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Insurance News

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Eiland joins TWIA cases

GALVESTON — State Rep. Craig Eiland, D-Galveston, holds the second highest position in the Texas House of Representatives, but even he can't get satisfaction when it comes to Hurricane Ike insurance claims, he said.

Eiland, speaker pro tem of the House who owns a Galveston law firm, last week joined the ranks of frustrated coastal business and property owners when he filed a lawsuit against Texas Windstorm Insurance Association in Judge Susan Criss' 212th State District Court.

Eiland's lawsuit is among 50 filed against the association in State District Court in Galveston since Hurricane Ike struck Sept. 13.

"Plaintiff's experience regarding his claim with defendant TWIA is not an isolated case," according to the lawsuit. "TWIA's entire process is unfairly designed to reach favorable outcomes for the company at the expense of the policyholders."

Officials with the windstorm association could not be reached for comment.

Eiland, who this session will attempt to shape insurance legislation, including bills on funding the very insurer he's suing, has hired a lawyer to represent him.

He's not filing the lawsuit in his capacity as a state lawmaker, but as a private business owner, he said.

"I didn't want to be a representative suing TWIA during the session," Eiland said. "TWIA is treating me like everyone else when they denied my claim."

When Hurricane Ike made landfall, Eiland's law firm was leasing space at 2211 The Strand in downtown Galveston.

Eiland had business disruption insurance through the windstorm association, which is the insurer of last resort for 230,000 coastal property owners.

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The law office's landlord, Mitchell Historic Properties, still is making repairs to the building. Eiland has been unable to conduct business in the offices for nearly seven months, he said.

But the windstorm association has said repairs should have taken only three months and paid the law firm nearly \$60,000 for business interruption claims, Eiland said.

But Eiland said the pace of repairs is beyond his control and he wants the full proceeds of his policy, about \$100,000.

Eiland's lawsuit also names Reggie Warren, vice president of claims at the windstorm association.

The windstorm association and Warren refused to fully compensate the law firm under terms of the policy and failed to conduct a reasonable investigation of the claims, according to the lawsuit.

The association is neither a state entity nor is it designed to make a profit.

The organization, formed by lawmakers in 1972 as private insurers breezed out of risky markets, is the windstorm insurer of last resort for property owners in 14 coastal counties.

Thousands of windstorm association Hurricane Ike claims are unresolved as the insurer and policyholders fight over payments.

The windstorm pool, made of all casualty and property insurers in Texas, had about \$2.1 billion available to pay claims from Hurricane Ike.

The association has paid out about \$905 million in claims so far, officials say.

Contrary to rumor, the association has money to pay all claims, officials say. Its catastrophe reserve fund was depleted by the storm, however.

The association is obligated by statute to pay covered claims and isn't supposed to run out of money. Losses not covered by premiums, reserves and reinsurance are paid by all insurance companies writing property policies in Texas.

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