

Homeowners Insurance



TDI | Texas Department
of Insurance

Learn about insurance
800-252-3439 | tdi.texas.gov

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Get help from TDI

For insurance questions or for help with an insurance-related complaint, call our **Help Line** at **800-252-3439** or visit our website at **tdi.texas.gov**.

Visit **HelpInsure.com** to shop for auto, homeowners, condo, and renters insurance, and **TexasHealthOptions.com** to learn about health insurance.

Homeowners insurance protects you financially if your home or property is damaged or destroyed by something your policy covers, like a fire or storm.



Texas has a Consumer Bill of Rights for homeowners and renters insurance. Your insurance company will give you a copy of the Bill of Rights when you get or renew a policy.

Is homeowners insurance required?

The law doesn't require you to have homeowners insurance. But if you still owe money on your home, your lender will require you to have it. Even though it's not legally required, homeowners insurance is a good idea because it helps protect your home and other assets.

Types of homeowners coverages

Homeowners policies combine several types of coverage into one policy. Most homeowners policies in Texas include these six coverages:

1. **Dwelling coverage** pays if your house is damaged or destroyed by something your policy covers.
2. **Personal property coverage** pays if your furniture, clothing, and other things you own are stolen, damaged, or destroyed.
3. **Other structures coverage** pays to repair structures on your property that aren't attached to your house. This includes detached garages, storage sheds, and fences.
4. **Loss of use coverage** pays your additional living expenses if you have to move while your house is being repaired. Additional living expenses include rent, food, and other costs you wouldn't have if you were still in your home.
5. **Personal liability coverage** pays medical bills, lost wages, and other costs

for people that you're legally responsible for injuring. It also pays if you're responsible for damaging someone else's property. It also pays your court costs if you're sued because of an accident.

- 6. **Medical payments coverage** pays the medical bills of people hurt on your property. It also pays for some injuries that happen away from your home – if your dog bites someone at the park, for instance.

What risks does a homeowners policy cover?

Your homeowners policy protects you against different risks, or perils. Risks and perils are things that could damage your house or property. This table shows common risks that most policies do and don't cover. Coverages vary by company. Read your policy or talk to your agent to be sure of your exact coverages.

Most policies cover:	Most policies don't cover:
Fire and lightning	Flooding
Explosion	Termites, insects, rats, or mice
Theft	Losses that occur if your house is vacant for the number of days specified by your policy
Vandalism, malicious mischief, riot, and civil commotion	Wear and tear
Aircraft and vehicles	Earthquakes or earth movement
Windstorm, hurricane, and hail (but not if you live on the Gulf Coast)	Wind or hail damage to trees and shrubs

Replacement cost vs. actual cash value coverage

Homeowners policies provide either replacement cost coverage or actual cash value coverage. To be fully protected, make sure your policy has replacement cost coverage.

- **Replacement cost coverage** pays to repair your home or replace your property at current costs. For instance, say you bought a couch 10 years ago and paid \$1,000 for it. If it's destroyed in a fire, a replacement cost policy will pay you enough to buy a new couch like your old one, even if the cost is more than what you originally paid.
- **Actual cash value coverage** pays replacement cost minus depreciation. Depreciation is a decrease in value because of wear and tear or age. For example, if your 10-year-old couch is destroyed in a fire, an actual cash value policy will

pay you the value of a 10-year-old, used couch. It won't pay to replace it with a new couch like the one you had.

Deductibles and dollar limits

If you have a claim, you must meet a deductible.

A deductible is the amount of a claim that you must pay yourself. For instance, if you have a \$1,000 claim and your policy has a \$300 deductible, the insurance company will deduct \$300 from your claim amount and pay you \$700. You have different deductibles for each type of coverage.

Policies pay only up to their dollar limits.

Each type of coverage has a dollar limit. Make sure you have enough coverage to replace your home and property if you have a total loss. If you don't have enough coverage, you'll have to pay the difference yourself. Most companies require you to insure your house for at least 80 percent of its replacement cost. Some companies require you to insure your house for 100 percent of its replacement cost.

