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INSURANCE NEWS

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Texas Democratic donor, GOP legislator spar over insurance settlement

Rep. Larry Taylor says request for data on Ike deal not personally directed at Houston lawyer Steve Mostyn.

Houston trial lawyer Steve Mostyn, arguably the most powerful Democratic donor in the state, has taken offense at a Republican lawmaker's effort to get information about a series of Mostyn's cases.

The lawmaker, state Rep. Larry Taylor, R-Friendswood, said he is simply seeking information that fits under the purview of a legislative panel he leads.

Earlier this week, Taylor asked the Texas Windstorm Insurance Association a series of questions about a \$189 million settlement between the association and more than 2,000 Galveston-area property owners who were hit by Hurricane Ike and sued to get more compensation from the association.

The association is the insurer of last resort for homeowners in coastal areas most vulnerable to hurricanes.

Taylor, co-chairman of the Windstorm Insurance Legislative Oversight Board, asked for detailed information about each of the cases in the settlement, including the amount of attorney fees paid and a description of the work that justified the fees, plus the total amount claimed in each case for property damage, noneconomic losses and living expenses.

The lead lawyer representing those property owners was Mostyn, the president-elect of the Texas Trial Lawyers Association and a major Democratic donor.

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Mostyn on Friday told the insurance association, known as TWIA, that he planned to file for a temporary restraining order to block it from releasing the information to Taylor, who is chairman of the House Republican Caucus.

"I represent individuals whose private information is sought by Mr. Taylor and much of that information requested is confidential under statute, administrative rulings, judicial decisions and common-law doctrines," Mostyn wrote to TWIA on Friday. "Second, Mr. Taylor has no authority to issue a 'legislative investigation request' or any other document under color of law that would compel the production of documents."

Taylor said he is just seeking information for his committee and, noting that many other lawyers were involved in the TWIA settlement, said he isn't going after Mostyn, who is not specifically named in his request.

"It's hit a nerve, obviously, with Steve Mostyn, but my request is for information for the legislative oversight board," Taylor said. "We certainly have a reason to look into what's going on at TWIA."

Taylor said he wants to see whether TWIA is handling the claims in an efficient way and whether an appropriate amount of policyholders' funds is going toward attorneys' fees.

But Mostyn said he suspects that Taylor is interested in his work because he has become such a high-profile Democratic donor.

Mostyn has put millions of dollars into Democratic campaigns and causes this year, mostly to a political action committee called Back to Basics. The PAC has aired four television spots that are highly critical of Republican Gov. Rick Perry.

Mostyn's money also figures prominently into Democratic efforts to win control of the state House.

Taylor said politics are not his motivation for seeking the information. He said the information could be helpful as the oversight panel prepares a November report on TWIA.

Mostyn said Taylor is asking for information that a member of the public would not be able to obtain through an open records request.

TWIA General Manager Jim Oliver said that if a member of the public asked for the information Taylor requested, he would check with the property owners' lawyers before releasing it. He said he has no objection to giving Taylor the information but will hold off on doing so until a court responds to Mostyn's request that it be withheld.

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Mostyn said he thinks Taylor is acting in cooperation with Texans for Lawsuit Reform, which is the archenemy of the trial lawyers' group Mostyn heads. A Mostyn ally submitted a Texas Public Information Act request to Taylor's office to find out what communication he had with Texans for Lawsuit Reform representatives before submitting his request.

Taylor said he consulted with a number of lawyers but wasn't sure how many of them, if any, were connected to the group.

"No one representing TLR was involved with Rep. Taylor's inquiry," said the group's spokeswoman, Sherry Sylvester.

TWIA is a quasi-state entity. The money that it plans to pay the plaintiffs in the settlement does not come from taxpayer dollars, but rather from premiums paid by property owners and from reinsurance coverage purchased by TWIA.

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