Figure 1: 28 TAC §5.9971(b)

CONSUMER BILL OF RIGHTS

Homeowners, Dwelling, and Renters Insurance

What is the Bill of Rights?

It is a basic outline of important rights you have under Texas law. Insurance companies must give you this Bill of Rights with your policy. It is important to read and understand your policy.

The Bill of Rights is <u>not</u>:

- A complete list of all your rights,
- Part of your policy, or
- A list of everything that you are responsible for.

Questions about these rights?

- If you are not sure about anything in your policy, ask your agent or insurance company.
- If you have questions or a complaint, contact the Texas Department of Insurance (TDI) at:

  Call with a question: 1-800-252-3439

  Email with a question: ConsumerProtection@tdi.texas.gov

  File a complaint through the website:

  www.tdi.texas.gov/consumer/get-help-with-an-insurance-complaint.html

- To learn more about insurance, visit www.opic.texas.gov or call the Office of Public Insurance Counsel (OPIC) at 1-877-611-6742.

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Where to Get Information

1. **Your insurance company.** When you get a copy of your policy you will also get an "Important Notice" from the company. The notice explains how to contact your company and how to file a complaint. You may request a complete copy of your policy from your company at any time.

2. **Your declarations page.** The declarations page, also called the "dec page," shows: (a) the name and address of your insurance company, (b) the location of the insured property, (c) the dates your policy is in effect, and (d) the amounts and types of coverage.

   Your company must list the exact dollar amount of each deductible in your policy. The declarations page, or a separate page, must also list any part of your policy that changes any deductible amount.

3. **The Texas Department of Insurance (TDI).** You have the right to call TDI for free at 1-800-252-3439 for information and help with a complaint against an insurer. You can also find information on the TDI website at www.tdi.texas.gov.

4. **Resources for shopping for insurance.** The Office of Public Insurance Counsel (OPIC) and TDI developed www.HelpInsure.com to help you compare rates and coverages for different insurance companies. OPIC also has an online tool to help you compare policies. You can find this policy comparison tool at www.opic.texas.gov.

What You Should Know When You File a Claim

5. **Deadlines for processing claims and payments for your damages.** You should file your claim with your insurance company as soon as possible. When you file a claim for your damages on your own policy, the insurance company must meet these deadlines:

   - **Within 15 days after you file a claim:** The company must let you know they received your claim. The company must also start their investigation and ask you for any other information they need.
   - **Within 15 business days after they get all the information they need:** The company must approve or deny your claim in writing. They can extend this deadline up to **45 days** from the date they: (a) let you know they need more time, and (b) tell you why.
   - **Within 5 business days after they let you know your claim is approved**: The company must pay the claim.

   Note: TDI can extend these deadlines by 15 more days if there is a weather-related catastrophe.

   If your company fails to meet these deadlines, you may be able to collect the claim amount, interest, and attorney's fees.

6. **Written explanation of claim denial.** Your insurance company must tell you in writing why your claim or part of your claim was denied.

7. **Reasonable investigation**. Your insurance company cannot refuse to pay your claim without a reasonable investigation of the claim. You should keep records of all claim communications (including notes from phone calls) and other claim documentation (including damage estimates and receipts).

8. **Information not required for processing your claim**. Your insurance company can only ask for information reasonably needed for their claim investigation. However, they cannot ask for your federal income tax returns unless: (a) they get a court order, or (b) your claim involves a fire loss, loss of profits, or lost income.

9. **Right to contract with a public insurance adjuster**. Your insurer cannot include a provision in your policy that prohibits you from contracting with a licensed public insurance adjuster to act on your behalf in negotiating for or effecting the settlement of a claim.

10. **Appraisal**. You or your insurance company have the right to demand appraisal to resolve a dispute about the amount to repair or replace your damaged property.

11. **Release of claim payments from lenders.** Often an insurance company will make a claim payment to you and your lender. If your lender gets the payment:
    - **No later than 10 days after receiving it they must**: (a) notify you, and (b) tell you what you must do so the money can be released.
    - **No later than 10 days after you ask for the money, they must**: (a) send the money to you, or (b) tell you how to get the money released.

    If your lender does not: (a) provide the notices mentioned above, or (b) pay the money after all the requirements have been met, the lender must pay you interest on the money.

12. **Notice of liability claim settlement.** Liability means you are responsible for other people's injuries or damage to their property. Your insurance company must let you know in writing:
    - About the first offer to settle a claim against you within **10 days** after the offer is made.
    - About any claim settled against you within **30 days** after the date of the settlement.

Who to Contact for Claim Disagreements

13. **Claim disagreements.** You can dispute the amount of your claim payment or what is covered under your policy. You can:
    - Contact your insurance company.
    - Contact an attorney to advise you of your rights under the law. The State Bar of Texas can help you find an attorney.
    - Pay a licensed public adjuster to review the damage and handle the claim.
    - File a complaint with TDI.

What You Should Know about Renewal, Cancellation, and Nonrenewal

Renewal means that your insurance company is extending your policy for another term.

Cancellation means that, **before the end of the policy period**, the insurance company:
- Terminates the policy;
- Gives you less coverage or limits your coverage; or
- Refuses to give additional coverage that you are entitled to under the policy.

"**Refusal to renew**" and "**nonrenewal**" are terms that mean your coverage ends **at the end of the policy period**. The policy period is shown on the declarations page of your policy.

14. **Notice of premium increase.** If your insurance company plans to increase your premium by 10% or more on renewal, your company must send you notice of the rate increase at least **30 days** before your renewal date.

15. **Insurance company cancellation of homeowners policies.** If your homeowners policy has been in effect for **60 days or more**, your company can only cancel your policy if:

    - You don't pay your premium when it is due;
    - You file a fraudulent claim;
    - There is an increase in the risk covered by the policy that is: (1) within your control, and (b) would make your premium go up; or
    - TDI decides that keeping the policy violates the law.

