

Texas Fair Plan Association

DESCRIPTION OF COVERAGES

RESIDENTIAL PROPERTY INSURANCE

The Texas FAIR Plan Association provides limited coverage through the Texas Homeowners Policy - Form A (HO-A), Texas Dwelling Policy – Form 1 (TDP-1), Texas Fair Plan Condominium Policy, and Texas FAIR Plan Tenant Policy.

The policies provide:

Coverage for Your Dwelling (HO-A and TDP-1 only) – Policies provide actual cash value coverage for your dwelling and outbuildings. Actual cash value is replacement cost minus depreciation.

The HO-A policy can be changed to provide replacement cost coverage. Replacement cost is what you would pay to rebuild or repair your dwelling, based on current construction costs. Replacement cost is different from market value. It does *not* include the value of your land. Replacement Cost coverage is not available on the TDP-1.

To be eligible for replacement cost coverage you must insure your dwelling for as close to 100 percent of its replacement cost as possible. If at the time of loss your home is insured for less than 80 percent of the full replacement cost, the Texas FAIR Plan Association will pay only part of the loss.

Coverage for Your Personal Property – The Homeowners HO-A policy provides 50% of the dwelling amount of insurance for household contents, clothes, appliances, etc. This means if you insure your dwelling for \$100,000, its contents are insured for \$50,000. The Texas Dwelling policy (TDP-1), Condominium policy and Tenant policy provide coverage for contents at selected limits up to a maximum of 50% of the dwelling amount of insurance on the TDP-1 and up to a maximum of \$500,000 on the Condominium and Tenant policies. Limitations of coverage apply to certain contents, including business personal property, jewelry, watches, furs, and money. This coverage pays only the actual cash value of damaged, stolen or destroyed household goods. Actual cash value is an item's replacement cost minus depreciation.

For an additional premium, policies may provide replacement cost coverage for your personal property (not available on the TDP-1). Replacement cost

coverage gives you more protection than actual cash value coverage. (**Example:** A burglar steals your six-year-old television set. With actual cash value coverage your claim payment would be based on the cost to replace the television set with a similar set minus depreciation and your deductible. With replacement cost coverage, the insurance company would pay to replace your TV with a new set similar to the one stolen, minus your deductible, once you have complied with all the policy conditions.)

The Homeowners, Condominium and Tenant policies also provide Liability, Medical Payments, and Loss of Use coverage:

Liability Coverage – protects you against financial loss if you are legally liable for someone else’s injury or property damage up to the limit of liability.

Medical Payments – pays medical expenses for persons other than residents of the household injured while on your premises and for some injuries that may happen away from your premises up to the limit of liability.

Loss of Use Coverage – pays additional living expenses if your home is uninhabitable due to a loss caused by an insured peril while repairs are being made.

Coverage Limits – the following coverage limits are available, where applicable:

- *Dwelling* – Up to \$1,000,000 Maximum value
- *Other Structures* – 10 percent of Dwelling Coverage amount
- *Personal Property* – 50 percent of Dwelling Coverage amount on the HO-A, and optional coverage up to 50 percent on the TDP-1. For Condominium and Tenant policies, limits are available up to a maximum of \$500,000.
- *Liability* - \$100,000 or \$300,000 limit
- *Medical Payments* - \$5,000 limit
- *Loss of Use* – 10 percent of Dwelling Coverage amount, 20 percent of Personal Property Coverage amount on the Condominium and Tenant policies.

Texas FAIR Plan Association policies provide coverage for damage caused by:

PERIL	HO-A	TDP-1	CONDO	TENANT
Fire	✓	✓	✓	✓
Lightning	✓	✓	✓	✓
Sudden and Accidental Damage from Smoke	✓	✓	✓	✓
Windstorm, Hurricane and Hail*	✓	✓	✓	✓
Explosion	✓	✓	✓	✓
Aircraft	✓	✓	✓	✓
Vehicles	✓	✓	✓	✓
Vandalism and Malicious Mischief	✓	✓	✓	✓
Riot and Civil Commotion	✓	✓	✓	✓
Theft	✓	N/A	✓	✓

*By law, the Texas FAIR Plan Association may not provide windstorm, hurricane and hail coverage for property located in the designated catastrophe area consisting of 14 coastal counties and a portion of Harris County on Galveston Bay. A policy written by the Texas FAIR Plan Association on such property must have a Windstorm, Hurricane and Hail Exclusion Agreement attached to the policy. Consumers in a designated catastrophe area may purchase windstorm, hurricane and hail insurance on insurable property through the Texas Windstorm Insurance Association.

Available Endorsements:

ENDORSEMENT # AND NAME	HO-A	TDP-1	CONDO	TENANT
HO-140 - WINDSTORM, HURRICANE AND HAIL EXCLUSION	✓			
HO-142 – EXCLUSION OF RESIDENTIAL COMMUNITY PROPERTY CLAUSE	✓		✓	✓
HO-205 - OFFICE, PRIVATE SCHOOL OR STUDIO - SECTION II LIABILITY	✓		✓	✓
HO-225 – ADDITIONAL PREMISES LIABILITY COVERAGE	✓		✓	✓
HO-301 - ADDITIONAL INSURED	✓		✓	✓
HO-382 – CONDOMINIUM LOSS ASSESSMENT COVERAGE			✓	
HO-800 - AMENDATORY MANDATORY	✓			
HO-801 - AMENDATORY MANDATORY			✓	✓
HO-802 - REPLACEMENT COST FOR DWELLING	✓			
HO-803 - REPLACEMENT COST FOR PERSONAL PROPERTY	✓		✓	✓
HO-804 – REPLACEMENT COST COVERAGE A (DWELLING), EXCEPT ROOF COVERINGS	✓			
HO-806 - WINDSTORM, HURRICANE AND HAIL EXCLUSION			✓	
HO-806B - WINDSTORM, HURRICANE AND HAIL EXCLUSION				✓
HO-809 – UNIT OWNERS RENTAL TO OTHERS			✓	
HO-810 - SPECIFIED BUILDING OR ANIMAL EXCLUSION	✓			
HO-811 - SPECIFIED ANIMAL EXCLUSION			✓	✓
TDP-001 - WINDSTORM, HURRICANE AND HAIL EXCLUSION		✓		
TDP-003 – EXCLUSION OF RESIDENTIAL COMMUNITY PROPERTY CLAUSE		✓		
TDP-017 – FAIR RENTAL VALUE		✓		
TDP-800 - AMENDATORY MANDATORY		✓		
TDP-810 - SPECIFIED BUILDING EXCLUSION		✓		

Discounts:

- Home Security Devices Credit (*must have certificate*), not available on Texas Dwelling Policy (TDP-1)
- Automatic Sprinkler Credit (*must have certificate*), not available on Texas Dwelling Policy (TDP-1)
- Claims Free Discount (must have zero paid claims in the preceding five-year period)

Payment Options:

- Annual Pay – Pay in Full
- Escrow Pay – Pay in full – Mortgagee Billed for Renewals
- **Semi-Annual – 50 Percent Due with Application; Balance Due in 180 Days
- **Four Payment Plan – 25 Percent Due with Application; Balance Due in Three Equal Payments in 90-Day Intervals

**A \$3.00 Service Charge is added to Each Payment

The forgoing is intended as a brief summary of the Residential Property coverages available from the Texas FAIR Plan Association. For a more complete description and the actual wording of the coverages, please refer to the policy forms.