

# Texas Homeowners Policies

Companies must write Texas homeowners insurance on policy forms approved by TDI.

- Before 2003, companies had to use Texas promulgated forms or Insurance Services Office (ISO)<sup>1</sup> forms.
- Insurers began filing and using their own forms in 2003 under SB 14 (78th Legislature), although some still use the promulgated forms.
- The forms can be generally categorized into four types.

Policy Types		Type of Coverage
Texas Policy Form	ISO Policy Form	
HO-A	HO 1	<p><i>Named perils</i> for both building and contents – <i>Basic</i></p> <ul style="list-style-type: none"> <li>• Perils vary depending on the policy, but commonly include fire, lightning, smoke, windstorm, hurricane, hail, explosion, aircraft and vehicles, vandalism, riot and civil commotion, theft, and premises liability.</li> </ul>
HO-A+	HO 2	<p><i>Named perils</i> for both building and contents – <i>Broad (Basic with extended perils)</i></p> <ul style="list-style-type: none"> <li>• Perils vary depending on the policy, but commonly include basic perils plus falling objects; weight of ice, sleet, or snow; freezing pipes; and some coverage for sudden and accidental water discharge.</li> </ul>
HO-B	HO 3	<p><i>All risk</i> for building (all perils unless excluded); <i>named perils</i> for contents – <i>Broader</i></p> <ul style="list-style-type: none"> <li>• Building – Covers all perils not specifically excluded in the policy. Exclusions vary by policy, but typically include earthquake; flood; wear and tear; mold, fungus, and rot; mice, insects, and other pests; and continuous and repeated seepage of water.</li> <li>• Contents – Perils vary depending on the policy, but commonly include basic perils plus falling objects; weight of ice, sleet, or snow; freezing pipes; and some coverage for sudden and accidental water discharge.</li> </ul>
HO-C	HO 5	<p><i>All risk</i> (all perils unless excluded) for building and contents – <i>Broadest</i></p> <ul style="list-style-type: none"> <li>• Covers all perils not specifically excluded in the policy. Exclusions vary by policy, but typically include earthquake; flood; wear and tear; mold, fungus, and rot; mice, insects, and other pests; and continuous and repeated seepage of water.</li> </ul>

<sup>1</sup> ISO is a national advisory organization that develops standard policy forms. Insurance companies that are ISO members can use these forms by making filings with TDI.

***Policy Exclusions*** — Companies exclude coverage for specific losses. Even the most comprehensive all-risk policy will exclude certain types of loss or damage. Common exclusions include:

- flood;
- earthquakes;
- termites, insects, rats, or mice;
- freezing pipes while your house is unoccupied;
- losses if your house is vacant for the number of days specified by your policy;
- wear and tear or maintenance;
- wind or hail damage to trees and shrubs;
- mold, except necessary costs to repair or replace property damage caused by a covered water loss; and
- water damage resulting from continuous and repeated leakage or seepage.

Some companies allow you to buy full or limited coverage for excluded perils, such as:

- flood;
- earthquakes;
- continuous and repeated leakage or seepage of water;
- vacant property; and
- mold remediation.

**Example — Limited Water Coverage**

Companies may also provide limited coverage for specific perils. For example, the following companies cover sudden and accidental discharge or overflow of water or steam, but there is no coverage if there is continuous or repeated seepage or leakage of water for a time that exceeds the periods specified below.

Company	14 Days <sup>1</sup>	Weeks, Months, or Years <sup>2</sup>	A Period of Time, Resulting in Deterioration <sup>3</sup>
Companies using the Texas HO-A Plus	X		
Companies using ISO Policy Forms		X	
State Farm Lloyds			X
Texas Farmers Insurance Company			X
Allstate Texas Lloyds	X		
United Services Automobile Association	X		
Safeco Insurance Company of Indiana		X	
Liberty Insurance Corporation	X		
ASI Lloyds	X		
Allstate Fire and Casualty Insurance Company	X		
Texas Farm Bureau Mutual Insurance Company			X

<sup>1</sup> This peril does not include loss caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture, or vapor over a period of 14 or more days from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or from within a household appliance.

<sup>2</sup> This peril does not include loss caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months, or years.

<sup>3</sup> This peril does not include loss caused by or resulting from continuous or repeated seepage or leakage of water or steam which occurs over a period of time and results in deterioration, corrosion, rust, or wet or dry rot.

## Typical Structure of a Homeowners Policy

Policy Coverage Sections	Description
<b>Dwelling</b>	Pays if your house is damaged or destroyed.
<b>Personal Property</b>	Pays if the items in your house (such as furniture, clothing, and appliances) are damaged, stolen, or destroyed.
<b>Other Structures</b>	Pays to repair or rebuild structures not attached to your house (such as detached garages, storage sheds, and fences).
<b>Loss of Use</b>	Pays your additional living expenses (such as housing, food, and other essential expenses) if you have to temporarily move because of damage to your house. Your policy will pay either a percentage of the amount of your dwelling coverage (typically 10 to 20 percent) or for a specific period after the loss (such as 24 months).
<b>Personal Liability</b>	Pays to defend you in court against lawsuits and provides coverage if you are found legally responsible for someone else's injury or property damage.
<b>Medical Payments</b>	Pays the medical bills of people hurt on your property. It might also pay for some injuries that happen away from your home (such as your dog biting someone at the park).

**Policy Conditions** — Coverage depends on policy terms and conditions. Some common policy conditions are:

Policy Conditions	Description
<b>Deductibles</b>	May be a percentage of the policy limits or a flat dollar amount.
<b>Loss Settlement</b>	Policies may settle losses in one or both of the following ways: <ul style="list-style-type: none"> <li>• <b>Replacement cost</b> pays to replace or repair your property, based on current costs, without deduction for depreciation; or</li> <li>• <b>Actual cash value</b> pays to repair or replace your property minus depreciation.</li> </ul>
<b>Appraisal</b>	Either party can demand appraisal to determine the amount of loss.
<b>Suit</b>	May require notice or appraisal as a condition precedent to suit.

## *Resources*

- The Office of Public Insurance Counsel provides a [comparison tool](http://www.opic.texas.gov/residential-property/compare-policy-coverages/homeowners?view=opic&insurancetype=2) on its website for consumers to compare policies: <http://www.opic.texas.gov/residential-property/compare-policy-coverages/homeowners?view=opic&insurancetype=2>.
- TDI maintains the [HelpInsure](http://www.helpinsure.com/index.html) website, which allows consumers to compare sample rates and coverages: <http://www.helpinsure.com/index.html>.