The first page of your policy is the declarations page. It has a summary of your policy, including your coverages, dollar limits, and deductibles.

Personal property coverage

Homeowners policies usually pay a percentage of your dwelling coverage limit to repair or replace your furniture, clothes, and other property. For example, say you insure your house for \$100,000 and your policy covers your property at 20 percent of that. Your personal property would be insured for up to \$20,000.

Homeowners policies limit what they'll pay for things like jewelry and art. If you own expensive jewelry, art, or other items, talk to your agent about adding more coverage.

Make a list of the items you own.

A complete list of your property will help you decide how much coverage you need and will make filing claims easier.

Update your list regularly. If you can, include the date you bought each item, its value, and its serial number. This is especially important for expensive items. Photograph or videotape each room, including closets, storage buildings, and your garage. Open drawers and photograph what's inside. Keep the list and receipts for major items in a fireproof safe or at another location. Use the Home Inventory Checklist on our website to help make your list.

Other coverages you might need

Your homeowners policy might not protect you against some risks. You can buy a separate policy or add on to your policy if you need more protection.

Flood insurance

Homeowners policies don't cover damage caused by floods. To protect yourself from losses caused by flooding, buy a flood insurance policy from the National Flood Insurance Program (NFIP). If your property is in a flood hazard area, your lender will require you to have flood insurance. For more information and to learn whether you're in a flood hazard area, visit [FloodSmart.gov](https://www.floodsmart.gov) or call 800-427-4661.

Windstorm and hail insurance on the Gulf Coast

If you live on the Texas coast or in Harris County on Galveston Bay, your homeowners policy doesn't cover wind and hail damage. The Texas Windstorm Insurance Association (TWIA) sells wind and hail coverage for coastal residents. You buy TWIA coverage from local insurance agents. Depending on where you live, you might need flood insurance before TWIA will sell you a policy. You also might need a home inspection by an engineer or a windstorm inspector. For more information, visit [twia.org](https://www.twia.org) or call 800-788-8247.

Don't wait until the last minute to buy wind and hail insurance. TWIA won't sell you a policy if there's a hurricane in the Gulf of Mexico.

Extra liability coverage

Homeowners policies provide liability protection, but the amount of coverage is limited. If you want more coverage than your policy provides, you can buy a separate umbrella liability policy.

Extra coverage (endorsements)

Most companies offer endorsements, or policy add-ons, that let you increase or add coverage. Common endorsements include coverage for:

- jewelry, fine arts, or electronics (your policy provides some coverage, but it might not be enough to cover expensive items);
- backup of sewers or drains;
- damage to foundations or slabs;
- extra construction or repair costs to meet local building codes;

- extra construction costs if your policy doesn't pay enough to rebuild your home;
- mold removal; and
- damage from earthquakes.

Coverage for short-term rentals

Most policies won't pay for damages or injuries that occur during short-term rentals. If you rent out your house for short-term lodging, ask your insurance agent if you're covered. You might need to buy more coverage.

If you're a guest in a short-term rental, your homeowners or renters policy might cover you if you damage a host's property. Ask your insurance agent before you rent. If you're renting through an app or website that offers insurance coverage, ask your agent if you need it.

Other types of property insurance

- **Renters insurance** covers your clothes, furniture, and other personal property if they're stolen or damaged while you're living in a rented house or apartment. Renters insurance won't pay to fix the house or apartment building. The building owner's policy does that. You might not need renters insurance if you're still a dependent. Your parents' homeowners policy might cover your property, even if you're not living at home.
- **Condominium insurance** covers your property and the interior of your unit. It also provides liability protection and pays additional living expenses.
- **Townhouse insurance** can either cover the interior and exterior of your townhouse, or just the interior. The difference depends on whether the homeowners association has a master policy that covers the exterior. If it does, you can buy a policy that covers only the interior. If the association's master policy doesn't cover the exterior, you can buy a policy that covers both the interior and exterior. Townhouse insurance also covers your personal property and provides liability and additional living expenses coverage.
- **Mobile home insurance** covers the mobile home, your personal property, and additional living expenses. It also provides liability coverage.
- **Farm and ranch insurance** is for homes outside city limits on land used for farming and raising livestock.

