



SENATOR RODNEY ELLIS
District 13
PRESIDENT PRO TEMPORE
1999 - 2000

The Senate of
The State of Texas

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OFFICE OF THE ATTORNEY GENERAL
EXECUTIVE ADMINISTRATION

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COMMITTEES:

Chair, Finance
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September 27, 2002

OPINION COMMITTEE

The Honorable John Cornyn
Attorney General of Texas
P.O. Box 12548
Austin, TX 78711-2548

FILE # ML-42835-02
I.D. # 42835

RQ-0620-gc

Via Telefax: (512) 463-2063
Original will follow by regular mail

Dear General Cornyn:

Yesterday's announcement by the Farmers Group that it will leave the Texas market significantly worsens the homeowners insurance crisis facing the state of Texas. Combined with the refusal by some other companies to write new homeowners policies, Farmers' action creates a crisis of availability to match the crisis of affordability it has also engineered.

Farmers' behavior has far-reaching consequences for the people of Texas. It has placed families at risk of uninsured losses to their homesteads, stifled the sales of new and existing homes, and frustrated thousands in their dreams of home ownership. The effects of their reckless conduct will ripple through an already-struggling Texas economy.

I am requesting an Attorney General's Opinion on the following questions:

Does the conduct of Farmers Insurance in refusing to renew the policies of 700,000 homeowners in Texas violate state law?

Is Farmers Insurance an "authorized insurer" required to file a withdrawal plan under Article 21.49-2C of the Texas Insurance Code?

May the Commissioner of Insurance, pursuant to Article 21.49-2C(g) of the Texas Insurance Code, impose a moratorium on the approval of Farmers' withdrawal plan?

In light of the urgency of this situation, I request an expedited review and reply from your office. If you have any questions please do not hesitate to contact me.

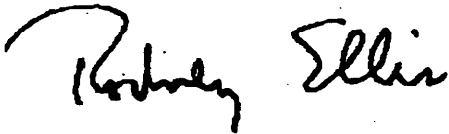
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The Honorable John Comyn
September 27, 2002
Page 2

Sincerely,

A handwritten signature in black ink that reads "Rodney Ellis". The signature is written in a cursive, flowing style.

Rodney Ellis

cc: Governor Rick Perry
Lt. Governor Bill Ratliff
Speaker Pete Lancy