



ROUGH HOLLOW
YACHT CLUB & MARINA

The Honorable Troy Fraser
Texas Senate
P.O. Box 12068, Capital Station
Austin, TX 78711

The Honorable Paul D. Workman
Texas House of Representatives
P.O. Box 2910
Austin, TX 78768

Re: SB 1628 and HB 3646

Dear Senator Fraser and Representative Workman:

I am writing to respectfully ask your consideration in opposing SB 1628 and HB 3646. I would like to tell you of my problems with my insurance company. If these bills were to pass, they would limit the badly-needed protections for policyholders like me.

On June 12th, 2014 a wind and hail storm passing through Austin, Texas caused extensive damage to the buildings and boat docks at Rough Hollow Yacht Club and Marina. The damage prohibited access to the docks since the bridge was knocked off and the storm blew off the patio extension of the restaurant making the space unusable. I called the insurance company immediately to start the claim process.

Since the storm came through late Thursday night, we had to rush to get access to the marina before our clients made it down to enjoy the lake for the weekend. We called a local dock repair contractor to help get the marina temporary up and running for the weekend. Within a short time we had incurred over \$150,000 of emergency repairs to get the facilities up and running until we could make the permanent repairs. This is when the problems started with the insurance company.

We needed a significant advance from the insurance company to cover the temporary advance and pay the subcontractors. On July 8th, 2014 the insurance company advanced us \$50,000, which was significantly less than the expenses we had incurred. We had subcontractors beating at our doors to get paid. On August 7th, 2014 we received another \$100,000 advance, still not enough. With the insurance company knowing this would be a \$2,000,000-\$3,000,000 claim we couldn't understand why they sent such small amounts which put us in a bind with our subcontractors. Finally on September 17, 2014 they sent us \$500,000 with the caveat that we needed to hold these funds for deposits to the subcontractors for the permanent repairs. At this time, we still had a few remaining temporary invoices outstanding.

At this point we were told to hold the remaining money until they finished the loss report. We didn't want to start spending again and get into a situation where we couldn't pay the subcontractors after they completed their work.

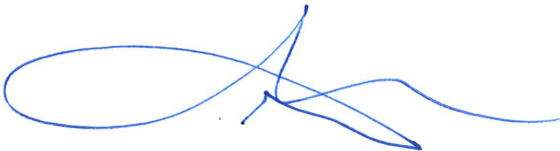
The final loss report wasn't complete until February of 2015. We signed the report on February 11, 2015 and didn't see a check for the remaining balance until April 2, 2015. In the marina and yacht club business our season starts spring break and goes through Labor Day. We had the entire winter to repair the marina in order to be ready for the next season and we were able to do nothing. Our customers have been asking constantly when they will see the repairs being done.

On top of the disgruntled customers, when we received the final loss report the insurance company imposed a co-insurance penalty of \$685,088.06. The penalty wasn't because we didn't have enough total coverage, we did. It was because the value was assigned in our policy to individual docks wasn't the same value the adjuster came up with for those same docks.

As the owner, we just want our asset repaired and fully functional for our customers in a reasonable amount of time. Our subcontractors estimate the repairs will be complete in 12-months which is almost 2 years from the date of the event. This is a tremendous hit our project will have to recover.

We are thoroughly disappointed with how the insurance company handled this claim. The process was difficult enough with the current laws governing insurance companies. If SB 1628 or HB 4636 were the law, this process would be more difficult and we would have virtually no recourse against the insurance company. While at the same time, our asset would sit unrepaired and our customers would begin to dwindle. I would not suggest we weaken the rights of the policyholders and hope you will oppose SB 1628 and HB 4636.

Sincerely,



Tim Hendon
Managing Partner

Rough Hollow Yacht Club and Marina
2101 Lakeway Blvd. Suite 100
Austin, Texas 78734
timhendon1@gmail.com