

TEXAS WATCH

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January 25, 2012

The Honorable Leticia Van de Putte
Texas Senate
Post Office Box 12068
Austin, Texas 78711

Dear Senator Van de Putte:

At the most recent meeting of the Senate Committee on Business and Commerce, you raised the important issue of coverage reductions in insurance policies. You rightly pointed out that the rest of the story on Texas' high rates is that most policies cover dramatically less than they did a decade ago when form deregulation ushered the first non-promulgated homeowners policies into our state. This, coupled with staggering increases in deductibles, means that policyholders are being forced to shoulder more and more of the burden. This begs the question: Are consumers getting meaningful protection for a reasonable price?

Research conducted by the Texas Department of Insurance (TDI) demonstrates that deregulation of policy forms has led to significantly less coverage for most homeowners, who are being forced to pay good money for what are aptly described as "junk policies."

For example, when compared to the more comprehensive, promulgated HO-B policy, which used to be purchased by the vast majority of homeowners in our insurance market:

- 87% of policies provide less coverage for continuous or repeated leakage from plumbing, heating, or air conditioning;
- 72% provide less coverage for backup of sewers and drains; and
- 67% provide less coverage for damage to foundations and slabs.¹

These numbers are staggering, particularly when you consider the importance of the types of coverage that are being slashed. From our experience, water and foundation-related damage rank in the forefront of most homeowners' minds when considering which coverage is most important to them; however, these are not the only perils that have been removed from policies. According to TDI's findings, a significant number of home insurance policies offer less coverage for losses resulting from damage caused by theft, freezing pipes, falling trees, sudden discharge from heating or air conditioning systems, mold, and vehicles.²

Additionally, we are now seeing major carriers dramatically increase deductibles to as high as 5% of the insured value of a family's home,³ which means that on a \$200,000 claim, the homeowner would have to pay \$10,000 before his insurer, who has already pocketed and invested his premium, would have to

pay a dime. At a time when they must continue to pay through the nose, hard-working Texas families are being made to shoulder even more of the burden by carriers, defeating the fundamental purpose of insurance (namely, the spreading and transfer of risk).

Overall, reductions in coverage range up to nearly 45%.⁴ To make the abstract more concrete, we have attached side-by-side policy comparisons for major carriers, showing generally where the holes are in coverage.⁵ You'll notice that even this "simplified" overview of coverage options is exceedingly complex.

This is not an issue unique to Texas, however. A recent academic study found that the deregulation of insurance policy forms in states across the country has invariably resulted in less protection for consumers and hindered comparison shopping. In this empirical article, Professor Daniel Schwarcz writes:

Some of the most prominent national insurers employ policy language that is systematically less generous than that provided in the standard ISO policy. These downward deviations are not limited to policy terms that are designed to avoid judicial determinations of ambiguity but also include unambiguous and purposeful reductions in coverage. Moreover, while some coverage reductions certainly involve risks that have become prominent in recent years, such as mold, pollution, and lead, others involve substantial reductions in traditional coverages... Despite massive marketing campaigns by insurers emphasizing the importance of coverage in addition to premiums, it is currently virtually impossible for ordinary consumers to compare the scope of coverage that different carriers provide. Insurers do not make their policy language available to consumers until after they purchase coverage... And preliminary evidence suggests that many insurance agents are both unaware of potential differences in coverage among carriers and unfamiliar with many details of the coverage they sell.⁶

The bottom line is that consumers are hard-pressed to find a policy that offers the same level of protection they had 10 years ago. Meanwhile, rates in Texas have continued to climb. Texans are indeed paying more for less. That much is indisputable. How can this be justified?

Industry lobbyists and spokespeople claim that rates are climbing because of recent weather-related catastrophes. However, bad weather has been a problem for the entirety of the nearly 176 years that Texas has existed. Our state literally has decades of loss experience to draw upon. We have always suffered intense droughts that led to wildfires. We have always suffered hail storms and tornadoes. We have always had a coastline threatened by hurricanes. And it should be mentioned that, despite the legislature's actions to significantly mitigate the private market's exposure to windstorm risk, insurers continue to use this peril as an excuse to increase costs for policyholders statewide.

