

## **Consumer Bill of Rights For Homeowners, Dwelling and Renters Insurance**

**AVISO:** Este documento es un resumen de sus derechos como asegurado. Usted tiene el derecho a llamar a su compañía y pedir una copia de estos derechos en español.

### **Introduction**

This Bill of Rights is a summary of your rights and does not become a part of your policy. The Texas Department of Insurance (TDI) adopted the Bill of Rights and requires insurance companies to provide you a copy when they issue your policy.

Texas law gives you certain rights regarding your homeowners, dwelling and renters insurance. This Bill of Rights identifies your rights specified by rule or by state statute, but it does not include all your rights. Also, some exceptions to the rights are not listed here. If your agent, company, or adjuster tells you that one of these rights does not apply to you, contact TDI Consumer Protection at 1-800-252-3439 (463-6515 in Austin) (111-1A), P.O. Box 149091, Austin, TX 78714-9091. For a list of the specific law(s) and/or rule(s) summarized in each item of this Bill of Rights, or if you have questions or comments contact the Office of Public Insurance Counsel at 333 Guadalupe, Suite 3-120, Austin, TX 78701 (512-322-4143) or <http://www.opic.state.tx.us>.

This Bill of Rights does not address your responsibilities. Your responsibilities concerning your insurance can be found in your policy. Failure to meet your obligations may affect your rights.

### **Information**

1. You have the right to call TDI free of charge at 1-800-252-3439 or 463-6515 in Austin to learn more about:
  - your rights as an insurance consumer;
  - the license status of an insurance company or agent;
  - the financial condition of an insurance company;
  - the complaint ratio and type of consumer complaints filed against an insurance company;
  - an insurance company's rate as compared to the range of rates set by the state;
  - programs designed to assist homeowners in underserved areas who have difficulty obtaining insurance such as the Market Assistance Program (MAP) 1-888-799-MAPP (6277); and
  - other consumer concerns.

You can also find some of this information on the TDI website at <http://www.tdi.state.tx.us>.

2. You have the right to a toll-free number to call your insurance company free of charge with questions or complaints. You can find this number on a notice accompanying your policy. This requirement does not apply to small insurance companies.

### **Buying Insurance**

3. Your insurance company or agent cannot make false, misleading, or deceptive statements to you relating to insurance.
4. Upon request, you have the right to be told in writing why you have been denied coverage. The written statement must fully explain the decision, including the precise incidents, circumstances, or risk factors that disqualified you. It must also state the sources of information used.

NOTE: The obligation to provide a written explanation applies to insurance companies directly. An independent agent does not have a specific duty to quote the lowest possible rate to a consumer or to provide a written statement explaining why the agent did not offer the consumer the lowest possible rate.

5. If you authorize your insurer to withdraw your premium payments directly from your financial institution, including your escrow account, your insurer cannot increase the amount withdrawn unless:
  - the insurer notifies you of the premium increase at least 30 days prior to its effective date and provides a postage paid form you can use to object to the increase; and
  - you do not notify the insurer or financial institution that you object to the increase at least 5 days prior to the increase.

This does not apply to premium increases specifically scheduled in the original policy or to increases based on policy changes you request, or to an increase that is less than \$10 or 10% of the previous month's payment.

6. For property located in areas designated by the Commissioner in certain counties on or near the coast, you have the right to buy windstorm and hail coverage from the Texas Windstorm Insurance Association. Your property must meet certain requirements, and the basic coverage is limited to a maximum amount set each year by the Commissioner of Insurance. This right applies whether or not you buy other insurance for your house. In all other counties your homeowners or dwelling policy includes this coverage. You may be able to purchase additional coverage from the Association.
7. Voluntary Inspection Program: You have the right to have an independent inspection of your property by any person authorized by the Commissioner of Insurance to perform inspections. Contact TDI for a list of available inspectors. Once the inspector

determines that your property meets certain minimum requirements and issues you an inspection certificate, no insurer may deny coverage based on property conditions without reinspecting your property. If an insurer then denies coverage, the insurer must identify, in writing, the specific problem(s) that makes your property uninsurable.

