

What is Deductible Buy Back Insurance

Deductible buy back coverage is a second insurance policy. A deductible buy back policy is in addition to your primary (overlying policy). A deductible buy back policy can reduce your deductible to as low as \$2,500 when a covered loss occurs.

Who Should Consider This Coverage?

Deductible buy back coverage can be a good fit for homeowners, property owners, businesses, homeowners associations, real estate investors and anyone who wants a predictable financial plan before a major loss occurs. Deductible buy back coverage is available for wind, hail, flood, fire or earthquakes.

Quick Example of how deductible buy back works

Covered loss	\$35,000
Primary policy deductible	\$20,000
Deductible after buy back	\$5,000
Buy back benefit (out of pocket savings)	\$15,000

In this example, deductible buy back coverage reduced the insured's net out-of-pocket responsibility from \$20,000 to \$5,000.

July 2026 Example of Wind/Hail Deductible Savings

	Current Carrier & Deductible	Comparison 1	Comparison 2	Comparison 3
TIV – Overlying Coverage or Value	\$1,215,000	\$1,215,000	\$1,215,000	\$1,215,000
Comparison Deductible Percentage	1%	5%	3%	3%
Comparison Deductible Amount	\$12,150	\$60,750	\$36,450	\$36,450
NEW Deductible after buy back	Current	\$5,000	\$5,000	\$10,000
Deductible Savings vs Current	–	\$7,150	\$7,150	\$2,150
Premium Overlying Coverage	\$10,860.00	\$3,849.79	\$4,335.03	\$4,335.03
Deductible Buy Back Premium	–	\$3,764.51	\$2,464.92	\$1,986.62
Total All Premiums (Overlying + DBB)	\$10,860.00	\$7,614.30	\$6,799.95	\$6,321.65
Premium Savings	Baseline	\$3,245.70	\$4,060.05	\$4,538.35

What is Parametric Insurance

Parametric Insurance pays based on a predefined trigger or measured event, such as wind speed, hail size, rainfall amount, earthquake intensity, or other objective data point. Rather than waiting for a traditional damage adjustment the payment is made based on the triggering event and terms, usually within days. **Parametric is not dependent on any other coverage** and Parametric Insurance can even be considered a balance sheet item for protection against loss.

Who Should Consider This Coverage?

Parametric insurance is a good fit for property owners, businesses, homeowners associations, real estate investors, and insureds whose business or property is exposed to wind, hurricane, flood, fire, earthquake, natural disasters or other events that may shut your business down or stop revenue. It is useful for customers who want a more predictable financial plan before a major loss occurs.

A SPECIALTY INSURANCE SOLUTION WITH HISTORY

The History of Deductible Buy Back

Deductible Buy Back is not a new or experimental idea. The concept is documented in U.S. insurance records from the 1990s and developed alongside the growth of large catastrophe deductibles.

30+ YEARS of documented use in the U.S. insurance market This is an “in use by” timeline, not a claim of the absolute first policy ever written.

1992	THE MARKET CHANGES Hurricane Andrew Accelerates Percentage Catastrophe Deductibles After Hurricane Andrew, insurers in coastal states increasingly used percentage-based hurricane and windstorm deductibles. Percentage deductibles shift a larger portion of catastrophe loss to the insured and can create substantial out-of-pocket exposure.	1994	DOCUMENTED PLACEMENT ACTIVITY Federal Court Record Documents Deductible Buyback Placement Activity In later litigation involving 1994 renewal negotiations, a broker was described as seeking insurance from other companies to cover a primary policy deductible. The court repeatedly referred to the concept as a “deductible buy-back” policy.
1996	REGULATORY RECOGNITION A State Regulator Formally Recognizes Property Catastrophe Deductible Buyback California’s first surplus-lines Export List, adopted in December 1996, included “Homeowners Earthquake—Excess Limits or Deductible Buyback.” This provides regulatory evidence that property catastrophe deductible buyback was already a recognized specialty insurance product.	2002-04	AN ESTABLISHED PROGRAM LINE Public Insurance Filings Show Deductible Buy-Back as an Active Program RLI Corp.’s SEC-filed annual reports listed “deductible buy-back” among smaller insurance programs and reported earned premium for the group. The filing demonstrates that deductible buyback had moved beyond a theoretical concept and was part of active insurance operations.
2004	CONTINUED RECOGNITION Deductible Buyback Remains on California’s Surplus-Lines Export List California’s 2004 Export List continued to identify “Homeowners Earthquake—Excess Limits or Deductible Buyback,” showing continued recognition of the coverage in the specialty/nonadmitted market.	2016	MODERN STANDALONE COVERAGE Standalone Deductible Buyback Policy Used With a High-Deductible Property Program A 2016 policy later reviewed by the U.S. Court of Appeals for the Fifth Circuit was expressly described as a separate deductible buyback policy. It was purchased because the primary property policy carried a high deductible.
2022	HOW THE PRODUCT WORKS Federal Appellate Court Explains Deductible Buyback The Fifth Circuit explained that a deductible buyback policy may cover all or a portion of the deductible required by a primary policy. This can reduce the insured’s out-of-pocket cost, subject to the buyback policy’s covered perils, terms and conditions.	TODAY	THE MODERN SOLUTION Specialty Coverage Designed to Reduce Retained Risk From Large Deductibles The modern Deductible Buy Back policy is designed to address a specialized coverage gap: the portion of a large deductible the insured would otherwise retain after a covered loss. It can be particularly useful with large wind, hail and catastrophe deductibles.

THE TAKEAWAY

Deductible Buy Back Isn’t New. The Need for It Has Grown.

As property deductibles have become larger, especially for catastrophe exposures, Deductible Buy Back provides another way to help make an insured’s retained risk more manageable.

30+
Years of
Documented
History

Historical information is provided for educational purposes. Actual coverage is governed by the policy, endorsements, underwriting terms and applicable insurance laws.

Want More Info Call (888) 528-0700 or scan QR

