



JUAN M. GARCIA III  
STATE REPRESENTATIVE  
DISTRICT 32

STATE OF TEXAS  
HOUSE OF REPRESENTATIVES

COMMITTEES  
DEFENSE AFFAIRS AND  
STATE-FEDERAL RELATIONS  
AGRICULTURE AND LIVESTOCK

September 18, 2008

Mr. Mike Geeslin, Commissioner  
Texas Department of Insurance  
P.O. Box 149104  
Austin, Texas 78714-9104

In re: Request for immediate TWIA meeting on Hurricane Ike policies, and statement that storm surge damage from Ike will be covered by TWIA

Dear Commissioner Geeslin,

I'm writing you today to address the insurance crisis along our Texas coast. I am deeply troubled by the Texas Windstorm Insurance Association (TWIA) response so far to the catastrophe of Hurricane Ike. TWIA is a taxpayer-supported agency. For that simple reason, it ought to be protecting taxpayer's interests and not those of the insurance industry.

As such, I have two immediate requests to make of you:

First, please call an emergency meeting of the TWIA Board and instruct them, in your capacity as Insurance Commissioner, to provide all funding necessary to pay claims from Ike. As you know, the insurance company representatives on TWIA's Board voted down a recent proposal that asked for \$800 million in assessments from insurance companies that are providing coverage in Texas. The \$400 million that was agreed to instead is simply not enough to cover the massive damage caused by Hurricane Ike. Most importantly, it would be wildly inappropriate to leave Texas taxpayers holding the bag for insurance companies' losses.

Second, as Insurance Commissioner, you can help avoid unnecessary disputes for Texans who lost their homes in Ike by making a clear statement that storm surge damage from Ike will be covered by windstorm insurance. A "storm surge" from a massive Category 2 hurricane is not a "flood." The havoc wreaked by the Hurricane Ike storm surge is a function of the winds from that storm, not a flood brought on by heavy rains. The damage caused by the storm surge is directly attributable to the sustained 100-mile-per-hour winds of Hurricane Ike. As such, some unscrupulous insurance companies should not be allowed to dodge their responsibilities to citizens who have faithfully paid their

premiums, by hiding behind arbitrary definitions of wind vs. flood damage. They got away with it in Mississippi and Louisiana. That's not how we do business in Texas."

This issue will almost certainly end up being litigated in court and you are in a position to protect consumers by, in your official capacity as Texas Insurance Commissioner, recognizing the storm surge damage from Hurricane Ike as what it really is. This is a meteorological catastrophe brought on by hurricane winds. Tax-paying, law-abiding, rate-paying Texans' claims should not be dismissed or haggled over in court on that basis. You are in a position to prevent these lawsuits by clearly making this distinction. I hope that you will take action to protect Texas homeowners.

Thank you for your immediate attention to these matters.

Respectfully,



Juan M. Garcia III

Cc:

The Honorable Rick Perry, Governor  
The Honorable David Dewhurst, Lieutenant Governor  
The Honorable Tom Craddick, Speaker of the House  
The Honorable John T. Smithee, Chairman, House Insurance Committee  
The Honorable Todd Smith, Vice Chairman, House Insurance Committee  
The House Insurance Committee:  
The Honorable Craig Eiland  
The Honorable Larry Taylor  
The Honorable Beverly Woolley  
The Honorable Kelly Hancock  
The Honorable Senfronia Thompson  
The Honorable Armando Martinez  
The Honorable Hubert Vo  
The Senate State Affairs Committee:  
The Honorable Robert Duncan, Chairman  
The Honorable Kevin P. Eltife, Vice Chairman  
The Honorable John Corona  
The Honorable Chris Harris  
The Honorable Leticia Van de Putte  
The Honorable Rodney Ellis  
The Honorable Mike Jackson  
The Honorable Troy Fraser  
The Honorable Eddie Lucio  
Jim Oliver, Executive Director, Texas Windstorm Insurance Association