

Dropped by Your Home Insurer? Information for Texas Residents

Most home insurance policies are one-year contracts. In Texas, **60 days** before your current policy expires, your insurer must send you a notice. The notice can offer you a new policy with similar terms for a similar price, or a new policy with different terms for a different price...OR, they can “non-renew” you. A non-renewal notice means your insurer won’t be offering you a new policy after your current one expires. A cancellation is different. A cancellation means your policy is being canceled before it expires. This publication focuses on what to do if your current insurer tells you they won’t be offering you an option to renew your coverage through their company.

If you get a non-renewal notice and you want to stay insured with your current company, review their stated reason(s) for dropping you, contact your agent or the insurance company and ask them if there are steps you can take to change their mind. Tell them about risk reduction home improvements you’ve made such as roof repairs or replacement, tie-downs, installing a moisture sensor or alarm system, limbing trees or clearing brush close to your home. Send them proof via pictures, invoices, etc. Ask them if they based their decision on your risk score, what your score is, and how you can improve it. If they stand firm on the non-renewal or you’d prefer to switch insurance companies, **start shopping right away**. Finding good, affordable home insurance is harder and may take longer than in the past.

While Texas law does not currently force an insurer to offer you a policy, there are requirements and restrictions regarding non-renewals:

- **A notice of non-renewal must be provided at least 60 days prior to the expiration date of the policy;**
- **An insurer must, upon request, provide the applicant or policyholder with a written statement of the reasons for the nonrenewal of a policy. The statement must:**

(1) state the precise incident, circumstance, or risk factors applicable that violates any applicable guidelines;

(2) state the source of information on which the insurer relied regarding the incident, circumstance, or risk factors; and

(3) specify any other information considered relevant by the commissioner.

- **When deciding to issue, non-renew, or cancel an insurance policy to an applicant for insurance, an insurer may not penalize a customer for inquiring as a basis for declination, including a telephone call or other communication about insurance coverage, or the process for filing a claim, that does not result in investigation.**

If you feel you've been non-renewed or canceled unfairly, contact the [Texas Department of Insurance](#) and [file a complaint](#). They can communicate with your current insurer and may help you locate a replacement policy. Even if they can't get your insurer to agree to offer you a renewal policy, it's important to let the agency know about problems in the insurance marketplace.

In the State of Texas there is a free online tool you can use to shop for home insurance and compare options on your own. <https://www.helpinsure.com/residential.html>. Working with an experienced and reputable agent or broker may be your best bet for shopping. Consumer choices are more limited than in the past. This is largely due to insurers' use of aerial imagery, AI and predictive models, construction cost increases and destructive weather events associated with climate change.

Review our tips on [finding a good agent or broker](#). Independent agents (also called "brokers") can place you with a variety of insurance companies. "Captive" agents (State Farm, Allstate, Farmers, for example) can usually only sell you one insurer's products.

Review UP's buying tips at: www.uphelp.org/buying-tip-type/homeowners/.

Here are some of the key questions to ask:

- **How much should my dwelling be insured for per square foot?**
- **How much Extended Replacement Cost (ERC) Coverage should I buy?**
- **Does the policy cover upgrades to meet current Building Codes?**
- **Does the policy pay Replacement or Actual Cash Value on contents?**
- **What discounts do you offer/how do I qualify for them?**

- **Does the policy limit payment for mold and water damage, and if so, how?**
- **Please explain the deductible(s) and how they'll impact me if I have a loss and file a claim?**
- **If I can't live in my home due to a loss, how are temporary expenses covered? How much and how long will ALE/Loss of Use benefits be available?**

If your only option for insuring your home is to pay a higher price for less coverage, lock in that policy so you don't have lapse in coverage, then continue to shop. New options become available over time. If your best option is a policy from an insurer you've never heard of, check their [financial rating](#) at www.ambest.com.

If you can't find coverage from an insurance brand name you recognize...

- **Check if you qualify for the insurer of last resort: [The Texas FAIR Plan Association \(FAIR Plan\)](#). The FAIR Plan offers home insurance policies to those who are unable to get insurance through regular insurance companies, providing limited coverage for one-and two-family homes, townhouses, and condominiums. To be able to get FAIR Plan coverage, you must have:**
 - **Been told by at least two insurance companies that they will not give you coverage.**
 - **Not gotten an offer for the same level of coverage from any insurance company.**
- **Check into policies that may be available through a type of less regulated company known as "surplus lines" or "non-admitted" insurer.**
- **[Get a copy of your claim history "CLUE" report](#) and/or your "Risk Score." Correct any errors that may have put you in a higher risk category.**
- **If you cannot find insurance and have a mortgage, the mortgage company will "force place" a bare-bones and expensive policy and add that cost to your mortgage payment. This will only cover the amount of your mortgage at your expense. Replace it with a standard policy ASAP.**

If after a diligent search you can't find a company that will insure your home, notify [Texas Department of Insurance](#) and your elected officials immediately, and keep [UP informed](#).