

FAIR Plan

- Texas Insurance Commissioner Jose Montemayor enacted the FAIR (Fair Access to Insurance Requirements) Plan on October 23, 2002, to assist consumers in obtaining residential property insurance. Consumers were having a difficult time finding homeowners insurance because of the tremendous losses that Texas insurers suffered from the cost of water/mold claims (2000-2002) and Tropical Storm Allison (2001), our state's costliest weather catastrophe.
- The FAIR Plan provides coverage to consumers who have been declined residential property insurance by at least two insurance companies licensed to write in Texas. Homeowners are not eligible if they have received a renewal offer, have a current policy or a quote from a voluntary market company.
- The FAIR Plan offers consumers an HO-A policy. Consumers should be warned that an HO-A policy provides actual cash value coverage for homes and does not include coverage for sudden or accidental discharge of water, frozen water pipes or mold remediation. Replacement coverage can be purchased for an additional cost. For full details on this policy, visit the Texas Department of Insurance Web site: <http://www.tdi.state.tx.us/home/pcfair.html> .
- The FAIR Plan pays claims from the premiums it collects. If claim payments exceed the premiums collected, the FAIR Plan collects the deficit from the property insurance companies in Texas via an assessment. The property insurance companies are permitted by statute to recoup the assessment from their policyholders over a three-year period.