Understanding rates and premiums

Texas law requires insurance companies to charge rates that are fair, reasonable, and adequate for the risks they cover. We don't approve rates in advance, but if we find that an insurance company's rates are too high, we can require it to pay refunds to the people it overcharged. Insurance companies may appeal our decisions.

How do companies decide what to charge me?

Insurance companies use a process called underwriting to decide whether to sell you a policy and how much to charge you. The amount you pay for insurance is called a premium. Each company's underwriting rules are different. This means one company might be willing to sell you a policy, even if another company isn't. It also means that different companies charge different rates.

Most companies consider these things when deciding on your premium:

- **Your home's age and condition.** Companies can't turn you down just because of your home's age or value, but they can charge you more.
- **Your home's replacement cost.** Houses with higher replacement costs have higher premiums.
- **Construction materials.** Premiums are higher for houses built completely of wood. They're lower for houses built of brick or stone.
- **Where you live.** Premiums are higher in areas that have more storms or crime.
- **Availability of local fire protection.** Premiums are lower for houses that are close to fire stations.
- **Your claims history.** Your premiums might be higher if you've had claims in the past.
- **Your credit score.** Some companies use your credit score to decide what to charge you. Your premiums will be lower if you have good credit. A company can't turn you down based only on your credit, however. To find out which companies use credit scores, visit [HelpInsure.com](https://www.helpinsure.com).

Insurance companies may check the claim history of you and your house.

Most companies use the Comprehensive Loss Underwriting Exchange (CLUE) to learn your claims history. CLUE reports show the claims history of people and houses, regardless of who owned them, for the last seven years. A company can charge you

more or refuse to sell you a policy based on the information in your CLUE report.

Companies can report information to CLUE only if you filed a claim. You can challenge wrong information. You can get a free copy of the report each year. Call LexisNexis at 866-312-8076.

Your rights

An insurance company may not:

- turn you down or charge you more because of your race, color, religion, or national origin;
- turn you down or charge more because of your age, gender, marital status, geographic location, or disability unless the company can show that you're a greater risk for a loss than other people it's willing to insure;
- turn you down, charge you more, or treat you differently than other people in your rate or risk class unless the company can show that you're a greater risk than others; or
- turn you down or charge you more only because of your credit score.

Saving money on your insurance

Ask your agent about discounts.

Discounts help lower your premium. Each company decides what discounts to offer and the amount of the discount. You might be able to get a discount if you have:

- a burglar alarm;
- a fire alarm or sprinkler system;
- an impact-resistant roof;
- a newer home or a home in good condition;
- other policies with the same insurance company; and
- no claims for three years in a row.

Visit HelpInsure.com to find out what discounts companies offer.

Protect your home and property from crime.

A company might charge you more or refuse to insure you if your home appears vulnerable to crime. To help burglar-proof your home:

- Install dead bolts on doors and windows.
- Install a burglar alarm that calls police or a security company.
- Eliminate hiding places for thieves and vandals. Keep trees and shrubs trimmed, especially around windows and doors.
- Don't park cars on the street. Cars parked on the street are tempting targets for thieves and vandals.
- Don't leave your garage door open, even if you're at home. It only takes a minute for thieves to grab things from your garage and leave without your noticing.
- Turn on outside lights at night or put outside lights on timers.
- Write an identification number on your property to help identify items if they're stolen.

Keep your house and yard in good shape.

