

Texas Homeowners Insurance Policy Comparison

**Report to the 82nd Texas Legislature
as required by Senate Bill 1 (81st Legislature, 2009)**

**Texas Department of Insurance
January 2011**

TEXAS HOMEOWNERS INSURANCE POLICY COMPARISON

EXECUTIVE SUMMARY

Senate Bill 1 (81st Legislature, 2009) required the Texas Department of Insurance (Department) to report on coverage changes in homeowners policies since the introduction of new policies in 2002. The conclusions herein are based on a survey of insurers representing 90 percent of the total homeowners insurance market.

In early 2000, more than 90 percent of Texas homeowners had an all risk policy prescribed by the Department. As a result of the “mold crisis”, insurers ceased writing and/or renewing these policies and began migrating to the HO-A – a named peril policy also prescribed by the Department – to move away from the broad water damage and mold remediation coverage provided in the all risk policy. In 2002, the Department amended the prescribed homeowners policies to eliminate coverage

for mold testing and remediation. Other policy coverages resulting from an ensuing covered water loss were not affected by the change to the prescribed policies. Companies adopted this change throughout 2002, and also began converting to approved national policy forms as well as the HO-A policy form with company filed coverage enhancements. During this conversion, companies reduced rates because of the decreased coverage.

This report provides a comparison of national forms that were first adopted in 2002 and policy forms that are in use today to the HO-B policy which was amended as a result of the mold crisis and that became effective January 1, 2002 (HO-B). Chart 1 (page 4) provides some of the key changes in coverages.

Quick Look: Key Coverage Changes in the Homeowners Insurance Market

- Insurers migrated from all risk policies to named peril policies beginning in 2002. In early 2000, 90 percent of the policies issued were all risk policies compared to 57 percent in 2010.
- Today, coverage levels appear to be improving with insurers gradually migrating back to all risk policies.
- Insurers may be more selective with coverage offerings, based on actual risk characteristics and underwriting guidelines.
- A reduction in coverage for water damage is the most notable change in homeowners policies, however other key coverages have not changed.
- Some insurers have expanded or enhanced various other coverages in the basic policy from that provided in the HO-B. Additionally, many insurers offer various optional coverages.

For more detailed information please refer to Charts 1, 2, 3 and the Appendix.

BACKGROUND

Senate Bill 1 (81st Legislature, 2009) required the Department to conduct a review of levels of coverage to determine what, if any, changes have occurred in the level of protection offered by homeowners insurance policies¹ since the Department's adoption of approved national forms in November 2002. The Department was also required to prepare a report for the 82nd Legislature quantifying the effect of the change to national forms on the level of coverage for the average homeowner in this state.

STUDY APPROACH

Department staff developed a survey requiring insurers to compare coverages in the HO-B policy to the policies insurers offered as of December 31, 2002, and to those policies offered in November 2010.

The survey was sent to 23 insurer groups representing 90 percent of the total homeowners insurance market². The Department received information relating to policy comparisons for policies offered in December 2002 and for policies offered in November 2010 as shown in the Texas Homeowners Insurance Policy Comparison chart (Chart 1, page 4). The Department verified insurer responses based on information maintained by the Department to assist consumers in comparing policy coverages.

STUDY FINDINGS

For certain types of losses, some individual company policy forms provide less coverage and some provide greater coverage than the coverage provided under the HO-B. There are two types of homeowners insurance policies: named peril and all risk. Named peril policies provide coverage for losses caused by specific perils that are named or listed in the policy, such as fire, windstorm, and

explosion. If the cause of loss is not named in the policy as a covered peril, damage caused by that peril is not covered under the policy. An all risk policy provides coverage for all losses, unless the cause of loss is excluded in the policy. Typically, excluded losses may include losses resulting from a flood or an earthquake. Insurers began migrating from all risk policies to named peril policies beginning in 2002. In early 2000, 90 percent of the policies issued were all risk policies compared to 57 percent in 2010.

Of the top five (5) insurance groups³ (State Farm, Allstate, Zurich (Farmers), USAA, and St. Paul Travelers):

- Two (2) of the five (5) groups provided all risk policies in 2002.
- All five (5) groups provide all risk policies today.
- All five (5) groups limit water damage to losses resulting from an accidental discharge or a sudden and accidental discharge.

COVERAGE COMPARISON

Chart 1 lists coverages provided under the HO-B policy form, and provides the number and percentage of policy forms offered by the insurers surveyed as of December 31, 2002 and November 2010. The chart further indicates if the coverage is less than, equal to, or greater than the coverage provided under the HO-B. The Department expanded the review of policy forms to quantify the effect of the change not only to national forms, but also to those policy forms currently offered as a result of the passage of Senate Bill 14 (78th Legislature, 2003).

¹ Does not include dwelling policies.

² Based on 2009 direct written premiums.

³ These five (5) insurance groups represent 67 percent of the Texas homeowners insurance market.

