

Steve Widner



Allegro North Condominiums

Fulton, Texas

Dear Legislator,

The purpose of this letter is to report to you the problems our homeowners' association has had with TWIA in response to our Hurricane Harvey claim.

Allegro North Condominiums is located in Rockport and was directly hit by Hurricane Harvey on August 25, 2017. Allegro North immediately reported the loss to TWIA. Unfortunately, TWIA did not timely respond to the notice of loss or give Allegro North any direction on how to deal with the aftermath of the storm. To clean up the property and protect it from further damage, Allegro North entered into a contract with Restoration Management Company (RMC) on August 28, 2017, three days after the storm. Over the next few months, RMC performed their mitigation work and billed Allegro North approximately \$3.5M for the work. Allegro North kept TWIA apprised of the work and actually met with them on several occasions to discuss RMC's work and to specifically seek input from TWIA. At no time did TWIA criticize the work, call it excessive or offer any alternatives for the mitigation work. Nor did TWIA provide an estimate outlining their position on the scope and cost of the mitigation work. TWIA did make an advance payment to Allegro North on September 9, 2017 of \$540,000 but that was only at Allegro's North's request. The first payment TWIA made for any mitigation or repair work was not until November 2017, three months after the storm. Even then, TWIA provided no direction on what work was covered by the payment.

As the mitigation work was being completed in the fall of 2017, Allegro North entered into a contract with RMC to perform permanent reconstruction work at the property. TWIA was notified of Allegro North's actions and given an opportunity to provide their input. However, TWIA again did nothing to respond to this information.

Allegro North finally got an official position statement from TWIA in May 2018. For the first time, TWIA complained that the mitigation work was excessive and that they were only going to pay about \$5M for reconstruction work. At this point, the mitigation and repair work will exceed \$14M when completed. These are not hypothetical numbers. These are actually costs incurred by Allegro North and repair bids reviewed and approved by Allegro North's construction manager and board of directors.

TWIA's actions have compounded the devastation caused by Hurricane Harvey. The Allegro North complex essentially consists of nine buildings with a total of 92 condo units and was insured with TWIA for approximately \$20M. At this point, Allegro North is contemplating an assessment of over \$100,000 to each owner in order to make the necessary repairs caused by Hurricane Harvey. Allegro North is in this difficult position because TWIA mismanaged and undervalued their claim from the beginning.

For an insured that had ample coverages, the insurance association needs to be there when needed after a loss to be a true partner in the restoration. TWIA, and their representatives, were largely unprepared to deal with quantity of losses and most assuredly the complexity of certain losses,

especially condominium losses. Moving forward, TWIA needs to appropriately and timely communicate with its insureds, TWIA needs to be prepared to fully deal with complex, large loss claims and their hired consultants and adjustors need to be accountable to respond timely, accurately and consistently. Most importantly the insured needs a true, impartial dispute resolution process as well as fair and equitable remedies that will hold TWIA and its representatives accountable. The great State of Texas and its property owners deserve and should demand better.

Allegro North Council of Co-Owners Board of Directors

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