Someone from the insurance company will inspect the outside of your house when you apply for insurance. Companies may charge you more or refuse to insure you based on what they see. To improve your home's safety and appearance:

- Replace rotting boards, sagging screens, and other damage.
- Fix cracks in walkways, loose railings, uneven steps, and other things that could cause an accident.
- Replace a damaged or worn roof.
- Keep your yard, trees, and shrubs clean and trimmed. Remove tree limbs hanging over your house.
- Repaint if your paint is peeling or faded.

Losing your insurance

If you ask, a company must tell you in writing why it turned you down or didn't renew your policy. You may complain to us if you think a company improperly denied, canceled, or nonrenewed your policy.

What happens if a company cancels my policy or doesn't renew it?

Cancellation means either you or the insurance company stops coverage before your policy's end date. A company must give you 10 days' notice before it cancels your policy. A company may cancel your policy in the first 60 days if:

- it learns about a risk you didn't tell it about and that wasn't part of a previous claim; or
- it doesn't accept a copy of a required inspection report before the policy starts.

An insurance company may cancel your policy anytime if:

- you stop paying your premiums;
- you file a fraudulent claim;
- continuing the policy violates the law; or
- there's an increase in risk within your control that would raise your premium.

If either you or the company cancels your policy, the company must refund any unearned premium to you within 15 days after the date of the cancellation. Unearned premium is the amount you paid in advance that didn't go toward coverage. For example, say your premium is \$100 a month, or \$1,200 a year. If you paid for the full year in advance, but then cancel your policy after one month, the company would owe you \$1,100 in unearned premium.

Nonrenewal means a company refuses to renew your policy when it expires. A company must tell you in writing that it isn't going to renew your policy. It must tell you at least 30 days before your policy expires. If the company doesn't tell you in time, it must renew the policy if you ask.

A company may nonrenew your policy if:

- Your house is in bad condition. Instead of nonrenewal, the company might require you to repair damage before it renews your policy. Companies usually give you at least six months to make repairs.

- You file three or more nonweather-related claims in three years. If you file two nonweather-related claims, the company must tell you that you're in danger of nonrenewal. If it doesn't, it can't refuse to renew your policy because of a third claim. The first two appliance-related water damage claims don't count if you've fixed the damage and it's passed inspection by a qualified inspector. A company can raise your rates if you file two or more nonweather-related claims.
- Your house is vacant for 60 days or more. Most companies stop your coverage if your house is vacant for that long. They usually don't stop your liability coverage, though. If you plan to be out of your house for an extended time, talk to your company to make sure your coverage continues.

A company may not refuse to renew your policy if you file a claim for something your policy doesn't cover. It can raise your rates, though.

What if I can't find a company willing to insure me?

If you can't find a company to sell you a policy, you might be able to get coverage through the Texas FAIR Plan Association or a surplus lines insurance company. FAIR Plan and surplus lines coverage is more expensive than coverage from a standard insurance company.

The Texas FAIR Plan Association sells basic homeowners insurance. You can get FAIR Plan coverage if you can't find a Texas-licensed company to insure you and at least two companies have turned you down. For more information, call your agent or the FAIR Plan at 800-979-6440.

Surplus lines companies are out-of-state companies that insure risks that companies in Texas won't insure. Although they don't have a Texas license, they must meet state standards to sell insurance here. Surplus lines companies must be licensed in their home state or country. Agents must make a good effort to find coverage with a Texas-licensed company before selling you a surplus lines policy.

Homeowners claims

To help make the claim process go smoothly, follow these tips:

- **Tell your company as soon as possible.** Most companies have deadlines for you to file a claim. Some policies have a one-year deadline unless you can show good cause for the delay. If you have a wind and hail policy with TWIA, you have one year from the date of damage to file a claim. For more information

about TWIA claims, call our Coastal Outreach and Assistance Services Team at 855-35COAST (855-352-6278).