Chart 1 – Texas Homeowners Insurance Policy Comparison

Coverage Provided by the HO-B	Policies Offered as of December 2002			Policies Offered as of November 2010		
	Policies Providing Less Coverage than the HO-B ⬇️	Policies Providing Equal Coverage to the HO-B ●	Policies Providing Greater Coverage than the HO-B ⬆️	Policies Providing Less Coverage than the HO-B ⬇️	Policies Providing Equal Coverage to the HO-B ●	Policies Providing Greater Coverage than the HO-B ⬆️
Fire	0 (0%)	36 (100%)	0 (0%)	0 (0%)	43 (93%)	3 (7%)
Windstorm, hurricane & hail	3 (8%)	33 (92%)	0 (0%)	1 (2%)	38 (83%)	7 (15%)
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	15 (42%)	21 (58%)	0 (0%)	17 (37%)	29 (63%)	0 (0%)
Continuous or repeated leakage from plumbing, heating, air conditioning	18 (50%)	18 (50%)	0 (0%)	40 (87%)	6 (13%)	0 (0%)
Backup of sewers/drains	15 (42%)	21 (58%)	0 (0%)	33 (72%)	12 (26%)	1 (2%)
Freezing of plumbing or heating system	8 (22%)	28 (78%)	0 (0%)	7 (15%)	39 (85%)	0 (0%)
Flood/surface water	1 (3%)	35 (97%)	0 (0%)	1 (2%)	45 (98%)	0 (0%)
Damage to foundation/slab	18 (50%)	18 (50%)	0 (0%)	31 (67%)	12 (26%)	3 (7%)
Theft	11 (31%)	25 (69%)	0 (0%)	14 (30%)	29 (63%)	3 (7%)
Vandalism & malicious mischief	0 (0%)	36 (100%)	0 (0%)	1 (2%)	45 (98%)	0 (0%)
Falling objects, including trees	8 (22%)	28 (78%)	0 (0%)	11 (24%)	33 (72%)	2 (4%)
Weight of ice, snow, sleet	8 (22%)	28 (78%)	0 (0%)	8 (17%)	36 (79%)	2 (4%)
Collapse	9 (25%)	27 (75%)	0 (0%)	13 (28%)	33 (72%)	0 (0%)
Glass breakage – dwelling applies to glass that is part of the building	7 (19%)	29 (81%)	0 (0%)	4 (9%)	36 (78%)	6 (13%)
Damage by vehicles	11 (31%)	25 (69%)	0 (0%)	11 (24%)	35 (76%)	0 (0%)
Vacancy	0 (0%)	35 (97%)	1 (3%)	5 (11%)	27 (59%)	14 (30%)
Mold	12 (33%)	24 (67%)	0 (0%)	17 (37%)	27 (59%)	2 (4%)
Cost of mold testing, remediation	0 (0%)	34 (94%)	2 (6%)	0 (0%)	31 (67%)	15 (33%)
Additional living expenses	14 (39%)	19 (53%)	3 (8%)	13 (28%)	15 (33%)	18 (39%)
Section II – Liability	3 (8%)	31 (86%)	2 (6%)	6 (13%)	37 (80%)	3 (7%)

⬇️ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⬆️ More Coverage than the HO-B

Notes: (1) The 2010 column reflects more policies as some insurers currently writing homeowners insurance were not writing in 2002.

(2) This chart is intended to provide a qualitative comparison of coverage under the basic policy and may not reflect all variations in coverage, including enhancements.

Less Coverage

As shown in Chart 1, some insurers provide less coverage for certain types of coverage than the HO-B. Examples of less coverage are often found under the perils relating to water coverage. As a result of the “mold crisis” a number of insurers limited water coverage to losses that are sudden and accidental while excluding coverage for those losses resulting from a continuous or repeated leak. Other types of restrictions may be found for foundation/slab losses and losses caused from a back-up of a sewer or drain. Some insurers no longer provide coverage for losses caused by water or sewage back-up from outside or off the residence premises.

Greater Coverage

As shown in Chart 1, some insurers expanded or enhanced the coverage provided in the HO-B. Examples include greater coverage for homes that are vacant as well as coverage for homes that are wholly or partially over water. The HO-B policy suspends all dwelling coverages if the home has been vacant for sixty (60) consecutive days preceding a loss. A number of insurers now only exclude losses to a vacant dwelling for damage resulting from perils such as vandalism and malicious mischief or breakage of glass. The HO-B policy does not provide windstorm, hurricane, or hail coverage to structures or to the contents of structures located wholly or partially over water. A number of policies now being offered do not have this restriction.

Some policy forms now provide additional coverages that are not provided in the HO-B. Some examples of additional coverage are:

- lock replacement,
- power surge,
- fire department service charge,
- increased debris removal, and
- additional living expenses due to acts of civil authority.

Some insurers also offer optional coverages that a consumer may purchase for an additional premium. Some examples of optional coverage are:

- identity fraud,
- valuable items,
- incidental business exposures,
- structures rented to others,
- equipment breakdown,
- mortgage payment protection, and
- earthquake coverage.

