

Saving Money on Your Insurance

BY JOSE MONTEMAYOR

TEXAS COMMISSIONER OF INSURANCE

Consumer protections against losing insurance coverage

HOME AND AUTO INSURANCE offer security against the unexpected. So a letter telling you that your insurance company no longer will cover your home or car can be an unsettling experience. Knowing your rights about when insurance coverage can legally be discontinued can help ease that stress.

Differences between cancellation and non-renewal

There are two scenarios for losing your coverage suddenly: cancellation and non-renewal. If you or your insurance company terminates your policy before it runs out, that is a cancellation. Termination of a policy when it expires is called non-renewal. The insurance company must give you notice before it terminates your coverage. You may also request that the company give you a written explanation of why it plans to cancel or non-renew your coverage.

Home owners insurance

An insurance company can cancel a homeowner's policy for almost any reason, other than discrimination, within the first 90 days, as long as it gives 30 days' notice. But after that period, you cannot be cancelled except in cases of fraud, a new and increased risk at the property that would result in higher premiums or if you haven't paid your premiums. Your insurance company must give you at least 10 days' notice in those cases before canceling coverage.

If an insurance company decides not to renew your policy when it expires, it must give you at least 30 days' notice before the policy ends. Companies may non-renew for reasons including allowing the property to deteriorate or if you've made three or more non-weather-related claims in the past three years. Those include losses from events such as fires, theft, or broken water pipes.

There are some exceptions. If your company did not warn you after the second claim that you could lose coverage, it cannot non-renew your policy as a result of a third claim. And if the company did not

send out a notice of non-renewal 30 days before your policy expires, you can request an automatic renewal. In some cases the company may charge you an added premium, or surcharge, if you've had two non-weather-related claims in the same year.

Auto insurance

In the case of auto insurance, your insurance company may cancel your policy for almost any reason other than illegal discrimination in the first 60 days. The company does have to give you at least 10 days' notice and must pay for any damages covered by the policy. After that initial 60-day period, the company cannot cancel your policy, unless you fail to pay premiums, have your license suspended or make a fraudulent claim.

An insurance company cannot issue a cancellation or non-renewal notice because of a single accident that was not your fault in a one-year period. It also cannot non-renew coverage because of other non-fault claims, such as those for hail damage, running into an animal or damage caused by flying gravel.

Your insurance company also cannot refuse to renew your auto policy until after 12 months of coverage. After that, it must give you 30 days' notice and explain why it plans to drop you.

Your rights

If your home or automobile coverage is cancelled before the policy ends, the insurance company must refund any unused premiums that you've paid in advance.

And an insurance company can never cancel a policy or choose not to renew one based on age, sex, religion or ethnicity.

The Texas Department of Insurance's Web site www.tdi.state.tx.us has more information on homeowners and auto insurance, including what you should do if your policy is cancelled or non-renewed. If you feel you've been treated unfairly, call our Consumer Help Line at **1-800-252-3439** for information on filing a complaint. ★

Editors:

- If you need further information, call:
**Texas Department of Insurance
Public Information Office
(512) 463-6425**

We welcome your questions and suggestions about this column.