

Insurance Coverage and Maximum Deductible Requirements



Conventional, FHA, & VA	
Type of Coverage	Maximum Deductible
Homeowners	5% of coverage amount
Wind/Hail and Hurricane	5% of coverage amount
Flood	\$10,000

USDA	
Type of Coverage	Maximum Deductible
Homeowners	\$1,000 or 1% of face value of dwelling coverage or minimum deductible offered by the borrower's chosen insurance carrier <i>*see requirement below</i>
Wind/Hail and Hurricane	\$1,000 or 1% of face value of dwelling coverage or minimum deductible offered by the borrower's chosen insurance carrier <i>*see requirement below</i>
Flood	\$1,000 or 1% of face value of dwelling coverage or minimum coverage allowed by state/federal law <i>*See chart below for state/federal law minimum deductibles</i>

***If the HOI dec page is received with any deductible higher than \$1,000 or 1% the following will be required:**

- Statement from the insurance provider indicating the minimum deductible for dwelling, wind/hail and hurricane
- LOX from the borrower stating the name of their chosen insurance carrier and that they are aware of the larger deductible for dwelling, wind/hail and hurricane

Note the minimum deductible must be used



Chart is Applicable to USDA FLOOD Deductibles Only

If flood deductible is higher than \$1,000 a statement from the Insurance agent will be required to state the minimum deductible

PROGRAM TYPE	RATING	MINIMUM DEDUCTIBLE FOR COVERAGE OF \$100,000 OR LESS ²	MINIMUM DEDUCTIBLE FOR COVERAGE OVER \$100,000
EMERGENCY	All	\$1,500	\$2,000 ³
REGULAR	All Pre-FIRM Subsidized ⁴ zones: A, AE, A1–A30, AH, AO, V, VE, and V1–V30, AR/AR Dual zones without Elevation Data	\$1,500	\$2,000
	All Full-Risk ⁵ zones: A, AE, A1–A30, AH, AO, V, VE, and V1–V30, AR/AR Dual zones with Elevation Data and B, C, X, A99, and D	\$1,000	\$1,250
	Tentative and Provisional	\$1,000	\$1,250

**Pre-FIRM = Flood Insurance Rate Map for structures built prior to 1988*

Insurance Coverage Requirements

Conventional Loans: Must have loan amount / 80% of cost new – whichever is greater **or** 100% **guaranteed** replacement cost **or** a letter from Insurance Company stating that the “Coverage amount is at least 80% of the maximum insurable value.”

FHA & VA: Must have loan amount **or** 100% **guaranteed** replacement cost **or** a letter from Insurance Company stating that the “Coverage amount is at least 80% of the maximum insurable value.”

USDA: Must have loan amount **or** 100% **guaranteed** replacement costs