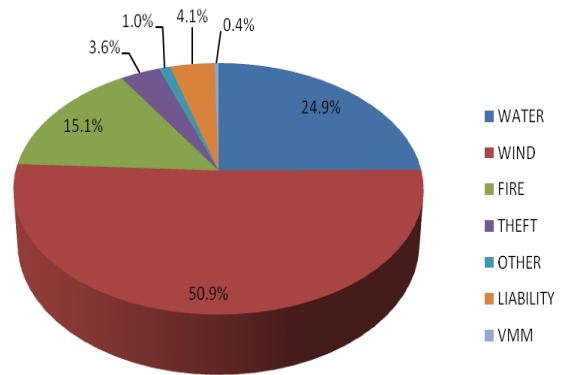
RATES

In 2000, rates for 92 percent of the homeowners insurance market were unregulated because the business was written by Lloyd’s plans and reciprocal exchanges. From 2000 through 2002, companies implemented substantial rate increases in large part due to mold losses. A report⁴ issued by the Department estimated that homeowners insurance rates increased by about 65 percent during this time. During 2002, the Commissioner took a number of regulatory actions including modifying the previously prescribed HO-B policy form by excluding coverage for mold testing and remediation, but providing for mold coverage as an optional buy-back for a premium. Insurers adopted this change throughout 2002 and also began converting to HO-A policy forms with company-filed coverage enhancements and to approved national policy forms. As part of the form approval process, insurers were required to

⁴ SB 310 Summary Report for the 78th Legislature, Final Report, March 28, 2003

provide the Department information on rate reductions that corresponded with the decrease in coverage. As a result of these changes, overall rates declined by 13.5 percent. Further rate reductions were obtained when the Texas Legislature passed Senate Bill 14 (78th Legislature, 2003), which mandated rate cuts based on the Department's review of insurers' rates. Senate Bill 14 also made Lloyd's plans and reciprocal exchanges subject to rate regulation.

Chart 2 – Homeowners Paid Losses,

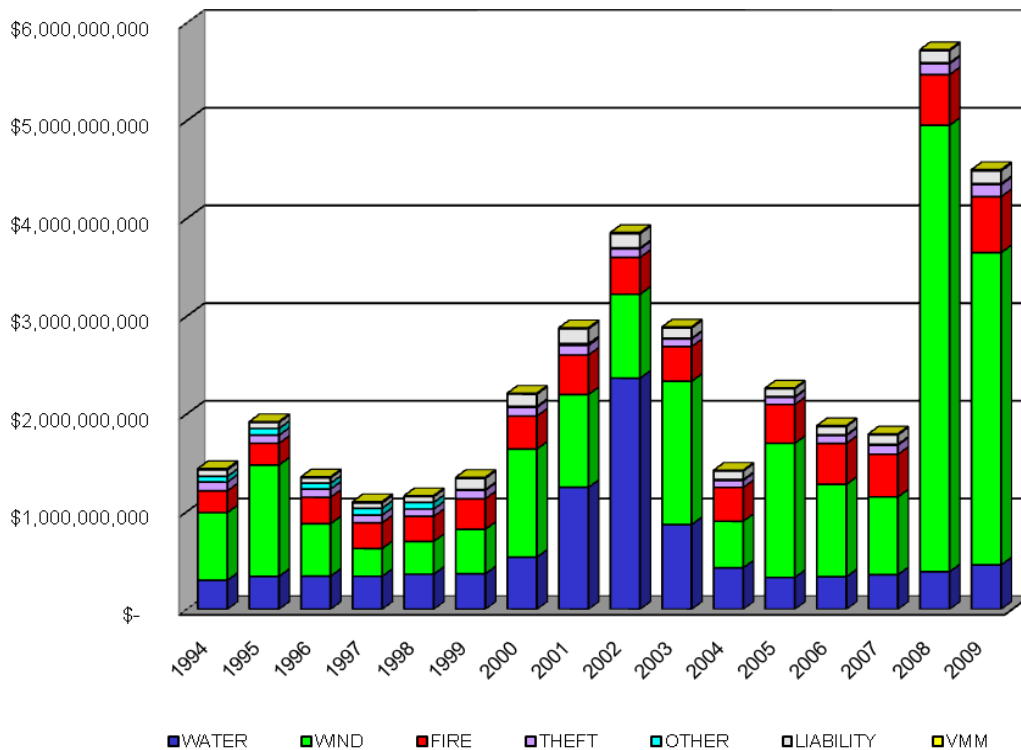


IMPACT OF COVERAGE CHANGE ON LOSSES

Chart 2 (right) shows the portion of the total paid losses due to the different causes of loss (peril) over the past fifteen years, from 1994 to 2009. The migration from the prescribed policy forms to the insurer filed policy forms significantly affects only water damage claims, which make up about 25 percent of the total loss. It has limited, if any, impact on the other 75 percent of the losses.

Chart 3 (below) shows the impact on paid losses from the reduction in coverage for water losses. It appears that the effect of the coverage reduction has brought the claims cost for the water peril back to levels closer to the historical norm before the mold crisis when mold testing and remediation significantly increased the cost of water damage claims.

Chart 3 – Homeowners Paid Losses, 1994-2009



APPENDIX

Appendix 1 – Individual Company Homeowners Insurance Policy Form Comparison

Comparative information for the top five (5) insurer groups, which represent 67 percent of the Texas homeowners insurance market. This information reflects how the coverage in insurer's basic policy form(s) compare (less than, equal to, or greater than) to the coverage provided in the basic HO-B. This information provides:

- a) A coverage comparison of the policy/policies offered as of December 31, 2002 to the HO-B;
- b) A coverage comparison of the policy/policies offered as of November 2010 to the HO-B;
- c) An indication of the difference in the level of coverage provided in the policy/policies offered in November 2010 from the level of coverage provided in the policy/policies offered as of December 31, 2002; and
- d) Additional or enhanced coverage not provided in the HO-B; this does not reflect information relating to any optional endorsements.