    If your policy has been in effect for **less than 60 days**, your company can only cancel your policy if:

    - One of the reasons listed above applies;
    - They reject a required inspection report within **10 days** after getting the report. The report must be done by a licensed or authorized inspector and cannot be more than 90 days old; or
    - They find something that creates an increase in risk that you did not include in your application and is not related to a prior claim.

16. **Insurance company cancellation of other residential property policies.** After your policy has been in effect for **90 days**, your company can only cancel your policy if:

    - You don't pay your premium when it is due;
    - You file a fraudulent claim;
    - There is an increase in the risk covered by the policy that is: (1) within your control, and (b) would make your premium go up; or
    - TDI decides that keeping the policy violates the law.

17. **Notice of cancellation.** If your insurance company cancels your policy, they must let you know by mail at least **10 days** before the effective date of the cancellation. Check your policy because your company may give you more than 10 days' notice.

18. **Your right to cancel.** You can cancel your policy at any time and get a refund of the unearned premium.

19. **Refund of premium.** If you or your insurance company cancel your policy, the company must refund any unearned premium within 15 business days from:

    - the date the company receives notice of the cancellation; or
    - the date of cancellation, whichever is later.

20. **Limits on using claims history for nonrenewal**. Your insurance company cannot refuse to renew your policy based on claims for damage from natural causes, including weather-related damage, or claims that are filed but not paid or payable under the policy.

    Appliance-related water damage claims. Your insurance company cannot refuse to renew your policy based on an appliance-related water damage claim if:

    - The damage has been properly repaired or remediated; and
    - The repair or remediation was inspected and certified.

However, your insurance company may refuse to renew your policy based on appliance-related water damage claims if:

- Three or more claims were filed and paid (including a claim filed by a prior owner on your property); or
- You (a) file 2 claims within a three-year period; and (b) after the second claim, your company gives you written notice that filing a third appliance-related claim could result in your policy not being renewed; and
- You file a third claim.

Claims other than appliance-related water damage claims. Your insurance company cannot refuse to renew your policy based on other claims unless:

- You (a) file 2 claims within a three-year period; and (b) after the second claim, your company gives you written notice that filing a third claim could result in your policy not being renewed; and
- You file a third claim.

21. **Limits on using claims history to increase premium**. Your insurance company cannot increase your premium based on claims for damage from natural causes, including weather-related damage, or claims that are filed but not paid or payable under your policy.

    Appliance-related water damage claims. Your company cannot increase your premium based on a prior appliance-related water damage claim if:

    - The damage has been properly repaired or remediated; and
    - The repair or remediation was inspected and certified.

    However, your insurance company may increase your premium based on prior appliance-related water damage claims if:

    - Three or more claims were filed and paid (including a claim filed by a prior owner on your property).

    Claims other than appliance-related water damage claims. Your insurance company cannot increase your premium based on other claims unless:

    - You file 2 or more claims within a three-year period.

22. **Right to ask questions.** You can ask your insurance company a question about your policy. They cannot use your questions to deny, nonrenew, or cancel your coverage. Your questions also cannot be used to determine your premium.

    For example, you may ask:

    - General questions about your policy;
    - Questions about the company's claims filing process; and
    - Questions about whether the policy will cover a loss, unless the question is about damage: (a) that occurred, and (b) that results in an investigation or claim.

23. **Use of credit information to determine what you pay for your policy**. If your insurance company uses credit information to rate your policy:

    - The company must:
        - review and update the credit information considered in the rating of your policy not less than every 36-months; and

- reassess policy rating and adjust premiums based on the updated credit information.

- When credit information is used to take action that results in an adverse effect to you, the company must:
  - use a credit report issued not more than 90 days before the policy is renewed; and
  - send you written or electronic notice of your right to request that your policy be re-rated as indicated in the last bullet below.
- You or your agent may request re-underwriting and re-rating of your insurance policy once in a 12-month period. If requested, your company must reassess your policy rating and adjust premiums at renewal based upon the current credit report or insurance score.

24. **Protections from discrimination.** An insurance company cannot refuse to insure you; limit the coverage you buy; refuse to renew your policy; or charge you a different rate based on your race, color, creed, country of origin, or religion.

25. **Widow classification for rating.** An insurance company may not charge an individual who is widowed or whose marital status otherwise reflects the death of a spouse a rate that is different from the rate that would be charged if the individual's marital status was married.

26. **Protection for low-value property**. An insurance company cannot refuse to renew your policy because the property value is low.

27. **Protection for older houses**. An insurance company cannot refuse to renew your policy based on the age of your property. However, they can refuse to renew your policy based on the condition of your property, including your plumbing, heating, air conditioning, wiring, or roof.

28. **Notice of nonrenewal.** Your insurance company must send you a notice that they are not renewing your policy. They must let you know at least **60 days** before your policy expires, or you can require them to renew your policy.

29. **Notice of a "material change" to your policy.** If your insurance company does not want to cancel or nonrenew your policy, but wants to make certain material changes, then they must explain the changes in writing at least **30 days** before the renewal date**.** Material changes include:

    - Giving you less coverage;
    - Changing a condition of coverage; or
    - Changing what you are required to do.

    Instead of a notice of "material change" a company may choose to not renew your existing policy. If so, the company has to send a nonrenewal letter, but may still offer you a different policy.

    Note: A company cannot reduce coverage during the policy period unless you ask for the change. If you ask for the change, the company does not have to send you a notice.

30. **Written statement of reasons for decision not to insure**. An insurance company must fully explain in writing the reasons for their decision not to insure you. This includes cancellation or nonrenewal.