



## Deductible Guidelines – Property

### Property Deductibles

This section discusses the use of FLAT occurrence deductibles on property risks. Refer to the CAT Wind/Hail Guidelines for use of wind/hail percentage deductibles.

These guidelines apply to New Business. Renewals may be grandfathered, although the Underwriter should consider adjusting wind deductibles when the opportunity arises.

Flat deductibles are “occurrence” deductibles, meaning when one event occurs causing a covered loss, only one deductible applies only once regardless of the number of covered items or structures damaged. For example: If a \$2500 deductible applies to a dwelling and its contents and both are damaged in a tornado, a \$2500 deductible applies to the entire loss. If the policy insures several buildings and contents at a location or multiple locations and all are damaged by one tornado, a \$2500 deductible applies to the entire loss. For this very reason, it does not make sense to vary flat deductibles by structure when multiple structures are located on the same premises. However, in the world of farm and ranch, it is common to have outbuildings of lower values and the Underwriter may use their judgment in varying deductibles by structure but as indicated in the below table we would like to have a minimum of a \$1,000 flat deductible on values less than \$1M. When flat deductibles vary by structure, the Claims Adjuster will use their discretion when calculating the property deductible that applies to multiple structures (with varying flat deductibles) damaged in one occurrence.

The following guidelines apply to use of flat property deductibles:

<b>Limit applying to Dwelling, Barn, Arena, Equipment or Property in the Open</b>	<b>Minimum Deductible to Apply</b>
less than \$1M	\$1,000
greater than \$1M up to \$5M	\$2,500
greater than \$5M up to \$10M	\$5,000
over \$10M	\$10,000

When accepting a risk in a location designated as a decline area in the Divisional CAT Guidelines, apply a minimum of a \$5,000 flat deductible regardless of the property limit and the applicable wind/hail deductible percentage provided it equals or exceeds the \$5,000 flat deductible.