The information contained in the following charts is intended to provide a qualitative comparison of coverage under the insurer's basic policy in summary format. Coverage details, restrictions, and exclusions are contained in the individual company policies.

Appendix 2 – Prescribed Texas Homeowners Insurance Policy Forms

Description of the prescribed Texas homeowners insurance policy forms.

Appendix 3 – History of Regulation of Texas Homeowners Insurance Policy Forms

A descriptive history of changes to homeowners insurance policy forms from pre-1991 to present.

APPENDIX 1
INDIVIDUAL COMPANY HOMEOWNERS INSURANCE POLICY FORM COMPARISON

Groups listed in order of 2009 market share.

State Farm Insurance Group

Appendix 1A – State Farm Lloyds

Zurich Insurance Group

Appendix 1B – Farmers Insurance Exchange

Appendix 1C – Fire Insurance Exchange

Appendix 1D – Foremost Lloyds of Texas

Appendix 1E – Texas Farmers Insurance Company

Allstate Insurance Group

Appendix 1F – Allstate Fire and Casualty Insurance Company

Appendix 1G – Allstate Texas Lloyds

Appendix 1H – Encompass Indemnity Company

USAA Insurance Group

Appendix 1I – USAA Texas Lloyd's Company

Appendix 1J – United Services Automobile Association

St. Paul Travelers Insurance Group

Appendix 1K – The Travelers Home and Marine Insurance Company

Appendix 1L – Travelers Commercial Insurance Company

Appendix 1M – Travelers Lloyds of Texas Insurance Company

Appendix 1N – Travelers Personal Security Insurance Company

APPENDIX 1A – State Farm Lloyds

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: Homeowners Policy, FP-7955TX</i>	<i>Policy Offered November 2010: Homeowners Policy, FP-7955TX</i>
Fire	●	●
Windstorm, hurricane & hail	●	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	●	●
Continuous or repeated leakage from plumbing, heating, air conditioning	⬇	⬇
Backup of sewers/drains	⬇	⬇
Freezing of plumbing or heating system	●	●
Flood/surface water	●	●
Damage to foundation/slab	⬇	⬇
Theft	●	●
Vandalism & malicious mischief	●	●
Falling objects, including trees	●	●
Weight of ice, snow, sleet	●	●
Collapse	⬇	⬇
Glass breakage – dwelling applies to glass that is part of the building	●	●
Damage by vehicles	●	●
Vacancy	⬆	⬆
Mold*	⬇	⬇
Cost of mold testing, remediation	●	●
Additional living expenses	⬆	⬆
Section II – Liability	●	●

⬇ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⬆ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

- *Personal Property:* Expanded coverage for property that is off of the residence premises.
- *Loss of Use - Prohibited Use:* Up to two weeks, when a civil authority prohibits use of the residence premises.
- *Refrigerated Products:* Pays for contents of freezer or refrigerated units for loss due to power or mechanical failure.
- *Lock Coverage:* Pays reasonable expenses to rekey exterior door locks when the keys to those locks are part of a covered theft loss.
- *Power Surge:* Pays up to \$1,000 per item for sudden and accidental damage to electrical appliances, devices, fixtures and wiring from an increase or decrease of artificially generated electrical current.
- *Increased Dwelling Coverage:* Provides an additional amount of insurance when repair or replacement of a damaged building structure exceeds the amount of coverage on the dwelling.

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

* Limited coverage for fungus (including mold) is available by endorsement.

APPENDIX 1B – Farmers Insurance Exchange

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: HOA – Form #97-0012</i>	<i>Policy Offered November 2010: HOA – Form #97-0012</i>
Fire	●	●
Windstorm, hurricane & hail	●	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	⌚	⌚
Continuous or repeated leakage from plumbing, heating, air conditioning	⌚	⌚
Backup of sewers/drains	●	●
Freezing of plumbing or heating system	●	●
Flood/surface water	●	●
Damage to foundation/slab	⌚	⌚
Theft	⌚	⌚
Vandalism & malicious mischief	●	●
Falling objects, including trees	●	●
Weight of ice, snow, sleet	●	●
Collapse	●	●
Glass breakage – dwelling applies to glass that is part of the building	●	●
Damage by vehicles	●	●
Vacancy	●	●
Mold	⌚	⌚
Cost of mold testing, remediation	●	●
Additional living expenses	⌚	⌚
Section II – Liability	⌚	⌚

⌚ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⌚ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

None

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1C – Fire Insurance Exchange

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: HOA – Form #97-0012</i>	<i>Policy Offered November 2010: HOA – Form #97-0012</i>
Fire	●	●
Windstorm, hurricane & hail	●	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	⬇	⬇
Continuous or repeated leakage from plumbing, heating, air conditioning	⬇	⬇
Backup of sewers/drains	●	●
Freezing of plumbing or heating system	●	●
Flood/surface water	●	●
Damage to foundation/slab	⬇	⬇
Theft	⬇	⬇
Vandalism & malicious mischief	●	●
Falling objects, including trees	●	●
Weight of ice, snow, sleet	●	●
Collapse	●	●
Glass breakage – dwelling applies to glass that is part of the building	●	●
Damage by vehicles	●	●
Vacancy	●	●
Mold	⬇	⬇
Cost of mold testing, remediation	●	●
Additional living expenses	⬇	⬇
Section II – Liability	⬇	⬇

