



Dear Senators and Representatives:

My name is Steven Lerner, and I am the President and CEO of TRC Capital Partners, LLC. We are a Houston based, privately held development and investment firm which is strategically focused on real estate acquisitions and development.

Over the course of our history, we have invested in over \$700 million in hospitality assets and over \$350 million in commercial real estate with and on behalf both private and institutional investors. Insurance has always played an important role in all our investments and it continues to do so.

Texas real estate investors, operators, lenders and tenants all rely on insurers to promptly and fairly pay covered property damage claims. When insurers do not promptly and fairly pay covered claims, we depend on existing insurance laws which allow us to petition for attorneys' fees and penalties to incentivize the insurers to do the right thing. We are concerned that SB 1628 and HB 3646 substantially undermine these protections.

The bills' omission of attorneys' fees from the definition of actual damages is of particular concern. If insurers are able to delay, deny or underpay covered claims without risking liability for attorneys' fees, it is quite conceivable that more insurers will delay, deny or underpay covered claims. When insurers delay, deny or underpay covered claims they expose property owners to liability for failing to uphold lease obligations to their tenants and financial covenants to their lenders. By removing incentives for insurance companies to fairly resolve claims quickly, SB 1628 and HB 3646 essentially allow insurers to shift financial and legal risks back onto the shoulders of their own insureds.

We believe that SB 1628 and HB 3646 may negatively impact the interests of real property owners and investors and we respectfully ask that you reconsider supporting SB 1628 and HB 3646.

Sincerely,

Steven Lerner
President & CEO
TRC Capital Partners, LLC