A quick review of the Texas Almanac shows that Texas has had six F5 tornadoes, most recently in 1997. Our driest year was in 1917. Our wettest year was in 1941. The record for largest hail stones was in 1960. Our biggest seasonal snowfall occurred in 1923-24. Our highest sustained wind came with Hurricane Carla in 1961.⁷

The point is that weather-related perils have long been a factor for insurance carriers, and are undoubtedly already priced into the premiums Texans pay. The industry argument that weather has become a new or more severe problem in Texas simply holds no water.

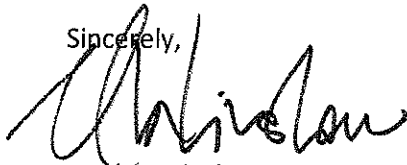
Additionally, insurance ratemaking is forward-looking, not retrospective. Insurers should no longer be able to get away with falsely claiming that a single bad insured event is justification for higher rates and even more coverage reductions. Regulators must be vigilant about forcing carriers to justify their actions. Are the risk assessments for the future reasonable and based on long-term loss experience? Are rates fair to ensure a profit without being excessive? Is coverage in the marketplace adequate to protect Texans when the inevitable happens?

Much like we saw with the deregulation of the financial sector, deregulation of insurance policy forms has resulted in a net loss of protections for consumers. Texas weathered the recent economic downturn better than the rest of the country in part because of our state's reasonable regulation of the mortgage industry. The same cannot be said of the insurance industry.

Finally, this trend of junk policies leaves good carriers who want to offer decent coverage at a competitive disadvantage. They will likely be forced to follow their less scrupulous competitors' lead in a race to the bottom. This issue cries out for regulatory and legislative action to reverse this trend and guarantee that Texans have real protection when they spend hard-earned money for an insurance policy they are required to purchase.

Again, thank you for raising this important issue. We look forward to working with you and your colleagues to develop solutions to this growing problem. Consumers want and rightly expect to get a decent product for their premium dollars. Unfortunately, that is becoming increasingly difficult.

Sincerely,



N. Alex Winslow
Executive Director



Ware V. Wendell
Director of Legislative Affairs

Enclosure

cc: Members of Senate Committee on Business and Commerce
Ms. Eleanor Kitzman, Commissioner of Insurance

¹ See "Texas Homeowners Insurance Policy Comparison: Report to the 82nd Legislature as required by Senate Bill 1 (81st Legislature, 2009)," Texas Department of Insurance, January 2011, Chart 1, at p. 4, <http://www.tdi.texas.gov/reports/documents/82hopolicycomparison.pdf>.

² *Id.*

³ See "State Farm move could mean less homeowner coverage," Purva Patel, Houston Chronicle, 9/12/11, <http://www.chron.com/business/article/State-Farm-move-could-mean-less-homeowner-coverage-2167435.php>.

⁴ See "SB 310 Summary Report for the 78th Legislature: Final Report," Texas Department of Insurance, 3/28/03, at p. 21, <http://www.tdi.texas.gov/reports/documents/sb310rpt.pdf>.

⁵ These policy form comparisons were generated using the Texas Office of Public Insurance Counsel's interface; see "Compare Policy Coverages" at <http://www.opic.state.tx.us/hoic.php>.

⁶ See "Reevaluating Standardized Insurance Policies," Daniel B. Schwarcz, University of Chicago Law Review, Vol. 78, pp. 1263, 1266 (2011); Minnesota Legal Studies Research Paper No. 10-65; available at SSRN: <http://ssrn.com/abstract=1687909>.

⁷ See "Extreme Weather Records," Texas Almanac, <http://www.texasalmanac.com/topics/environment/extreme-weather-records>.