⬇ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⬆ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

None

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1D – Foremost Lloyds of Texas

Coverage	Comparison to HO-B Policy Form	
	Policy Offered December 2002: Texas Homeowners Policy Form A 10198 04/02	Policy Offered November 2010: Texas Homeowners Policy Form A 10192 01/03
Fire	●	●
Windstorm, hurricane & hail	●	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	⊕	⊕
Continuous or repeated leakage from plumbing, heating, air conditioning	⊕	⊕
Backup of sewers/drains	⊕	⊕
Freezing of plumbing or heating system	⊕	⊕
Flood/surface water	●	●
Damage to foundation/slab	⊕	⊕
Theft	⊕	⊕
Vandalism & malicious mischief	●	●
Falling objects, including trees	⊕	⊕
Weight of ice, snow, sleet	⊕	⊕
Collapse	⊕	⊕
Glass breakage – dwelling applies to glass that is part of the building	⊕	⊕
Damage by vehicles	⊕	⊕
Vacancy	●	●
Mold	●	●
Cost of mold testing, remediation	●	●
Additional living expenses	⊕	⊕
Section II – Liability	●	●

⊕ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⊕ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

None

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1E – Texas Farmers Insurance Company

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: HOA – Form #97-0012</i>	<i>Policy Offered November 2010: Texas Family Home Policy – Form #56-4970</i>
Fire	●	●
Windstorm, hurricane & hail	●	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	⓪	⓪
Continuous or repeated leakage from plumbing, heating, air conditioning	⓪	⓪
Backup of sewers/drains	●	●
Freezing of plumbing or heating system	●	●
Flood/surface water	●	●
Damage to foundation/slab	⓪	⓪
Theft	⓪	⓪
Vandalism & malicious mischief	●	●
Falling objects, including trees	●	●
Weight of ice, snow, sleet	●	●
Collapse	●	●
Glass breakage – dwelling applies to glass that is part of the building	●	●
Damage by vehicles	●	●
Vacancy	●	●
Mold	⓪	⓪
Cost of mold testing, remediation	●	●
Additional living expenses	⓪	⓪
Section II – Liability	⓪	⓪

⓪ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⓧ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

None

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1F – Allstate Fire and Casualty Insurance Company

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: Did Not Write</i>	<i>Policy Offered November 2010: AFH1, AFH13, AFH17-01</i>
Fire	N/A	●
Windstorm, hurricane & hail	N/A	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	N/A	●
Continuous or repeated leakage from plumbing, heating, air conditioning	N/A	⊕
Backup of sewers/drains	N/A	⊕
Freezing of plumbing or heating system	N/A	●
Flood/surface water	N/A	●
Damage to foundation/slab	N/A	●
Theft	N/A	●
Vandalism & malicious mischief	N/A	⊕
Falling objects, including trees	N/A	●
Weight of ice, snow, sleet	N/A	⊕
Collapse	N/A	⊕
Glass breakage – dwelling applies to glass that is part of the building	N/A	●
Damage by vehicles	N/A	●
Vacancy	N/A	⊕
Mold	N/A	⊕
Cost of mold testing, remediation	N/A	⊕
Additional living expenses	N/A	⊕
Section II – Liability	N/A	⊕

⊕ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⊕ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

- *Fire Department Charges:* \$500 for fire department charges.
- *Temperature Change:* Loss to covered personal property due to temperature change.
- *Power Interruption:* Loss to contents of freezers and refrigerator up to \$500.
- *Arson Award:* Pays up to \$5000 for information leading to arson conviction.
- *Lock Replacement:* Pays up to \$500 to rekey or replace exterior door lock when key is stolen.
- *Civil Authority:* Pays \$100 per day for additional living expenses from acts of civil authority for up to two weeks.
- *Foundation Water Damage:* Policy provides \$5000 for sudden and accidental leakage of water within or below the slab or foundation.

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1G – Allstate Texas Lloyds

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: Texas Form A – AU2130-2</i>	<i>Policy Offered November 2010: Did Not Write</i>
Fire	●	N/A
Windstorm, hurricane & hail	⓪	N/A
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	⓪	N/A
Continuous or repeated leakage from plumbing, heating, air conditioning	⓪	N/A
Backup of sewers/drains	⓪	N/A
Freezing of plumbing or heating system	⓪	N/A
Flood/surface water	●	N/A
Damage to foundation/slab	⓪	N/A
Theft	⓪	N/A
Vandalism & malicious mischief	●	N/A
Falling objects, including trees	⓪	N/A
Weight of ice, snow, sleet	⓪	N/A
Collapse	⓪	N/A
Glass breakage – dwelling applies to glass that is part of the building	⓪	N/A
Damage by vehicles	⓪	N/A
Vacancy	●	N/A
Mold	●	N/A
Cost of mold testing, remediation	●	N/A
Additional living expenses	⓪	N/A
Section II – Liability	●	N/A

