

# Homeowners, Flood, and Windstorm Policies Comparison

This chart details some of the basic differences between homeowners, flood and windstorm policies.

Policy Types	Homeowners Insurance	Flood Insurance offered by the National Flood Insurance Program (NFIP)	Wind and Hail Insurance offered by the Texas Windstorm Insurance Association (TWIA)
<b>What does the policy cover?</b>	Pays for loss to covered structures and personal property damaged by certain perils outlined in the policy. Also provides personal liability and medical payments if someone is injured on your property.	Pays for damages to covered structures and limited personal property directly damaged by a flood	Pays for damages to covered structures and personal property directly damaged by windstorm or hail
<b>Who can get it?</b>	Homeowners only  <b>Note:</b> There are separate types of policies available for tenants, people who rent their dwellings to others, condo owners, and commercial property owners.	Homeowners, renters, condo owners, people who rent their dwellings to others, and commercial owners and renters.  <b>Note:</b> Policies for structures and personal property are purchased separately. Renters only need a policy for their personal property.	Homeowners, mobile home owners, and commercial property owners in the 14 coastal counties and parts of Harris County on Galveston Bay  <b>Note:</b> Policyholders in the remainder of the state have wind and hail coverage in their policies.
<b>How do I find it?</b>	<ul style="list-style-type: none"> <li>Contact an agent</li> <li>View sample rate comparisons on the TDI and Office of Public Insurance Counsel website <a href="http://www.helpinsure.com">www.helpinsure.com</a>.</li> </ul>	<ul style="list-style-type: none"> <li>Contact an agent</li> <li>Contact 1-888-FLOOD 29 (356-6329) or <a href="http://www.floodsmart.gov">www.floodsmart.gov</a> for more information.</li> </ul> <b>Note:</b> NFIP is administered by the Federal Emergency Management Agency (FEMA)	<ul style="list-style-type: none"> <li>Contact an agent</li> <li>Contact TWIA at 1-800-788-8247 or <a href="http://www.twia.org">www.twia.org</a> for more information.</li> </ul>
<b>What perils does the policy insure?</b>	Most policies cover losses caused by the following perils (this is not a complete list of covered perils): <ul style="list-style-type: none"> <li>Fire and smoke</li> <li>Vandalism, theft</li> <li>Wind, hurricane, and hail (unless you live on the Gulf Coast)</li> <li>Sudden and accidental water damage</li> </ul>	Direct physical loss caused by flood. NFIP defines flood as an excess of water on land that is normally dry, including overflow of inland or tidal waters.  <b>Note:</b> Policies provide limited coverage below the lowest elevated floor.	Direct physical loss caused by windstorm or hail.
<b>What perils does the policy exclude?</b>	Most policies do not cover the following perils (this is not a complete list of excluded perils): <ul style="list-style-type: none"> <li>Flood</li> <li>Earthquake</li> <li>Termites, insects, or rodents</li> <li>Freezing pipes while your house is unoccupied (however, most policies cover this peril if you take certain precautions spelled out in the policy)</li> <li>Wind or hail damage to trees and shrubs</li> <li>Wear and tear or maintenance</li> <li>Water damage resulting from continuous and repeated seepage</li> </ul>	Physical damages not directly caused by flooding.	Physical damages caused by flood, rain, or storm surge, whether driven by wind or not  <b>Note:</b> Rain is covered if it enters through an opening in your roof or wall that was caused by the direct force of wind or hail.
<b>How much does the policy pay?</b>	Your overall policy limit is based on what it would cost to rebuild your home if it were completely destroyed by a covered peril. This amount is different for each policy.  Refer to your policy's declarations page for your specific coverage amounts.	You can buy coverage up to \$250,000 for your dwelling and \$100,000 for your contents; refer to your policy for your specific coverage amounts.	Your overall TWIA policy limit is based on what it would cost to rebuild your home if it were completely destroyed by a covered windstorm peril. This amount is different for each policy.  Refer to your policy's declarations page for your specific coverage amounts.
<b>Does it pay for additional living expenses (ALE)?</b>	Yes, usually a percentage of the overall limit	No	No. You must purchase policy endorsement TWIA 310 or TWIA 320 to add ALE coverage to your TWIA policy.

# Glossary of Common Homeowners Insurance Terms

For the complete glossary, visit <http://www.tdi.state.tx.us/home/cpmhomeglossary.html>

**Actual cash value (ACV)** - The value of your property, based on the current cost to replace it minus depreciation. Also see "replacement cost."

**Additional living expenses (ALE)** - Reimburses the policyholder for the cost of temporary housing, food, and other essential living expenses, if the home is damaged by a covered peril that makes the home temporarily uninhabitable. Policies cap the amount of ALE payable to 20 percent of the policy's dwelling coverage.

**Adjuster** - An individual employed by an insurer to evaluate losses and settle policyholder claims. Also see "public insurance adjuster."

**Appraisal** - An evaluation of a home insurance property claim by an authorized person to determine property value or damaged property value. Many policies provide an "appraisal" process to resolve claim disputes. In this process, you and the insurance company hire separate damage appraisers. The two appraisers choose a third appraiser to act as an "umpire." The appraisers then review your claim, and the umpire rules on any disagreements. The umpire's decision is binding on you and the insurance company, but only for the loss amount. If there is a dispute over what is covered, you can still pursue a settlement of the coverage issue after the appraisal takes place. You are required to pay for your appraiser and half of the umpire's costs.

**Declarations page** - The page in a policy that shows the name and address of the insurer, the period of time a policy is in force, the amount of the premium, and the amount of coverage.

**Deductible** - The amount the insured must pay in a loss before any payment is due from the company.

**Depreciation** - Decrease in the value of property over time due to use or wear and tear.

**Endorsement** - A written agreement attached to a policy expanding or limiting the benefits otherwise payable under the policy. Also called a "rider."

**Loss of use** - A provision in homeowners and renters insurance policies that reimburses policyholders for the additional costs (housing, food, and other essentials) of having to live elsewhere while the home is being restored following a disaster.

**Market value** - The current value of your home, including the price of land.

**Peril** - A specific risk or cause of loss covered by an insurance policy, such as a fire, windstorm, flood, or theft. A named-peril policy covers the policyholder only for the risks named in the policy. An all-risk policy covers all causes of loss except those specifically excluded.

**Personal property** - All tangible property (other than land) that is either temporary or movable in some way, such as furniture, jewelry, electronics, etc.

**Public insurance adjuster** - An individual employed by a policyholder to negotiate a claim with the insurance company in exchange for a percentage of the claim settlement. Public insurance adjusters must be licensed by TDI. Public adjusters charge a fee to help negotiate a claim. This fee is normally a percentage of the claim and is deducted from any settlement a policyholder receives from their insurance company.

**Replacement cost** - Pays the dollar amount needed to replace the structure or damaged personal property without deducting for depreciation but limited by the policy's maximum dollar amount.

**Rider** - A written agreement attached to the policy expanding or limiting the benefits otherwise payable under the policy. Also called an "endorsement."