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Insurance News

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Insurance regulators call windstorm group unfair
By PURVA PATEL

HOUSTON CHRONICLE

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Read the allegations against the TWIA

State insurance regulators have accused the Texas Windstorm Insurance Association of deceptive and unfair practices in an enforcement complaint that seeks penalties.

The association and the Texas Department of Insurance have clashed for at least a month over the association's denial of some roof-related claims following Hurricane Ike.

“Whatever talks they were involved with did not reach any agreement, so that triggered this formal action,” said Jerry Hagins, a spokesman for the insurance department.

At the heart of the issue: the association's practice of denying claims for lifted or unsealed shingles.

Policyholders have complained that Hurricane Ike winds blew their shingles back, breaking the seals that keep them adhered to each other.

But TWIA — the state created and privately run insurer — has been denying such claims.

The windstorm association has argued, in internal memos and to the department, that it does not consider loose shingles damaged.

It also argues that in order to have valid claims, home- owners must prove their shingles were sealed before Ike.

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“We think our position is correct,” said Jim Oliver, executive director of the windstorm association.

The association, which sells windstorm coverage to home and business owners along the coast who can't find it elsewhere, will address the allegations at a state administrative court hearing Dec. 1.

The enforcement petition was filed late Thursday with the State Office of Administrative Hearings in Austin.

If a judge determines the state's allegations are valid, the insurance department would seek specific penalties, which could include restitution for consumers, Hagins said.

The state insurance department considers unsealed shingles as something that would cause homes to fail required inspections.

Inspections are required to obtain coverage from the association and to keep coverage if a home is repaired after a storm, according to the department.

As of July's end, the association had 229,000 policyholders.

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