⓪ Less Coverage than the HO-B ● Equal Coverage to the HO-B Ⓜ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

- *Fire Department Charges:* \$500 for fire department charges.
- *Temperature Change:* Loss to covered personal property due to temperature change.
- *Power Interruption:* Loss to contents of freezers and refrigerator up to \$500.
- *Arson Award:* Pays up to \$5000 for information leading to arson conviction.
- *Lock Replacement:* Pays up to \$500 to rekey or replace exterior door lock when key is stolen.
- *Civil Authority:* Pays \$100 per day for additional living expenses from acts of civil authority for up to two weeks.
- *Foundation Water Damage:* Policy provides \$5000 for sudden and accidental leakage of water within or below the slab or foundation.

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1H – Encompass Indemnity Company

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: Did Not Write</i>	<i>Policy Offered November 2010: Deluxe Homeowners Policy - G171046A</i>
Fire	N/A	●
Windstorm, hurricane & hail	N/A	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	N/A	⤵
Continuous or repeated leakage from plumbing, heating, air conditioning	N/A	⤵
Backup of sewers/drains	N/A	⤵
Freezing of plumbing or heating system	N/A	●
Flood/surface water	N/A	●
Damage to foundation/slab	N/A	⤵
Theft	N/A	⤵
Vandalism & malicious mischief	N/A	●
Falling objects, including trees	N/A	●
Weight of ice, snow, sleet	N/A	⤵
Collapse	N/A	⤵
Glass breakage – dwelling applies to glass that is part of the building	N/A	●
Damage by vehicles	N/A	⤵
Vacancy	N/A	●
Mold	N/A	⤵
Cost of mold testing, remediation	N/A	⤵
Additional living expenses	N/A	●
Section II – Liability	N/A	⤵

⤵ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⤴ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

- *Volunteer Wrongful Acts Coverage:* Pays up to \$10,000 when insured is legally liable to pay because of civil claims.
- *Credit Card, Forgery and Counterfeit Money:* Coverage for theft of credit cards via forgery, etc.
- *Limited Fungi, Other Microbes or Rot Remediation:* Limited coverage for remediation of fungi.
- *Civil Authority:* Provides coverage for loss due to civil authority.
- *Land Restoration:* Limited coverage when repair/rebuilding requires excavation, replacement, stabilization or filling of land under or around foundation or residence premises.
- *Mortgage Extra Expense:* Pays up to \$250 if monthly mortgage expenses increase from a covered total loss.
- *Personal Home Computer and Data Records:* Provides extended coverage up to \$10,000 for computer hardware, software or accessories.
- *Loss Assessment:* Provides up to \$5000 for insureds share of assessments charged by the association.
- *Glass or Safety Glazing Material:* Provides coverage for breakage of glass.

Encompass Indemnity Company
(continued)

- *Credit Card, Fund Transfer Cards, Forgery and Counterfeit Money*: Provides up to \$2500 for losses of theft or unauthorized use.
- *Landlords Furnishings*: Pays up to \$5000 coverage for landlord furnishings.
- *Lock Replacement*: Provides up to \$500 to replace locks if keys are lost or stolen.

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1I – USAA Texas Lloyd’s Company

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: HO-B</i>	<i>Policy Offered November 2010: HO- 3RTX Homeowners Special Form</i>
Fire	●	●
Windstorm, hurricane & hail	●	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	●	●
Continuous or repeated leakage from plumbing, heating, air conditioning	●	⬇
Backup of sewers/drains	●	⬇
Freezing of plumbing or heating system	●	●
Flood/surface water	●	●
Damage to foundation/slab	●	⬇
Theft	●	●
Vandalism & malicious mischief	●	●
Falling objects, including trees	●	●
Weight of ice, snow, sleet	●	●
Collapse	●	●
Glass breakage – dwelling applies to glass that is part of the building	●	⬆
Damage by vehicles	●	●
Vacancy	●	⬆
Mold	●	●
Cost of mold testing, remediation	●	●
Additional living expenses	●	⬆
Section II – Liability	●	●

⬇ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⬆ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

- *Military Uniforms and Equipment:* Deductible waived for loss to uniforms and military equipment for a loss caused by named perils while insured is on active or active reserve duty.
- *Credit Card Coverage and Identity Fraud Expense:* Pays up to \$5000.
- *Fire Department Service Charge:* \$500 for fire department charge.
- *Loss Assessment:* \$10,000 coverage.
- *Lock Replacement:* Includes \$250 coverage when dwelling door keys are stolen in a covered theft loss.
- *Land:* \$10,000 coverage to restore land that becomes unstable caused by an insured loss to a covered building.
- *Landlord’s Furnishings:* \$2500 for property in an apartment at the home rented to others.
- *Debris Removal:* Includes an additional limit of 5% of the dwelling coverage limit.

