

5. IF YOUR HOME IS DAMAGED BY FLOOD YOU MAY NOT BE ELIGIBLE FOR ADDITIONAL LIVING EXPENSES (ALE).

Under most circumstances, if your home is damaged by a *covered peril* and that damage makes your home uninhabitable, you would most likely qualify for ALE. ALE will pay for staying in a hotel, motel or other temporary shelter.

However, since flood is typically excluded from homeowners policies (i.e. not a covered peril), you would not be eligible for ALE under your homeowners policy if a flood causes your home to be uninhabitable. Furthermore, flood insurance through the NFIP *does not* provide any coverage for loss of use or ALE.

6. SOME POLICIES HAVE A SEPARATE, HIGHER DEDUCTIBLE FOR TROPICAL STORM AND HURRICANE RELATED LOSSES.

A typical homeowners policy sold in Texas has two types of deductibles: one that applies to losses caused by windstorm and hail, and one that applies to losses caused by all other covered perils. However, some policies have a third deductible that is specifically applicable to damage caused during a hurricane.

A hurricane deductible can have a different name, depending on the policy, such as: “hurricane deductible,” “tropical cyclone deductible,” and “named storm deductible.” This deductible applies instead of the windstorm deductible when your home is damaged by a hurricane or tropical storm.

IMPORTANT: A hurricane deductible is almost always higher than your windstorm and hail deductible. Depending on the policy, this amount can range from 1% to 5% of your home's insured value. That means if your home is insured for \$150,000 and you have a 5% hurricane deductible, you would be responsible for \$7500 of any hurricane loss. If the damage to your home was less than the deductible, the company may not be responsible for paying any of the loss.

IMPORTANT CONTACT INFORMATION

Texas Windstorm Insurance Association (TWIA)

Phone: 1-800-788-8247 Website: www.twia.org

National Flood Insurance Program (NFIP)

Phone: 1-888-356-6329 Website: www.floodsmart.gov

WANT MORE INFORMATION?

You can obtain other information and compare homeowners policy coverages on the OPIC website. Please visit us online at www.opic.state.tx.us. This information is current as of January 2009. The laws and rules regarding residential property insurance are subject to change. Please visit the OPIC website for further updates.

What is the Office of Public Insurance Counsel?

The Office of Public Insurance Counsel (OPIC) is an independent state agency representing the interests of insurance consumers in Texas as a class on matters of insurance consumers in Texas as a class on matters involving rates, rules and policy forms affecting various personal lines of insurance such as auto, homeowners, title, and credit insurance, and in rulemaking for life, accident, and health insurance.

OFFICE OF PUBLIC
INSURANCE COUNSEL



**Homeowners
Insurance and the
Texas Coast**

What you should know

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You are a homeowner on the Texas Coast. You purchased homeowners insurance with confidence that your home and its contents would be protected in the event of a hurricane or tropical storm. When a storm hits you file a claim, only to find out that you do not have coverage. How can this be? How could you have avoided this scenario?

Homeowners coverage can be a complicated issue for most Texas residents and it can be particularly complex if you live on the Texas coast.

This brochure has been created to aid you in navigating the confusing waters of homeowners insurance and arm you with the knowledge to make an informed decision regarding your coverage.

SOME VERY IMPORTANT THINGS YOU NEED TO KNOW BEFORE YOU BUY HOMEOWNERS INSURANCE.

1. WINDSTORM COVERAGE (INCLUDING HURRICANE COVERAGE) MAY BE EXCLUDED FROM YOUR HOMEOWNERS POLICY.

Companies that write homeowners business in the 14 counties along the Texas coast can **exclude** coverage for windstorm, hurricane or hail losses from your policy. These 14 coastal counties are:

| | |
|-----------|--------------|
| Aransas | Refugio |
| Galveston | Cameron |
| Matagorda | Kenedy |
| Brazoria | San Patricio |
| Nueces | Chambers |
| Calhoun | Kleberg |
| Jefferson | Willacy |

Companies writing homeowners business in certain areas of Harris County located inside the city limits and east of Highway 146 are also authorized to exclude this coverage. They are:

| | |
|-------------|----------------|
| LaPorte | Morgan's Point |
| Pasadena | Seabrook |
| Shore Acres | |

IMPORTANT: Not all companies exclude this coverage. Be sure to ask your agent whether or not your homeowners policy covers damage from hurricanes.

2. THE TEXAS WINDSTORM INSURANCE ASSOCIATION (TWIA) CAN PROVIDE HURRICANE COVERAGE.

If you live in one of the 14 coastal counties or an area of Harris county listed above and your homeowners insurance company excludes coverage for hurricanes, you may be able to purchase hurricane coverage through the Texas Windstorm Insurance Association (TWIA).

Like any other insurance company, you must meet the basic underwriting requirements to qualify for insurance through TWIA.

3. FLOOD DAMAGE IS EXCLUDED FROM HOMEOWNERS POLICIES.

Regardless of where you live in the state, homeowners policies (including those issued by

TWIA) exclude damage caused by flood. This is particularly important to coastal homeowners because recent events have shown that flood waters and storm surge from a hurricane can cause as much or more damage than hurricane force winds and related rain.

4. FLOOD COVERAGE IS AVAILABLE FROM THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP).

Recent events have shown that coastal homeowners who did not purchase flood insurance were left having to pay out of pocket for damage caused by a hurricane's storm surge because the damage was not covered by their basic homeowners policy.

The good news is you can purchase insurance for flood through the National Flood Insurance Program (NFIP) from your insurance agent if you live in a participating NFIP community. Ask your agent if your community is among the more than 20,500 NFIP communities nationwide.

The NFIP flood policy provides flood insurance for both dwellings (at a maximum of \$250,000) and contents (at a maximum of \$100,000).

REMEMBER: There is usually a 30-day waiting period before a flood policy becomes effective.