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INSURANCE NEWS

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Windstorm insurer strikes back at plaintiffs' lawyers

Under fire for how it handled Hurricane Ike claims, the Texas Windstorm Insurance Association sent a letter to lawmakers this week criticizing lawyers suing the association on behalf of homeowners.

"These law firms stand to make huge profits if they are successful in these lawsuits, and some are using every means possible to influence public opinion," Jim Oliver, general manager of the windstorm insurer, wrote in a [letter](#) to members of the Windstorm Insurance Legislative Oversight Committee.

The letter is partly a response to a lawsuit filed by Houston attorney Steve Mostyn on behalf of a League City resident—one of hundreds of cases his firm has filed against the insurer.

Oliver also asks members of the oversight committee to give TWIA a "fair opportunity to present the true facts in context," should lawmakers choose to investigate allegations against the insurer.

Homeowners allege in lawsuits that internal e-mails demonstrate TWIA unfairly stacked the deck against homeowners by using prices lower than market rates to estimate materials and repair costs, unfairly limited claims payouts on roof repairs and discouraged reopening closed claims.

TWIA, created by state government but privately managed, is the insurer of last resort for homeowners and businesses in coastal counties most vulnerable to hurricanes.

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"These demands came almost always at the very beginning of the lawsuits, with no explanation as to how attorneys' fees could possibly be so high, so fast," Oliver said.

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Mostyn said he has to send a statutory demand for fees and usually doesn't know at the start of case how much the fees will total.

"They're trying to direct the focus to my fees and away from their conduct," said Mostyn, adding that ultimately a jury will decide if his fees are reasonable. "They're not right on the law or the facts. Their conduct is horrible so they have to attack the law firm."

Mostyn is the liaison for about 40 different firms representing policyholders against the windstorm association. He is also the 2010 president-elect of the Texas Trial Lawyers Association.

Much of the rest of Oliver's letter to lawmakers reiterates previous statements that the insurer handled Ike claims fairly and appropriately and that plaintiffs' attorneys were misinterpreting internal TWIA e-mails to create political and media pressure.

The association faces two regulatory investigations and one lawsuit by the Texas Department of Insurance as well as hundreds of policyholder lawsuits.

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