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1J – United Services Automobile Association

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: HO-B</i>	<i>Policy Offered November 2010: HO-3RTX Homeowners Special Form</i>
Fire	●	●
Windstorm, hurricane & hail	●	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	●	●
Continuous or repeated leakage from plumbing, heating, air conditioning	●	⬇
Backup of sewers/drains	●	⬇
Freezing of plumbing or heating system	●	●
Flood/surface water	●	●
Damage to foundation/slab	●	⬇
Theft	●	●
Vandalism & malicious mischief	●	●
Falling objects, including trees	●	●
Weight of ice, snow, sleet	●	●
Collapse	●	●
Glass breakage – dwelling applies to glass that is part of the building	●	⬆
Damage by vehicles	●	●
Vacancy	●	⬆
Mold	●	●
Cost of mold testing, remediation	●	●
Additional living expenses	●	⬆
Section II – Liability	●	●

⬇ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⬆ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

- *Military Uniforms and Equipment:* Deductible waived for loss to uniforms and military equipment for a loss caused by named perils while insured is on active or active reserve duty.
- *Credit Card Coverage and Identity Fraud Expense:* Pays up to \$5000.
- *Fire Department Service Charge:* \$500 for fire department charge.
- *Loss Assessment:* \$10,000 coverage.
- *Lock Replacement:* Includes \$250 coverage when dwelling door keys are stolen in a covered theft loss.
- *Land:* \$10,000 coverage to restore land that becomes unstable caused by an insured loss to a covered building.
- *Landlord's Furnishings:* \$2500 for property in an apartment at the home rented to others.
- *Debris Removal:* Includes an additional limit of 5% of the dwelling coverage limit.

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1K – The Travelers Home and Marine Insurance Company

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: Did Not Write</i>	<i>Policy Offered November 2010: HO-3</i>
Fire	N/A	●
Windstorm, hurricane & hail	N/A	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	N/A	⬇
Continuous or repeated leakage from plumbing, heating, air conditioning	N/A	⬇
Backup of sewers/drains	N/A	⬇
Freezing of plumbing or heating system	N/A	●
Flood/surface water	N/A	●
Damage to foundation/slab	N/A	⬇
Theft	N/A	●
Vandalism & malicious mischief	N/A	●
Falling objects, including trees	N/A	●
Weight of ice, snow, sleet	N/A	●
Collapse	N/A	●
Glass breakage – dwelling applies to glass that is part of the building	N/A	●
Damage by vehicles	N/A	●
Vacancy	N/A	⬇
Mold	N/A	⬇
Cost of mold testing, remediation	N/A	⬇
Additional living expenses	N/A	⬇
Section II – Liability	N/A	●

⬇ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⬆ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

None

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1L – Travelers Commercial Insurance Company

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: Did Not Write</i>	<i>Policy Offered November 2010: HO-3</i>
Fire	N/A	●
Windstorm, hurricane & hail	N/A	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	N/A	⬇
Continuous or repeated leakage from plumbing, heating, air conditioning	N/A	⬇
Backup of sewers/drains	N/A	⬇
Freezing of plumbing or heating system	N/A	●
Flood/surface water	N/A	●
Damage to foundation/slab	N/A	⬇
Theft	N/A	●
Vandalism & malicious mischief	N/A	●
Falling objects, including trees	N/A	●
Weight of ice, snow, sleet	N/A	●
Collapse	N/A	●
Glass breakage – dwelling applies to glass that is part of the building	N/A	●
Damage by vehicles	N/A	●
Vacancy	N/A	⬆
Mold	N/A	⬇
Cost of mold testing, remediation	N/A	⬆
Additional living expenses	N/A	⬆
Section II – Liability	N/A	●

⬇ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⬆ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

None

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1M – Travelers Lloyds of Texas Insurance Company

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: HO-A with Endorsement HO-470T</i>	<i>Policy Offered November 2010: HO-A with Endorsement HO-470T (revised)</i>
Fire	●	●
Windstorm, hurricane & hail	⬇	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	⬇	⬇
Continuous or repeated leakage from plumbing, heating, air conditioning	⬇	⬇
Backup of sewers/drains	⬇	⬇
Freezing of plumbing or heating system	●	●
Flood/surface water	●	●
Damage to foundation/slab	⬇	⬇
Theft	⬇	●
Vandalism & malicious mischief	●	●
Falling objects, including trees	●	●
Weight of ice, snow, sleet	●	●
Collapse	●	●
Glass breakage – dwelling applies to glass that is part of the building	●	●
Damage by vehicles	⬇	⬇
Vacancy	●	●
Mold	⬇	⬇
Cost of mold testing, remediation	⬆	⬆
Additional living expenses	⬇	⬇
Section II – Liability	●	●

⬇ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⬆ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

None

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 1N – Travelers Personal Security Insurance Company

Coverage	Comparison to HO-B Policy Form	
	<i>Policy Offered December 2002: HO-A with Endorsement HO-470T</i>	<i>Policy Offered November 2010: HO-A with Endorsement HO-470T (revised)</i>
Fire	●	●
Windstorm, hurricane & hail	⬇	●
Sudden and accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	⬇	⬇
Continuous or repeated leakage from plumbing, heating, air conditioning	⬇	⬇
Backup of sewers/drains	⬇	⬇
Freezing of plumbing or heating system	●	●
Flood/surface water	●	●
Damage to foundation/slab	⬇	⬇
Theft	⬇	●
Vandalism & malicious mischief	●	●
Falling objects, including trees	●	●
Weight of ice, snow, sleet	●	●
Collapse	●	●
Glass breakage – dwelling applies to glass that is part of the building	●	●
Damage by vehicles	⬇	⬇
Vacancy	●	●
Mold	⬇	⬇
Cost of mold testing, remediation	⬆	⬆
Additional living expenses	⬇	⬇
Section II – Liability	●	●

⬇ Less Coverage than the HO-B ● Equal Coverage to the HO-B ⬆ More Coverage than the HO-B

Additional or Enhanced Coverage Not Provided in the HO-B

None

Note: The above is a comparison of coverage under the basic policy and is provided for informational purposes only. Coverage details, restrictions, and exclusions are contained in the individual company policies.