### **Discounts**

8. Your insurance company must offer the following discounts. There are specific procedures you must follow in order to qualify for the discounts. Ask TDI, your agent or insurance company for details on how to qualify for a discount.
- Home security specifications for doors, windows and locks (5%) (does not apply to dwelling policies)
  - Centrally monitored electronic burglar alarm (15%) (does not apply to dwelling policies)
  - Fire protection sprinkler system (homeowners 8%) (dwelling 12% of fire premium)
  - Impact-resistant (hail-resistant) residential roof (discount varies from 1%-35% depending on location of the property and the classification of the roofing material). Some insurance companies may require you to accept an exclusion for cosmetic damage to your roof.

If the insurance company is a Lloyd's company, a Reciprocal or Interinsurance Exchange, or a County Mutual, the amount of the discount is determined by the company and may be different from the percentages listed above.

### **Cancellation of Your Policy and Refusal to Renew Your Policy**

**Cancellation** means that **before the end** of the policy period the insurance company:

- terminates the policy;
- reduces or restricts coverage under the policy; or
- refuses to provide additional coverage to which you are entitled under the policy.

**Refusal to renew** and **non-renewal** mean the policy terminates **at the end** of the policy period.

The **policy period** is shown on the declarations page at the front of your policy.

9. After your initial policy with your company has been in effect for 90 days, that insurance company cannot cancel your policy unless:
- you don't pay your premium when due;
  - you file a fraudulent claim;
  - there is an increase in the hazard covered by the policy that is within your control and results in an increase in the policy premium; or

- TDI determines continuation of the policy would result in violation of insurance laws.
10. To cancel your policy, your insurance company must mail you at least 10 days notice of the cancellation. Your policy may provide for even greater notice.
  11. If the insurance company does not mail you notice of non-renewal at least 30 days before your policy expires, you have the right to require the insurance company to renew your policy.
  12. Upon request, you have the right to a written explanation of an insurance company's decision to cancel or non-renew your policy. The written statement must fully explain the decision, including the precise incidents, circumstances, or risk factors that disqualified you. It must also state the sources of information used.
  13. You have the right to cancel your policy at any time and receive a refund of the remaining premium.
  14. If your marital status changes, you have the right to continue your insurance coverage. You have a right to a new policy in your name that has coverages which most nearly approximate the coverages of your prior policy, including the same expiration date. The insurance company cannot date the new policy so that a gap in coverage occurs.
  15. Your insurance company cannot use claims you filed as a basis to non-renew your policy unless:
    - you file three or more claims in any 3-year period; and
    - your insurer notified you in writing after the second claim that filing a third claim could result in non-renewal of your policy.

In determining the number of claims filed, your insurance company cannot include:

- claims for damage from natural causes, including weather-related damage; or
- claims filed but not paid or payable under the policy.

### **Claims**

16. You have the right to be treated fairly and honestly when you make a claim. If you believe an insurance company has treated you unfairly, call TDI at 1-800-252-3439 (463-6515 in Austin) or download a complaint form from the TDI website at <http://www.tdi.state.tx.us>. You can complete a complaint form on-line via the Web or fax it to TDI at 512-475-1771.
17. You have the right to reject any settlement amount, including any unfair valuation, offered by the insurance company. You have the right to have your home repaired by the repair person of your choice.

18. The insurance company must tell you in writing why your claim or part of your claim was denied.
19. You have the right to refuse to provide your insurance company with information that does not relate to your claim. In addition, you may refuse to provide your federal income tax records unless your insurer gets a court order or your claim involves lost income or a fire loss.
20. When you file a claim on your own policy, you have the right to have your claim processed and paid promptly. If the insurance company fails to meet required claims processing and payment deadlines, you have the right to collect 18% annual interest and attorney's fees in addition to your claim amount.

