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Internal memos reveal controversy brewing for hurricane insurance

HOUSTON -- Newly uncovered internal memos at Texas Windstorm have revealed a controversial policy that could mean tens of thousands of homeowners may have their hurricane claims denied -- both from Hurricane Ike or any future storm.

Consumer advocates and homeowners who have seen the memos say they believe they show Texas Windstorm is not playing fair with consumers.

KHOU uncovered the memos as part of a two month investigation into Texas Windstorm and other insurance companies in Texas.

Friendswood homeowner Pat Conner fears he is one of the many consumers who have been affected. He says contractors have found raised shingles on his home, which are one of several problems they say he has with his roof.

"I have several bids from 15 to 17 thousand dollars to replace it," Conner said. "They actually paid me like \$290."

He says he believes the adjuster Texas Windstorm hired to handle his claim revealed part of the reason why to him.

"The claims adjuster for Texas Windstorm said he was being pressured by Texas Windstorm to close out my roof."

Internal memos KHOU has discovered reveal, in part, how Texas Windstorm instructed those adjusters to handle claims involving raised shingles, a common problem along the coast after Hurricane Ike.

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One memo, written in late December 2008, addresses all “Adjusting firms, Adjusters, and TWIA staff” statewide.

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[Internal memo from Dec. 13, 2008](#)

[Internal memo from Feb. 2, 2009](#)

The top claims officer writes: "We are receiving many requests to reopen files because shingles are unadhered. We do not feel this is direct physical loss due to windstorm and it is not our intention to pay a supplement for this reason."

In a follow-up memo in February of this year, the same top claims officer goes further: “Shingles that show no signs of damage other than they are not sealed and can be raised with your hand are not considered windstorm damaged. Some call them 'unadhered.' Regardless of the terminology these are not considered windstorm damage.”

Texas Watch, a consumer watchdog group in Austin, calls the policy ridiculous.

“This is unconscionable,” said executive director Alex Winslow.

He believes the heavy hurricane force winds from Ike not only caused raised shingles across much of the Texas Gulf Coast, but says consumers who can’t get them fixed are at risk for future damage from rain and other moisture which may get into their home. He says if the insurance company wants to deny the claims, the burden should be on them to prove the shingles were not lifted as a result of the storm.

“I expect my insurance company is gonna pay what they said they would pay. And in this situation they're just simply not doing that.”

Attorney Tony Buzbee is spearheading a proposed class action lawsuit against Texas Windstorm on the issue.

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“If your shingles are uprooted, they're not working the way they're supposed to. If you lose your seal, you're eventually going to have a water leak. And it dramatically decreases the life of your roof,” he said.

Buzbee says Texas windstorm has “twisted” their insurance policy to declare that raised shingles are not damage.

“Texas Windstorm’s position is completely contrary to the shingle manufacturer, any competent contractor and any legitimate and competent adjuster,” he said.

Jim Oliver, the general manager of Texas windstorm, said the lawsuit has no merit.

He did confirm that his company does not consider unadhered shingles to be damage. He added, Texas Windstorm will still pay a claim if a consumer can provide proof or evidence the shingle was that way before the storm hit.

KHOU has been researching this company and the practices of other insurance companies in Texas for two months and plans more reports in the near future.

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