APPENDIX 2
PRESCRIBED TEXAS HOMEOWNERS INSURANCE POLICY FORMS

HO-A provides coverage for the dwelling, other private structures on the premises, and personal property on and away from the premises against loss resulting from specifically named perils. The eight (8) named perils are: fire and lightning; windstorm, hurricane and hail; sudden and accidental damage from smoke; explosion; aircraft and vehicles; vandalism and malicious mischief; riot and civil commotion; and theft. Loss settlement is based on actual cash value for the dwelling, other structures, and personal property.

HO-B provides coverage for the dwelling and other private structures on the premises against all risks of physical loss, unless the cause of loss is excluded. In addition, the HO-B provides coverage for personal property on and away from the premises against loss by specifically named perils. Those perils are: fire and lightning; windstorm, hurricane and hail; sudden and accidental damage from smoke; explosion; aircraft and vehicles; vandalism and malicious mischief; riot and civil commotion; collapse of building; accidental discharge, leakage or overflow of water or steam; falling objects; freezing; and theft. Loss settlement is based on replacement cost coverage for the dwelling and other structures, and actual cash value on personal property – unless replacement cost coverage is added by endorsement.

HO-C provides coverage for the dwelling, other private structures on the premises and personal property on and away from the premises against all risk of physical loss, unless the cause of loss is excluded. Loss settlement is based on replacement cost.

There are also prescribed endorsements for use with these policy forms.

APPENDIX 3
HISTORY OF REGULATION OF TEXAS HOMEOWNERS INSURANCE POLICY FORMS

Year	Change
Prior to 1991	Homeowners insurance was subject to Texas Insurance Code, Article 5.35. The Board prescribed uniform policies for homeowners insurance. Texas insurers could offer only three prescribed policy forms - HO-A, HO-B, and the HO-C.
1991, HB 2 72 nd Legislature	<p>Article 5.35 was amended to add that the prescribed forms were the minimum coverage that could be provided. The Board* could also approve the use of policy forms adopted by a national organization of insurance companies, if the coverage was equivalent to the coverage provided under the prescribed policy forms. Insurers could file endorsements to the policy form adopted or approved by the Board for consideration of approval by the Board. At that time, only endorsements that enhanced or provided additional coverage to the prescribed policy forms could be approved.</p> <p>*In 1991, 72nd Legislature, Art. 1.01 A, of the Insurance Code, was amended to change the title designation of the State Board of Insurance to the Department. In 1993, 73rd Legislature, Art 1.02, of the Insurance Code, was amended to transfer the duties of the Board to the Commissioner of Insurance.</p>
1997, SB 1499 75 th Legislature	Article 5.35 was amended to allow a national insurer to file policy forms. A national insurer was defined as an insurer licensed in at least 26 states with a minimum annual direct written premium for residential property insurance of \$750 million for all states. The equivalent coverage requirement was also removed, allowing individual insurers to file for approval, endorsements that enhanced or restricted coverage provided in the prescribed policy forms. Filings could be disapproved if a form or endorsement violated the code or other rule, contained provisions that were unjust, encouraged misrepresentation, were deceptive, or violated public policy. The prescribed forms were no longer considered to be the minimum coverage.
January 2002 Commissioner's Order No. 01-1105	In early 2000, more than 90 percent of Texas homeowners had an HO-B insurance policy. Some insurers had ceased writing and/or renewing HO-B policies and began migrating to the HO-A policy to move away from the broad water damage and mold remediation coverage provided in the HO-B policy. After public hearings and in an effort to stabilize the homeowners market, the Department eliminated coverage for mold remediation in the HO-A, HO-B, and HO-C policies in response to rate spikes that followed the increase in mold and water damage claims. The Department also prescribed endorsements that gave policyholders the option to buy back mold remediation at various levels of coverage.

2002	The first national insurer homeowners insurance policy forms were approved for three large national insurers (State Farm, USAA, and Nationwide). Homeowners insurance policy forms were also approved for Insurance Services Office, Inc. (ISO), an advisory organization. (Individual insurers may file with the Department to use policy forms approved for an advisory organization.)
2003, SB 14 78 th Legislature	The regulation of policy forms for residential property insurance was brought under Texas Insurance Code, Articles 5.145 and 5.13-2, Section 8 (recodified as Chapter 2301). As a result, all insurers and advisory organizations may file for approval their own policy forms and endorsements with no minimum coverage requirement and insurers may file to use forms approved for other insurers and advisory organizations. Article 5.145 also allows insurers to continue using policy forms that were promulgated, approved, or adopted under Article 5.35 before June 11, 2003 (The effective date for Senate Bill 14).