



LONE STAR CORRUGATED CONTAINER CORPORATION

700 N. WILDWOOD - P.O. BOX 177357 - IRVING, TEXAS 75017-7357 - 972/579-1551
METRO 972/445-0516 - FAX 972/554-6081

Senator Kelly Hancock
9221 Belshire Drive, Suite 200
North Ricahd

Re: SB 1628 and HB 3464

Dear Senator Hancock:

My name is John McLeod and I am the owner of a large box manufacturing business in Irving, Texas employing 120 employees. Lone Star Container operates in a warehouse at 700 North Wildwood, Irving with over 250,000 square feet of operations. Lone Star Container operations has been loyal and insured by Travelers Insurance with a coverage of \$16,050,000 dollar policy of insurance for 10+ number of years. On May 24th, 2011, Irving and the general area sustained severe hailstorm, which caused substantial damage to many homes and businesses. After the storm, we contacted our insurance company, Travelers, to let them know we had a hailstorm and they agreed to send out an adjuster.

After the adjuster from Travelers inspected the warehouse, he only found \$14,000 in damages. We were concerned since there were a number of double pane skylights which had been damaged along with roof leaks as a result of the storm which was interrupting operations; thereafter, we hired a Texas licensed public adjuster and she made contact with Travelers where she opined that the Lone Star Container warehouse sustained more than 2,800,000.00 dollars in damages. The public adjuster attempted on many occasions to negotiate with Travelers; although Travelers did offer some additional money after we hired a public adjuster, it was not even close enough to do any of the necessary repairs and damage on the roof due to the hail storm where it caused serious roof leaks and constantly interrupted production. We attempted on many occasions to negotiate with Travelers without any success; however, with the statute of limitations approaching we decided to hire counsel and file a lawsuit. We did not want to file a suit but was forced to take action due to the Traveler's insurance failure to offer the necessary money to repair the hail damaged warehouse. Once we filed the suit, the Travelers agreed to mediate the case.

In the conclusion, Travelers conceded and agreed with our damage expert and Travelers paid enough money to get our warehouse repaired and roof replaced.

I strongly oppose any change with the law where it gives an insurance company more opportunity to deny, delay or underpay claims like the one we had at our warehouse. I do not believe in lawsuits, however Travelers took advantage of us which could have cost our business several millions of dollars and the jobs of numerous employees that work for Lone Star Container.

Thank you,

John W. McLeod, Jr.
President – C.E.O.