INFORMATION FOR CLIENTS OF TEXAS ATTORNEYS

The information included on this page is for educational and informational purposes only. Please consult an attorney regarding specific legal questions.

Tips for Texans Purchasing Auto, Homeowners, and Renters Insurance

Shopping for an insurance policy is similar to shopping for any major item. It's best to compare companies and products to find the best price, quality, and customer service.

All auto and homeowners policies in Texas must include a Consumer Bill of Rights, which explains your legal rights and responsibilities. Read it carefully. You can also view the Consumer Bills of Rights for both types of policies on the Office of Public Insurance Counsel (OPIC) website at www.opic.state.tx.us.

Auto Insurance

If you drive in Texas, you must be able to pay for accidents you cause. Most Texas drivers buy auto liability insurance to meet this requirement. There are eight types of coverage in a typical auto policy: liability insurance, collision coverage, comprehensive coverage (physical damage other than collision), uninsured/underinsured motorist (UM/UIM), medical payments, personal injury protection (PIP), towing and labor coverage, and rental reimbursement coverage.

Make sure your coverage fits your needs. Don't buy more coverage than you need. Compare the cost of your annual premium against your car's Blue Book value, minus your deductible. If you're paying more in premiums than it would cost to replace your car, consider dropping collision and comprehensive coverage. If you still owe money on your car, however, your lender will require you to maintain full coverage.

You may be able to drop some coverages and lower your premium. You may not need PIP and medical payments coverage if you have health and disability



insurance. Remember, though, that PIP and medical payments also cover other people if they are injured while in your car. If you belong to an automobile club, you may already have towing and labor coverage and don't need it in your policy.

Homeowners Insurance

Insurance companies may sell several types of homeowners policies in Texas, each with a different level of coverage: HO-A policies, HO-A amended policies, HO-B policies, HO-C policies, and approved alternative policies. For a comparison of the policy forms approved for sale in Texas, visit the OPIC website.

Be sure to maintain adequate coverage. Buy enough coverage to avoid a major financial loss if your home is severely damaged or destroyed. This means keeping a realistic dollar amount of coverage on your house.



You should also consider insuring your home's replacement cost, not its market value. The market value may be higher or lower than the cost to rebuild your home. If you have replacement cost coverage and your house is destroyed, you can rebuild your home on the same lot at current local construction costs. Construction costs change, so you should update your coverage amounts annually.

When purchasing homeowners insurance, choose the highest deductible you can afford. Your deductible is the amount you must pay before the insurance company will pay. Higher deductibles will lower your premium, but you'll have to pay more out of your own pocket if you have a claim.

Renters Insurance

Your landlord's insurance will not cover your personal belongings in the event of a fire or theft. Renters insurance covers stolen, damaged, or destroyed household goods and personal property and also provides liability coverage.

There are two standard renters insurance policies: the Broad Form (HO-BT) and the Comprehensive Form (HO-CT).

Renters insurance may duplicate other coverage. For instance, if you are still a dependent, your personal property may be covered by your parents' homeowners policy. This coverage is limited, however, to an amount equal to 10 percent of the total personal property coverage provided by the policy.

Ask about Discounts

Ask your agent whether you qualify for any discounts the company might offer. The amount will vary by company.

Having Trouble Finding Insurance?

Texans having trouble finding insurance from licensed companies may have other options for obtaining coverage:

- Helpinsure.com A free and secure service of the Texas Department of Insurance and the OPIC to help Texans shop for automobile, homeowners, condo, and renters insurance. For more information or to sign up, call (800)252-3439 or visit www.helpinsure.com.
- Texas Automobile Insurance Plan Association For those who can't find auto insurance from a licensed company. TAIPA provides basic liability insurance, personal injury protection, and uninsured/underinsured motorist coverage to drivers rejected by insurance companies. For more information, call (866) 321-9154 or visit www.taipa.org.
- Texas FAIR Plan Provides the standard Texas HO-A homeowners insurance policy form to qualified homeowners. To be eligible for coverage, you must have been denied insurance by at least two licensed insurance companies writing resi-

dential property insurance in Texas and may not have received a valid offer of comparable insurance from a company licensed in Texas. For more information, contact your insurance agent or the Texas FAIR Plan at (800)979-6440 or visit www.texasfairplan.org.

Surplus lines companies — Consider a surplus lines company if you're still unable to find insurance.
Before you buy a surplus lines policy, make sure there are no other options.

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