TEXAS OFFICE OF PUBLIC INSURANCE COUNSEL

“Compare Policy Coverages”

<http://www.opic.state.tx.us/hoic.php>

Allstate

Comparisons				
Coverages	Standard HO-B (Texas Department of Insurance promulgated form - can be used by any company)	Allstate Lloyds HO-A with endorsement HO-470T	Allstate Fire & Casualty AFH1	Allstate Fire & Casualty AFH1 with endorsement AFH2
Type of Coverage				
Dwelling	ALL risks	Named Perils	Named Perils	ALL risks
Personal Property	Named Perils	Named Perils	Named Perils	Named Perils
Water Damage				
Sudden and Accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	YES	YES <i>but does not cover discharge or overflow that is below ground or within or below the foundation.</i>	YES <i>but does not cover discharge or overflow that is below ground or within or below the foundation.</i> <i>Limited foundation coverage is offered by the policy (See Damage to Foundation/Slab on this chart)</i>	YES <i>but does not cover discharge or overflow that is below ground or within or below the foundation.</i> <i>Limited foundation coverage is offered by the policy (See Damage to Foundation/Slab on this chart)</i>
Continuous or Repeated leakage from plumbing, heating, air conditioning	YES	NO	NO	NO
Backup of sewers/drains	YES	NO	NO	YES <i>provides coverage for a loss which backs up through a sewer or drain located within the residence premises</i>
Freezing of plumbing or heating system	YES <i>certain precautions must be taken by insured if property is unoccupied</i>	YES <i>certain precautions must be taken by insured if property is unoccupied, vacant or under construction</i>	YES <i>certain precautions must be taken by insured if property is unoccupied, vacant or under construction</i>	YES <i>certain precautions must be taken by insured if property is unoccupied, vacant or under construction</i>

Flood/Surface water	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip
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Mold

Mold, Fungi or Other Microbes	YES Only if the mold is on property physically damaged by sudden and accidental water or steam. This includes hidden and concealed damage that is reported within 30 days of detection.	LIMITED to damage resulting from covered perils named in the policy.	YES Limited to \$5000 in the event of a covered water loss	YES Limited to \$5000 in the event of a covered water loss
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Cost of Testing, Remediation, and Living Expenses due to Mold, Fungi or Other Microbes	NO however, an endorsement <u>must be offered</u> to provide coverage up to the policy limits for these costs. PLEASE NOTE: While the base policy does not cover the cost of testing, remediation, and living expenses due to mold, fungi or other microbes, it does provide some basic but limited mold coverage (see coverage description under Mold, Fungi or Other Microbes for further explanation)	YES coverage up to the policy limits for those perils named in the base policy: 1. fire and lightning 2. sudden and accidental damage from smoke 3. windstorm, hurricane, and hail 4. Explosion 5. Aircraft and vehicles 6. vandalism and malicious mischief 7. riot and civil comotion 8. theft. Coverage limited to \$5,000 for any additional perils	YES Included in the \$5000 limit (SEE "Mold, Fungi or Other Microbes" coverage above)	YES Included in the \$5000 limit (SEE "Mold, Fungi or Other Microbes" coverage above)
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Other Perils Covered

