

Margaret A. Sherman

Lake Jackson, Texas 77566

July 14, 2008

To: The Texas Legislature Sunset Advisory Commission
Attention: Chole Lieberknecht or
To Whom It May Concern
sunset@sunset.state.tx.us

Cc: State Representative Dennis Bonnen
District 25
dennis.bonnen@house.state.tx.us

From: Margaret A. Sherman

Lake Jackson, Texas 77566

RE: TEXAS DEPARTMENT OF INSURANCE
Engineering Services/Inspections (Windstorm Inspections)
Topic: Forensic Inspections

Ms. Lieberknecht:

I am aware that the review process for the Texas Department of Insurance has passed. However, I feel this item to be of such importance I am compelled to make all attempts to get my concern heard.

I will be as brief and concise as possible. The Texas Department of Insurance – Inspections Division (Windstorm Inspections) has the responsibility of governing and administering the windstorm inspections program along a defined area of the Texas Gulf Coast.

As part of the program – the TDI Inspections Division issues a document, WPI-8 Certificate of Compliance, for structures and components of structures that meet the guidelines as defined. The inspections process is performed by two entities: 1) TDI employed inspectors, 2) TDI Appointed Engineers (in the private sector).

The windstorm inspections and certification (TDI) program has been around since January 1, 1988 but was considered a voluntary program. Since the catastrophic outcomes of Katrina and Rita – and the subsequent dropping of windstorm coverage in coastal counties by most, if not all, of the insurance carriers in the State of Texas –citizens are now being forced to turn to TWIA (Texas Windstorm Insurance Association) for coverage. TWIA requires a WPI-8 to insure structures built between January 1, 1988 and present day, which leads to my concern and the reason for my letter. Keeping in mind that a WPI 8 Certificate of Compliance was voluntary – but is now required to obtain insurance through TWIA, this ambiguous process has left many coastal residents and business owners in a bind through no fault of their own. A greater injustice is the lack of attention and efforts by TDI Inspections Division to assist these residents in obtaining some form or Certificate of Compliance in order to obtain insurance through TWIA. There is an overwhelming need for a comprehensive and viable forensic inspections program for citizens who have been literally left out in the cold!

I am not a Professional Engineer, my husband is. In addition he is a TDI Appointed Engineer who performs windstorm inspections and designs. He was a member of a TDI Inspections Division “working group” whose task was to develop guidelines for a forensic inspections program (Earlier this year this “working group” met (2) times ONLY.)

The group was hand-picked and apparently weighted heavily with individuals who were against forensic inspections. The outcome of this “working group” is a product that is all **but impossible** to apply. **In a sense a forensic inspections program was developed, but due to the onerous design – it exist on paper only.**

Members of the group who were truly intent on developing a workable program were discouraged or intimidated by the presence of those who are known not to want a forensic inspections program and happen to be in governing positions of authority over the participants.

I attended a TDI Inspections Division’s “share holders meeting” in March of this year. I personally witnessed Jim Oliver, General Manager, TWIA, stating the need for a “workable” forensic inspections program to assist the citizens of the Texas Gulf Coast caught in this unfortunate predicament. My interpretation this was the charge.

Sam Nelson, TDI Chief Engineer in March of 2007 *told me to my face in his office* that he was not in favor of a forensic inspections program, and he just so happen to be the chairman of this “working group” to develop a forensic inspections program. **This leads me to believe that the “working group” was intentionally designed to fail!** Again, the end product is a forensic inspections program that is not workable!

On July 8th, 2008 my husband received a copy of the “latest informal working draft” for the forensic inspections program. His comment to me was “why bother – I’m tired of fighting a lost battle”. I understand and appreciate his disgust with the entire process. I work in his office answering phones and hear the voices of people who are desperately trying to get assistance in obtaining insurance through TWIA. Most TDI Appointed Engineers turn their back on these people for **fear of retribution from the TDI Inspections Division.** Without the assistance of your commission or some other form of State Governmental entity that will investigate and address the unethical conduct and damaging behavior that is the norm at the TDI Inspections Division – the State of Texas will have turned their back on these people as well.

I request only 30 minutes of your time, face to face, to convey to you the gravity and to better articulate with the supporting details the severity of this issue. **I have personally met with Sam Nelson, with Alexis Dick, and attended the TDI Inspections Division public meetings. This is a small division of TDI that is running amuck – under the radar and without scrutiny from discerning eyes.** The potential outcome of the department’s actions, if gone unchecked, can create a catastrophic financial burden on citizens of the Texas Coastal Counties and on TWIA.

Again, I request only a brief audience.

Respectfully,

Margaret A. Sherman