- **Make a list of your damaged property.** If possible, take pictures or videos of the damage before making any repairs.
- **Make only temporary repairs to protect your house and belongings.** For instance, board up broken windows or put a tarp over a damaged roof. Don't make permanent repairs. The insurance company might deny your claim if you make permanent repairs before it sees the damage.
- **Keep receipts.** To get full payment, you may need to prove to the insurance company that you replaced destroyed items. Receipts will help you do this. Also keep receipts for any materials you bought to make repairs.
- **Try to be there when the insurance company's adjuster looks at your damage.** It's a good idea to have your contractor with you. Your contractor can talk to the adjuster about estimates and other issues.
- **Make sure your company knows how to contact you.** If you have to move, give your adjuster and company your new address and a phone number where you can be reached.

After I file my claim, what can I expect?

Texas law sets deadlines for insurance companies to act after you've filed a claim. Your company must:

- **Tell you that it got your claim within 15 days.** The company may ask you for a signed, notarized proof of loss form. You'll need to list your damaged or lost items. Don't forget to include small items like kitchen utensils and bathroom accessories. The company may ask you for other information. To help the claim process go smoothly, provide all the information as soon as you can.
- **Send an adjuster to look at your damage.** The adjuster will decide how much damage you have and estimate the cost to repair or replace your property. The insurance company will base its payment on the adjuster's estimate. After the company assigns an adjuster to your claim, the adjuster will probably be your main contact with the company. If the damage turns out to be worse than the adjuster originally thought, you or your contractor can talk to the adjuster about raising the estimate.

- **Accept or deny your claim within 15 business days of getting all the information it needs from you.** If the company denies your claim, it must tell you why in writing. The deadline may be longer after major disasters.
- **Send you a check within five business days after it agrees to pay your claim.** If the insurance company doesn't meet the payment deadline, you can sue the company for the amount of the claim, plus interest and attorney fees.

There are some exceptions to the deadlines:

- A company that needs more time can take 45 days to decide whether to pay your claim. It must tell you the reason for the delay.
- If a company suspects arson, it has 30 days to accept or deny your claim.
- A surplus lines company has 20 business days to pay your claim after it agrees to pay.
- TWIA has 60 days to tell you whether it will accept or deny your claim. It may ask you for more information. Once it's gotten the information it needs and has accepted your claim, it has 10 days to pay.

What if I need help negotiating my claim?

You can hire a public insurance adjuster to help you. Public adjusters work for you, not the insurance company. Public adjusters charge fees for their services. Before you hire one, make sure you understand what you'll have to pay.

Public adjusters can't give legal advice or take part in repairing your property. They also can't do anything that would be a conflict of interest. Public adjusters must have a TDI license. To learn whether a public adjuster is licensed, call our Help Line or use the Agent Lookup feature on our website.

How companies pay claims

Repair claims

If you owe money on your home, the insurance company will make the check for repairs out to both you and your mortgage company. When you get the check, you'll need to endorse it and send it to the mortgage company. In most cases, the mortgage company will deposit the check and release money to you as the work is done.

The mortgage company may ask you for more information before it releases money to you. For instance, you might need to give the mortgage company a list of the work

to be done and cost estimates, information about who's doing the work, and timelines. After the mortgage company gets the information, it must release all or some of the money to you within 10 days. If your mortgage company doesn't release the money on time, complain to the Texas Attorney General's Office. Call 800-252-8011 or visit TexasAttorneyGeneral.gov.

If you have a replacement cost policy, most companies pay with two checks.

You'll get the first check after the adjuster has looked at your damage. This check will be for the estimated cost of repairs, minus depreciation and your deductible. Depreciation is an amount subtracted for wear and tear or age. A deductible is the amount of the claim that you must pay yourself. Read your policy or ask your agent if you don't know how much your deductible is.

The insurance company will give you a check for the amount it kept for depreciation after it gets the bill for the finished job. You usually must complete repairs within a certain period of time. Ask your agent or adjuster if you're not sure how long you have to repair or replace your property.