Damage to Foundation/ Slab	YES If damage results from a covered water leak	NO	YES If damage results from a "Sudden & Accidental" water loss from a plumbing, heating, air conditioning	YES If damage results from a "Sudden & Accidental" water loss from a plumbing, heating, air conditioning
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			<p><i>system, household appliance, or sprinkler system, the policy covers the cost to tear out and replace any part of the dwelling to access the leak as well as any damage to the dwelling or personal property.</i></p> <p>PLEASE NOTE: This coverage is limited to the amount shown on the declarations page for slab/foundation coverage.</p>	<p><i>system, household appliance, or sprinkler system, the policy covers the cost to tear out and replace any part of the dwelling to access the leak as well as any damage to the dwelling or personal property.</i></p> <p>PLEASE NOTE: This coverage is limited to the amount shown on the declarations page for slab/foundation coverage.</p>
Falling Objects, including Trees	YES	YES <i>trees and limbs only</i>	YES	YES
Weight of Ice, Snow and Sleet	YES	YES <i>for objects falling from weight of ice, snow and sleet</i>	YES	YES
Collapse	YES <i>unless caused by earth movement</i>	YES <i>unless caused by earth movement</i>	YES <i>Collapse does not include settling, cracking, shrinking, bulging, expansion, sagging or bowing.</i>	YES <i>Collapse does not include settling, cracking, shrinking, bulging, expansion, sagging or bowing.</i>
Damage by Animals (PLEASE NOTE: Companies do not generally cover damage from birds, vermin, rodents, or insects)	YES <i>unless owned or kept by insured or occupant</i>	NO	NO	NO
Glass Breakage - Dwelling <i>applies to glass that is part of the building</i>	YES	YES	YES	YES
Damage by Vehicles	YES	YES <i>vehicle must make actual contact with covered property</i>	YES	YES
Damage resulting from	YES <i>any resulting loss from</i>	NO	NO	NO

Deterioration	<i>deterioration unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consisting of</u> the deterioration is not covered</i>			
Damage resulting from Construction Defects	YES <i>any resulting loss from construction defect unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consisting of</u> the construction defect is not coveredcovered.</i>	NO	NO	NO
Additional Living Expenses (ALE) for perils other than mold	20% of the dwelling limit of liability	20% of the dwelling limit of liability for all perils other than Mold, Fungi or Other Microbes (ALE for mold, etc. is part of the \$5000 cap provided under the Cost of Testing & Remediation coverage)	Pays up to 12 months not to exceed 10% of the dwelling limit of liability	Pays up to 12 months not to exceed 20% of the dwelling limit of liability
Claims Settlement				
Dwelling	Replacement Cost	Actual Cash Value <i>Replacement cost can be added by endorsement</i>	Replacement Coast	Replacement Cost
Personal Property	Actual Cash Value <i>Replacement cost can be added by endorsement</i>	Actual Cash Value <i>Replacement cost can be added by endorsement</i>	Replacement Cost	Replacement Cost

Farmers

Comparisons					
Coverages	Standard HO-B (Texas Department of Insurance promulgated form - can be used by any company)	Farmers Insurance Group HO-A (same as Standard HO-A) - written by Farmers Insurance Exchange	Farmers Insurance Group HO-A with endorsement TX040 - written by Farmers Insurance Exchange	Farmers Insurance Group Family Home Policy - written by Texas Farmers Insurance Company	Farmers Next Generation Homeowners Policy - written by Farmers Insurance Exchange
Type of Coverage					
Dwelling	<u>ALL</u> risks	Named Perils	Named Perils	Named Perils	All Risk
Personal Property	Named Perils	Named Perils	Named Perils	Named Perils	All Risk
Water Damage					
Sudden and Accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	YES	NO	YES <i>limited to amount shown on the declaration page. PLEASE NOTE: does not cover leaks that are below ground or within or below the foundation.</i>	YES PLEASE NOTE: coverage includes costs for damage resulting from leaks that are within the foundation BUT does not include the cost to tear out and replace any portion of the foundation necessary to access the leak. <i>Coverage for tear out and replacement of any portion of the foundation necessary to access a leak within or below the foundation can be added by endorsement for up to \$3500 OR 5% of the dwelling limit, whichever is greater</i>	YES PLEASE NOTE: coverage includes costs to tear out and replace any portion of the foundation necessary to access the leak.