Generally, within **15 calendar days**, your insurance company must acknowledge receipt of your claim and request any additional information reasonably related to your claim. Within **15 business days** (30 days if the company reasonably suspects arson), after receipt of all requested information, the company must approve or deny your claim in writing. The law allows the insurance company to extend this deadline up to **45 days** if it notifies you that more time is needed and tells you why.

After notifying you that your claim is approved, your insurance company must pay the claim **within 5 business days**.

If your claim results from a weather-related catastrophe or other major natural disaster as defined by TDI, your insurance company may take 45 additional days to approve or deny your claim and 15 additional days to pay your claim.

21. Often an insurance company will make a claim check payable to you and your mortgage company or other lender and will send it to the lender. In that case, the lender must notify you within 10 days of receipt of the check and tell you what you must do to get the funds released to you.

Once you request the funds from the lender, within 10 days the lender must:

- release the money to you; or
- tell you in specific detail what you must do to get the money released.

If the lender does not provide the notices mentioned above or pay the money to you after all requirements have been met, the lender must pay you interest on the money at 10% per year from the time the payment or the notices were due.

22. Your insurance company must notify you if it intends to pay a liability claim against your policy. The company must notify you in writing of an initial offer to compromise or settle a claim against you no later than the 10th day after the date the offer is made. The company must notify you in writing of any settlement of a claim against you no later than the 30th day after the date of the settlement.

### **Discrimination**

23. An insurance company cannot discriminate against you by:
- refusing to insure you or offering you different terms, conditions or benefits because of your race, color, sex, marital status, religion or national origin.
  - determining your rate based on your race, color, religion, or national origin.
  - refusing to renew your policy because of your race, color, religion, marital status, sex, age, or national origin.
24. Unless justified by actual or anticipated loss experience,
- an insurance company cannot refuse to insure you, or offer you different terms, conditions, or benefits because of a disability or partial disability or where you live.
  - an insurance company cannot determine your rate based on your sex, age, marital status, disability or partial disability or where you live.
  - an insurance company cannot refuse to renew your policy because of your disability or partial disability or where you live.
25. An insurance company cannot refuse to insure your property based on the age of your house. However, an insurance company may refuse to sell you insurance coverage based on the condition of your property, including the condition of your plumbing, heating, air conditioning, wiring and roof.
26. An insurance company cannot refuse to insure your property because the value is too low or because the company has established minimum coverage amounts.

### **Enforcing Your Rights**

27. You have the right to complain to TDI about any insurance company and/or insurance matter and to receive a prompt investigation and response to your complaint. To do so, you should:
- call TDI's ***Consumer Help Line*** at 1-800-252-3439, in Austin 463-6575; Servicio en español;
  - write to the Texas Department of Insurance, Consumer Protection (111-1A), P.O. Box 149091, Austin, Texas 78714-9091;
  - e-mail TDI at [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us);
  - fax your complaint to (512) 475-1771;

- download or complete a complaint form on line from the TDI website at <http://www.tdi.state.tx.us>, or WOSG-modem: 1-800-227-8392, in Austin 475-1051; or
- call the TDI Publications/Complaint Form order line (24 hours) at 1-800-599-SHOP (7467), in Austin 305-7211.

**NOTE:** TDI offers interpreter services and publications in alternate formats. Persons needing more information in alternate layouts or languages can call the ***TDI Consumer Help Line*** listed above.

28. If an insurance company violates your rights, you may be able to sue that company in court, including small claims court, with or without an attorney.
29. If you sue to recover under your insurance policy, the insurance company has the burden of proof as to any application of an exclusion in the policy and any exception to or other avoidance of coverage claimed by the insurer.
30. You have the right to ask in writing that TDI make or change rules on any homeowners insurance issue that concerns you. Send your written request to: Texas Department of Insurance, Attn: Commissioner (113-2A), P.O. Box 149104, Austin, TX 78714-9104.

*Prepared by the Office of Public Insurance Counsel (OPIC)  
For questions or comments contact OPIC at:  
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512-322-4143 or FAX 512-322-4148  
website: <http://www.opic.state.tx.us>  
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