged property with materials of similar kind and quality, without deducting for depreciation. This means that if a home is damaged or destroyed by a hurricane, the insurance policy would cover the cost to rebuild the home to its original condition, using current construction materials and methods, up to the policy limit.

How can I lower my insurance premiums?

- Increase your deductible: If you have a good amount in your savings and you're willing to pay more out of pocket when disaster strikes, you can benefit from lower premiums by increasing your deductible.
- Maintain your coverage: Don't let your coverage lapse; this can make it difficult to find coverage again and can increase your costs.
- Risk Mitigation: Roof updates, roof to wall attachments, and opening protection such as storm shutters and impact resistant glass are just a few things you can do to your home to help reduce risk and in some cases lower the cost of your premiums.

Check out the Risk Mitigation Checklist on page 7. For more hurricane safety and preparation resources, check out ICAT's [Tools & Resource Page](#)

How do I know if I have enough coverage?

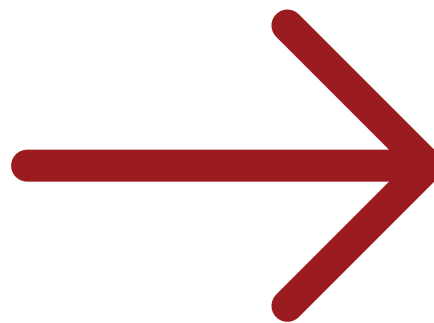
Understanding accurate valuation is an important part of determining how much insurance you need. Work with your agent to ensure you're considering not just the value of the home, but also the contents, the cost to rebuild, and other expenses. Factors such as inflation and demand surge after a storm can also play a role in the cost.

Hawai'i faces unique challenges regarding demand surge. The geographic isolation from the mainland United States affects the supply chain of construction materials and labor, making it more challenging to quickly bring needed resources in for repairs after a hurricane.

Replacement costs are already generally higher due to shipping costs and limited local production. When demand for these items increases, like after a hurricane, the cost of materials significantly increases.

Consequences of undervaluation include the property owner having to pay out of pocket to rebuild.

Insurance to Value (ITV) considers the replacement cost along with other factors, such as inflation, materials, and service costs to repair or replace the property should a loss occur.



Be prepared

Prepare for hurricane season by creating an emergency plan with evacuation routes and communication strategies. Be sure to stock essential supplies like water, non-perishable food, medications, and a first aid kit.

Hawai'i Hurricane Risk Mitigation Checklist

ROOF

- Repair loose/damaged shingles
- Remove debris

GUTTERS

- Remove debris
- Check system is properly draining

WINDOWS

- Inspect sealing
- Install hurricane shutters or impact-resistant windows
- Reinforce windows with storm panels or other window protection before oncoming storm

DOORS

- Inspect sealing
- Install impact-resistant doors

GARAGE DOORS

- Strengthen doors with a bracing system
- Ensure garage doors are in working order

TREES

- Trim trees
- Remove any loose branches

LOOSE OUTDOOR ITEMS

- Secure or relocate outdoor furniture, equipment, decorations, potted plants or any other loose items
- Secure outdoor structures such as sheds and gazebos

POOLS AND PATIO

- Lower pool water levels
- Relocate patio furniture indoors

VEHICLES

- Relocate vehicles to secure location away from trees, powerlines, and flooding before an impending storm

INDOOR EQUIPMENT/ DOCUMENTS

- Move expensive equipment (computers, printers, etc.) to a second level in case of flooding
- Ensure important documents are in waterproof/fireproof safe and located up high away from potential flooding

GENERATORS

- Test generators
- Ensure you have fuel
- Ensure generator safety:
 - › Do not run generator indoors or next to windows or doors
 - › Ensure CO2 monitors are installed in the property

DOCUMENT PROPERTY AND POSSESSIONS

- Take photos/videos of property and belongings before hurricane season
- Store documentation in safe location

EMERGENCY KITS

- Discard expired items
- Ensure emergency kit is fully stocked
- Charge portable chargers
- Charge/replace batteries in flashlights

EMERGENCY PLAN

- Review and update emergency plans
- Ensure all colleagues/family know the emergency plan
- Include pets in emergency planning

Glossary

- **Actual Cash Value (ACV):** The amount of money needed to repair or replace a home, minus the decrease in value due to age or use. ACV is also known as Depreciated Cash Value.
- **Claim:** A formal request by a policyholder to an insurance company for coverage or compensation for a covered loss or policy event. The insurance company validates the claim and, once approved, issues payment to the insured or an approved interested party on behalf of the insured.
- **Claimant:** Someone who requests payment from an insurer for covered losses.
- **Deductible:** the amount of money a policyholder pays before their insurance begins to cover covered services.
- **Depreciation:** A decrease in value due to age, wear and tear, etc.
- **Earthquake Deductible:** An earthquake deductible is a specific type of deductible that applies to damage caused by earthquakes. It is usually expressed as a percentage of the property's value or the dwelling limit. Most homeowners insurance policies do not typically cover earthquake damage, so a separate policy or endorsement is often required for coverage.
- **Endorsement:** Amendment to the policy used to add or delete coverage. Also referred to as a "rider."
- **Exclusion:** A provision that eliminates coverage for specific types of damage, locations, acts, or property. Exclusions are a way for insurance companies to define what's covered and what's not in their policies.
- **Hurricane or Named storm deductible:** A named storm deductible is a special deductible that applies to losses caused by named storms, such as hurricanes. Named storm deductibles are different from the normal deductible in a homeowners policy and are usually higher than traditional fixed-dollar deductibles. They are only triggered under specific circumstances and can vary based on location.
- **Insurance to Value (ITV):** The cost to replace or repair if loss or damage occurs. Knowing your insurance to value helps you judge if your home has adequate coverage. The rebuilding cost is different from the market value.
- **Insured:** A person or organization whose life, health, or property is covered by an insurance policy.
- **Limit:** Maximum amount a policy will pay either overall or under a particular coverage.
- **Loss:** The financial damage caused by an insurable event that the insured incurs in order to have a claim for damages.
- **Peril:** Any incident that causes loss or damage to your property. For example, fire, theft, or hail. In insurance policies, some perils are covered and others aren't.
- **Premium:** The amount of money an insurance company charges for insurance coverage.
- **Replacement Cost:** The amount of money needed to repair or rebuild your home at today's prices of building supplies; or replace your belongings at today's cost of the similar.
- **Replacement Value:** The full cost to repair or replace the damaged property with no deduction for depreciation, subject to policy limits and contract provisions.
- **Rider:** Usually known as an endorsement, a rider is an amendment to the policy used to add or delete coverage.

Visit us at [icat.com](https://www.icat.com) to learn more.

This document is for illustrative purposes only and is not a contract. It is intended to provide a general overview of the program described. Please remember only the insurance policy can give actual terms, coverage, amounts, conditions and exclusions. Program availability and coverage are subject to individual underwriting criteria.

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