Continuous or Repeated leakage from plumbing, heating, air conditioning	YES	NO	NO	NO	NO
Backup of sewers/ drains	YES	NO	NO	NO but coverage can be added by endorsement. Coverage is limited to \$5000 and a \$500 deductible applies.	NO but coverage can be added by endorsement.
Freezing of plumbing or heating system	YES certain precautions must be taken by insured if property is unoccupied	NO	YES certain precautions must be taken by insured if property is unoccupied	YES certain precautions must be taken by insured if property is unoccupied	YES certain precautions must be taken by insured if property is unoccupied
Flood/ Surface water	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip
Mold					
Mold, Fungi or Other Microbes	YES Only if the mold is on property physically damaged by sudden and accidental water or steam. This includes hidden and concealed damage that is reported within 30 days of detection.	LIMITED to damage resulting from covered perils named in the policy.	LIMITED to damage resulting from covered perils named in the policy.	YES Only if the mold is on property physically damaged by sudden and accidental water or steam.	YES Only if the mold is on property physically damaged by sudden and accidental water or steam.
Cost of Testing, Remediation, and Living Expenses	NO however, an endorsement <u>must be offered</u> to	NO but an endorsement <u>must be offered</u> to provide coverage up to the	NO but an endorsement <u>must be offered</u> to provide coverage up to the policy	NO however coverage is available by endorsement for the following	NO

due to Mold, Fungi or Other Microbes	<p><i>provide coverage up to the policy limits for these costs.</i></p> <p>PLEASE NOTE: While the base policy does not cover the cost of testing, remediation, and living expenses due to mold, fungi or other microbes, it does provide some basic but limited mold coverage (see coverage description under Mold, Fungi or Other Microbes for further explanation)</p>		<p><i>limits for these costs.</i></p> <p>PLEASE NOTE: This additional mold coverage applies <u>ONLY</u> to those perils named in the base policy:</p> <ol style="list-style-type: none"> 1. fire and lightening 2. sudden and accidental damage from smoke 3. windstorm, hurricane, and hail 4. Explosion 5. Aircraft and vehicles 6. vandalism and malicious mischief 7. riot and civil comotion 8. theft 	<p><i>perils: 1. fire and lightening</i></p> <ol style="list-style-type: none"> 2. sudden and accidental damage from smoke 3. windstorm, tropical cyclone, and hail 4. Explosion 5. Aircraft and vehicles 6. vandalism and malicious mischief 7. riot and civil comotion 8. theft 	
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Other Perils Covered

Damage to Foundation/S lab	YES <i>If damage results from a covered water leak</i>	NO	NO	NO	NO
Falling Objects, including Trees	YES	NO	YES	YES	YES
Weight of Ice, Snow and Sleet	YES	NO	YES	YES	YES
Collapse	YES <i>unless caused by earth movement</i>	NO	YES <i>unless caused by earth movement</i>	YES <i>if caused by a) weight of persons, animals contents or equipment; or b) defective methods or materials are used in construction, repair or remodeling and only if the</i>	YES <i>if collapse is caused by one fire, smoke, explosion or sudden and accidental discharge or overflow from a household appliance, or a plumbing, heating, or air conditioning</i>

				<i>collapse occurs during the course of those events.</i>	<i>system.</i>
Damage by Animals (PLEASE NOTE: Companies do not generally cover damage from birds, vermin, rodents, or insects)	<i>YES unless owned or kept by insured or occupant</i>	NO	NO	NO	<i>YES however, coverage is not provided for damage caused by animals owned or kept by insured or occupant.</i>
Glass Breakage - Dwelling <i>applies to glass that is part of the building</i>	YES	NO	YES	YES	YES
Damage by Vehicles	YES	<i>YES unless vehicle is owned or operated by occupant</i>	<i>YES vehicle must make actual physical contact with covered property</i>	<i>YES vehicle must make actual physical contact with covered property</i>	<i>YES only if vehicle was moving at the time of the damage.</i>
Damage resulting from Deterioration	<i>YES any resulting loss from deterioration unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consi</u> sting of the deterioration is not covered</i>	NO	NO	<i>YES only if deterioration causes a loss by a covered peril. PLEASE NOTE: the policy does not cover deterioration resulting from windstorm, tropical cyclone, hail or collapse</i>	<i>NO however, coverage is provided for deterioration caused by fire, smoke, explosion or sudden and accidental discharge or overflow of water from a plumbing, heating, air conditioning system, or household appliance.</i>
Damage resulting from Construction Defects	<i>YES any resulting loss from construction defect unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consi</u></i>	NO	NO	NO	<i>NO however, coverage is provided for construction defects caused by fire, smoke, explosion or sudden and accidental discharge or overflow of water</i>