Personal property claims

If you have to replace your clothes, furniture, and other personal items, the insurance company will make the check out to you. If you have replacement cost coverage, you'll get two checks. The first will be for the actual cash value of the items. Actual cash value is the cost to replace the item, minus depreciation. After you've replaced the item, the company will give you a check for the rest of your claim amount.

Additional living expenses claims

If you must move while your house is being repaired, your policy might pay for your additional living expenses, or ALE. Additional living expenses include rent, food, and other costs you wouldn't have if you were still in your home.

If your policy covers ALE, it will usually pay 10 to 20 percent of the amount of the dwelling coverage on your house.

Watch your expenses to make sure you don't run out of ALE.

Your insurance company will pay for your additional living expenses only up to your policy's ALE dollar limits. Because repairs on your home can sometimes take months, watch your expenses to make sure you have enough ALE to cover the entire time you'll be out of your home. If you reach your policy's ALE dollar limits before your home is fully repaired, you'll have to pay the rest of your additional living expenses out of your own pocket.

Resolving problems

If you disagree with the adjuster's estimate or the amount the company is offering to pay you, tell the insurance company why. You might be able to work things out by talking with the company or the adjuster. If that doesn't resolve the issue, here are your options:

- **Ask for an appraisal.** The appraisal process is for disputes about the amount of your claim. It isn't for disputes about whether your policy covers a loss. If you use appraisal, you and the insurance company each hire an appraiser. The two appraisers then choose a third appraiser as an umpire. Your appraiser and the company's appraiser each estimate the amount of your loss. If the estimates are different, the umpire makes the final decision. The umpire's decision is binding on both you and the insurance company. You pay for your appraiser and half of the umpire's expenses.
- **Complain to us.** Your complaint must be in writing. You can use our Online Complaint Portal.
- **Resolve your issue in court.** You might have to file a lawsuit to resolve the issue. If the damage was caused by a disaster, you must tell the company in writing at least 61 days before you sue. You can give less notice if waiting would cause you to miss the deadline for filing a suit.

If your claim is for less than \$10,000, you can use Justice Court. Justice Court is a special court that handles small-claims disputes. You don't need an attorney, but you have to pay a filing fee and other court costs in advance. If you win, you can get that money back. For more information, call your county justice of the peace office.

The differences between homeowners, flood, and wind and hail policies

	Homeowners insurance	Flood insurance from the National Flood Insurance Program	Wind and hail insurance from the Texas Windstorm Insurance Association
What does the policy cover?	<ul style="list-style-type: none"> • Fire and lightning • Sudden and accidental release of water or smoke • Explosion • Theft • Vandalism, malicious mischief, riot, and civil commotion • Damage from aircraft and vehicles • Windstorm, hurricane, and hail (but not if you live on the Gulf Coast) 	Damages caused by flooding. NFIP has its own definition of a flood.	Damages caused by windstorm or hail
What damages does the policy not cover?	<ul style="list-style-type: none"> • Flooding • Continuous water leak • Mold removal, except to repair damage caused by a covered risk • Termites, insects, rats, or mice • Wear and tear • Earthquakes or earth movement • Wind or hail damage to trees and shrubs 	Damage caused by things other than floods	Damage caused by flooding, rain, or storm surge. Wind-driven rain is covered if it enters through an opening in your roof or wall that was caused by the direct force of wind or hail.
Who can get it?	Homeowners. There are other types of policies for renters, people who rent to others, condo owners, and commercial property owners.	Homeowners, renters, condo owners, people who rent to others, and commercial owners and renters.	Homeowners, mobile home owners, and commercial property owners in the 14 coastal counties and part of Harris County on Galveston Bay.
How do I buy it?	Call an agent. See sample rates and coverage comparisons on HelpInsure.com .	Call an agent or call NFIP at 888-FLOOD 29.	Call an agent.
Does it pay for additional living expenses (ALE)?	Yes	No	No, but you can add it to your policy.

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