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April 22, 2015

The Honorable Charles Perry
Texas Senate
P.O. Box 12068
Austin, TX 78711-2068
via facsimile 512/463-2424 and regular mail

The Honorable John Frullo
Texas House of Representatives
P.O. Box 78768-2910
via facsimile 512/463-0072 and regular mail

Re: SB 1628 and HB 3646

Dear Senator Perry and Representative Frullo:

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

A little background information is necessary to explain my issue. I have property damage coverage with Certain Underwriters at Lloyd's. Additional entities are involved in the process: Burns and Wilcox, Ltd. is the commercial underwriter for this policy; Minuteman Adjuster's, Inc. operates as the adjuster for the underwriters; Jonathon Held, JS Held Construction Consulting, is the appraisal agent for the underwriters.

On June 5, 2013, my commercial property in Lubbock suffered significant roof damage. The adjuster, Minuteman Adjusters, Inc., on behalf of Certain Underwriters at Lloyd's, ultimately determined that the cost of repair was \$1,400,000.

After the \$120,000 deductible, the insurance company imposed a co-insurance "penalty" of \$912,578, which reduced the amount tendered to me to \$360,534. The insurance company imposed this co-insurance penalty based on its position that the property had a replacement cost value (RCV) of almost \$22 million, and an actual cash value (ACV) of about \$14.5 million, but the property was only insured for \$8 million.

The problem with this is that the reason the property was insured for \$8 million is because the insurance company representative told me to insure it for that amount. I insured the property for what the insurance company said was the correct value, and now the insurance company is using that same value to say I was under-insured.

It should be noted that Cheryl White, commercial underwriter for Burns & Wilcox, by email dated December 7, 2009, established the ACV of the property at \$10,708,864 from one valuation and \$7,974,696 from a second. The values were sent to Certain Underwriters at Lloyds, which accepted the valuation and the policy was reinstated. Today the same underwriters are claiming that the property has an ACV of \$14,495,428.86. The position they are asserting is that the property value appreciated by almost twice in a very brief period of time. The Lubbock County Appraisal District has valued the property at \$2,677,505.00.

My disagreement with the tactics of the Certain Underwriters at Lloyd's is that they have effectively denied coverage of this building and have, in fact, denied coverage on another property that I own using the same tactic.

Pursuant a letter from my attorney dated September 24, 2013, I advised Certain Underwriters at Lloyd's that I was disputing the values that they had asserted and the co-insurance "penalty." Subsequent to the notification from my attorney, my appraiser, Allen Teinert, was in communication with Jonathon Held, the appraiser for Certain Underwriters at Lloyd's. They were unable to resolve their different opinions and Blair Cherry, a retired Texas District Court Judge, was agreed upon as the umpire. As of today's date, there has been no recommendation from the umpire as to an opinion regarding the matters in controversy.

As a result of the almost two year dispute regarding the claim, I have been unable to complete proper repairs on my building. My current tenant is extremely upset that the repairs have not been made and may, in fact, result in their non-renewal of their lease next year. The current lease payments are \$36,968.40 per month with a ten year total of \$4,436,208.00. Additionally, my bank has placed first party mortgage coverage on the property to protect their interest.

In closing, I would note that the carrier demanded that we start the appraisal process. I understand that that is a requirement of the policy. I have been engaged in that process for two years without any meaningful progress. I believe that Certain

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Underwriters at Lloyd's are deliberately delaying in my attempt to resolve this matter equitably.

It is my understanding that if SB 1628 or HB 4636 were the law, an insured in my position would have little or no recourse against the insurance company. Based on my difficulties getting these two claims paid, I respectfully suggest this is no time to weaken the rights of policyholders or to increase the power of insurance companies to avoid paying valid claims.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Glen Robertson", written in a cursive style.

Glen Robertson