	<i>sting of the construction defect is not coveredcovered.</i>				<i>from a plumbing, heating, air conditioning system, or household appliance.</i>
Additional Living Expenses (ALE) for perils other than mold	20% of the dwelling limit of liability	10% of the dwelling limit	10% of the dwelling limit	Pays up to 20% of the dwelling limit, not to exceed 24 months. <i>Also pays up to two weeks if a civil authority prohibits you from using your home because of a covered peril.</i>	Pays up to 40% of the dwelling limit, not to exceed 24 months. <i>Also pays up to two weeks if a civil authority prohibits you from using your home because of a covered peril.</i>

Claims Settlement

Dwelling	Replacement Cost	Actual Cash Value	Replacement Cost	Replacement Cost	Replacement Cost
Personal Property	Actual Cash Value <i>Replacement cost can be added by endorsement</i>	Actual Cash Value	Actual Cash Value <i>Replacement cost can be added by endorsement</i>	Replacement Cost	Replacement Cost

State Farm

Comparisons				
Coverages	Standard HO-B (Texas Department of Insurance promulgated form - can be used by any company)	State Auto HO-3 (same as ISO HO-3)	State Auto HO-5 (same as ISO HO-5)	State Farm HO-W
Type of Coverage				
Dwelling	<u>ALL</u> risks	<u>ALL</u> risk	<u>ALL</u> risk	<u>ALL</u> Risks
Personal Property	Named Perils	Named Perils	<u>ALL</u> risk	Named Perils
Water Damage				
Sudden and Accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	YES	YES	YES	YES <i>This includes hidden and concealed damage that is reported within 30 days of detection.</i>
Continuous or Repeated leakage from plumbing, heating, air conditioning	YES	NO <i>but coverage can be added by endorsement</i>	NO <i>but coverage can be added by endorsement</i>	NO <i>but coverage can be added by endorsement</i> PLEASE NOTE <i>This endorsement is available upon initial application or initial renewal from another policy. If the endorsement is refused or deleted from the policy at any time, it will not be available to be added at a later date.</i>
Backup of sewers/drains	YES	NO <i>but coverage can be added by endorsement</i>	NO <i>but coverage can be added by endorsement</i>	YES <i>unless the damage results from sewage back up <u>outside</u> the residence premises (i.e. the city sewer line), or from a sump pump or sump pump well</i>
Freezing of plumbing or heating system	YES <i>certain precautions must be taken by</i>	YES <i>certain precautions must be taken by insured if</i>	YES <i>certain precautions must be taken by insured if</i>	YES <i>certain precautions must be taken by insured if</i>

	<i>insured if property is unoccupied</i>	<i>property is unoccupied</i>	<i>property is unoccupied</i>	<i>property is unoccupied</i>
Flood/Surface water	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip	NO Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip

Mold

Mold, Fungi or Other Microbes	YES Only if the mold is on property physically damaged by sudden and accidental water or steam. This includes hidden and concealed damage that is reported within 30 days of detection.	YES Only if the mold is on property physically damaged by sudden and accidental water or steam. This includes hidden and concealed damage that is reported within 30 days of detection.	YES Only if the mold is on property physically damaged by sudden and accidental water or steam. This includes hidden and concealed damage that is reported within 30 days of detection.	NO However, coverage is provided for the reasonable and necessary repair or replacement of property physically damaged by a covered water loss including: <ul style="list-style-type: none"> 1. a water loss consisting of damage from mold, fungi, or other microbes if mold, fungi, or other microbes are on the property physically damaged by a covered water loss, 2. and a water loss that is hidden and concealed damage that is reported within 30 days of detection. See below and Commissioner's Order No. 02-028 for more details.
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Cost of Testing, Remediation, and Living Expenses due to Mold, Fungi or Other Microbes	NO however, an endorsement <u>must be offered</u> to provide coverage up to the policy limits for these costs. PLEASE NOTE: While the base policy does not cover the cost of	NO but an endorsement is available to provide coverage in varying amounts up to policy limits. PLEASE NOTE: While the base policy does not cover the cost of	NO but an endorsement is available to provide coverage in varying amounts up to policy limits. PLEASE NOTE: While the base policy does not cover the cost of	NO but an endorsement <u>must be offered</u> to provide coverage in varying amounts up to policy limits.
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	<i>testing, remediation, and living expenses due to mold, fungi or other microbes, it does provide some basic but limited mold coverage (see coverage description under Mold, Fungi or Other Microbes for further explanation)</i>	<i>testing, remediation, and living expenses due to mold, fungi or other microbes, it does provide some basic but limited mold coverage (see above for further explanation)</i>	<i>testing, remediation, and living expenses due to mold, fungi or other microbes, it does provide some basic but limited mold coverage (see above for further explanation)</i>	
Other Perils Covered				
Damage to Foundation/ Slab	YES <i>If damage results from a covered water leak</i>	NO <i>but an endorsement can be added for coverage of 15% of dwelling policy limit</i>	NO <i>but an endorsement can be added for coverage of 15% of dwelling policy limit</i>	NO <i>but an endorsement can be added for coverage of 15% of dwelling policy limit for damage resulting from a covered leak.</i> PLEASE NOTE <i>This endorsement is available upon initial application or initial renewal from another policy. If the endorsement is refused or deleted from the policy at any time, it will not be available to be added at a later date.</i>
Falling Objects, including Trees	YES	YES	YES	YES
Weight of Ice, Snow and Sleet	YES	YES	YES	YES
Collapse	YES <i>unless caused by earth movement</i>	YES <i>unless caused by earth movement</i>	YES <i>unless caused by earth movement</i>	YES <i>If the collapse is caused by one of the named perils specifically applying this coverage. Earth movement is not covered.</i>
Damage by Animals (PLEASE NOTE: Companies do not generally	YES <i>unless owned or kept by insured or occupant</i>	YES	YES	NO <i>however, damage caused by a wild animal is covered (birds, vermin and rodents are not covered).</i>

cover damage from birds, vermin, rodents, or insects)				
Glass Breakage - Dwelling <i>applies to glass that is part of the building</i>	YES	YES	YES	YES
Damage by Vehicles	YES	YES	YES	YES
Damage resulting from Deterioration	YES <i>any resulting loss from deterioration unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consisting of</u> the deterioration is not covered</i>	YES <i>any resulting loss from a deterioration is covered unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consisting of</u> the deterioration is not covered</i>	YES <i>any resulting loss from a deterioration is covered unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consisting of</u> the deterioration is not covered</i>	YES <i>any resulting loss from deterioration unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consisting of</u> the deterioration is not covered</i>
Damage resulting from Construction Defects	YES <i>any resulting loss from construction defect unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consisting of</u> the construction defect is not coveredcovered.</i>	YES <i>any resulting loss from a construction defect is covered unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consisting of</u> the construction defect is not covered</i>	YES <i>any resulting loss from a construction defect is covered unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consisting of</u> the construction defect is not covered</i>	YES <i>any resulting loss from a construction defect is covered unless the resulting loss is already excluded from the policy.</i> <i>Damage <u>consisting of</u> the construction defect is not covered</i>
Additional Living Expenses (ALE) for perils other than mold	20% of the dwelling limit of liability	Amount scheduled on declaration	Amount scheduled on declaration	Pays up to 24 months of additional living expenses with no dollar limit. <i>Also pays up to two weeks if a civil authority prohibits you from using your home because of a covered peril.</i>
Claims Settlement				
Dwelling	Replacement Cost	Replacement Cost	Replacement Cost	Replacement Cost
Personal Property	Actual Cash Value <i>Replacement cost can be added by endorsement</i>	Actual Cash Value <i>Replacement cost can be added by endorsement</i>	Actual Cash Value <i>Replacement cost can be added by endorsement</i>	Replacement Cost

USAA

Comparisons		
Coverages	Standard HO-B (Texas Department of Insurance promulgated form - can be used by any company)	USAA HO-3RTX Eligibility: U.S. Military active duty, Guard, Reserve
Type of Coverage		
Dwelling	<u>ALL</u> risks	<u>ALL</u> risk
Personal Property	Named Perils	Named Perils
Water Damage		
Sudden and Accidental discharge or overflow of water or steam from a plumbing, heating, air conditioning system	YES	YES <i>This includes hidden and concealed damage that is reported within 30 days of detection.</i> See Commissioner\'s Order No. 02-0523 for more details.
Continuous or Repeated leakage from plumbing, heating, air conditioning	YES	NO <i>but coverage can be added by endorsement</i>
Backup of sewers/drains	YES	NO <i>but coverage can be added by endorsement</i>
Freezing of plumbing or heating system	YES <i>certain precautions must be taken by insured if property is unoccupied</i>	YES <i>certain precautions must be taken by insured if property is unoccupied</i>
Flood/Surface water	NO <i>Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip</i>	NO <i>Flood Insurance can be obtained through FEMA and the National Flood Insurance Program (NFIP). Their website is http://www.fema.gov/nfip</i>
Mold		
Mold, Fungi or Other Microbes	YES <i>Only if the mold is on property physically damaged by sudden and accidental water or steam. This includes hidden and concealed damage that is reported within 30 days of detection.</i>	NO <i>However, the policy does cover the repair or replacement of property physically damaged by a covered water loss (including damage from mold, fungi, or other microbes if it is on the property physically damaged by a covered water loss).</i> <i>This coverage also includes repair or replacement of hidden and concealed damage that is reported within 30 days of detection.</i> <i>See below and Commissioner\'s Order No. 02-0523 for more details.</i>

Cost of Testing, Remediation, and Living Expenses due to Mold, Fungi or Other Microbes	NO however, an endorsement <u>must be offered</u> to provide coverage up to the policy limits for these costs. PLEASE NOTE: While the base policy does not cover the cost of testing, remediation, and living expenses due to mold, fungi or other microbes, it does provide some basic but limited mold coverage (see coverage description under Mold, Fungi or Other Microbes for further explanation)	NO but coverage can be added by endorsement to provide coverage in varying amounts up to policy limits.
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Other Perils Covered

Damage to Foundation/Slab	YES If damage results from a covered water leak	NO but an endorsement can be added for coverage up to \$15,000
Falling Objects, including Trees	YES	YES
Weight of Ice, Snow and Sleet	YES	YES
Collapse	YES unless caused by earth movement	YES if caused by specific perils named in the policy. Collapse caused by earth movement is not covered.
Damage by Animals (PLEASE NOTE: Companies do not generally cover damage from birds, vermin, rodents, or insects)	YES unless owned or kept by insured or occupant	YES unless owned or kept by insured or occupant
Glass Breakage -Dwelling applies to glass that is part of the building	YES	YES
Damage by Vehicles	YES	YES
Damage resulting from Deterioration	YES any resulting loss from deterioration unless the resulting loss is already excluded from the policy. Damage <u>consisting of</u> the deterioration is not covered	YES damage resulting from deterioration is covered. Damage consisting of deterioration is not covered.
Damage resulting from Construction Defects	YES any resulting loss from construction defect unless the resulting loss is already excluded from the policy. Damage <u>consisting of</u> the construction defect is not coveredcovered.	YES damage resulting from construction defects is covered. Damage consisting of construction defects is not covered.
Additional Living Expenses (ALE) for perils other than mold	20% of the dwelling limit of liability	Pays up to 12 months

Claims Settlement

Dwelling	Replacement Cost	Replacement Cost
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Personal Property	Actual Cash Value <i>Replacement cost can be added by endorsement</i>	Actual Cash Value <i>Replacement Cost available by endorsement</i>
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