

Insurers Get an Earful From Senator

By JOSEPH B. TREASTER, NY Times

Sometimes, political connections come in handy. Ask Senator Trent Lott of Mississippi.

Mr. Lott, a Republican and former majority leader, is one of thousands of homeowners on the Gulf Coast who have been fighting with their insurers over payments for damage in Hurricane Katrina. In an interview yesterday, he said he was angry about the insurers' "insensitivity and outright meanness" in rejecting many homeowners' claims.

He said he inserted a provision into legislation, signed by President Bush last week, directing the Department of Homeland Security to investigate potential fraud by the insurance industry. Mr. Lott said he was also drafting legislation to challenge the industry's exemptions from antitrust laws and had asked his staff to investigate the industry's tax rates.

"I am outraged," he said. "I'm concerned there are lots of abuses in the aftermath of the hurricane."

Mr. Lott's claim for the loss of his \$400,000 house in Pascagoula was rejected by State Farm.

Industry executives and lawyers denied that the insurers had engaged in fraud and some ques-

tioned whether Mr. Lott was improperly using his position in Congress.

"Given that the senator has a personal dog in the fight, his actions have the appearance of an abuse of power," said Randy J. Maniloff, a lawyer in Philadelphia who represents insurance companies.

Mr. Lott said he was not acting solely out of personal motivation. "I've had my own experience, but a lot of people have had similar experiences," Mr. Lott said. "They have abused my people, my friends, the people I love."

Robert P. Hartwig, the chief economist for the Insurance Information Institute, a trade group in New York, said: "It's unfortunate that the scarce resources of the Department of Homeland Security are being diverted toward an unjustified investigation."

The industry executives also asserted that Mr. Lott, as a senator, had a duty to be impartial. They said he should follow the example of several judges in Mississippi whose homes were damaged in Katrina and who have recused themselves from cases involving the storm.

"I don't profess to be impartial," Mr. Lott said.

Mr. Lott said he was also planning to introduce legislation requiring the insurers to include in their policies a prominent listing in plain English of what they refuse to cover. He said home insurance policies contained "a bunch of subterfuges" difficult for laymen or lawyers to comprehend. "Don't tell me they don't do it on purpose," Mr. Lott said.

Insurance is mainly regulated by the states. But the federal government has authority on antitrust and tax issues. The insurers have been exempted from some antitrust laws since the 1940's. These exemptions permit them to share industrywide information on claims costs and project future costs.

The insurers say working with a larger pool of data than any single company could develop enables them to offer lower prices. J. Robert Hunter, an insurance expert at the Consumer Federation of America, said that without the antitrust exemption, insurance prices would probably be lower.

Mr. Lott told The National Underwriter, an insurance industry publication, that he spoke directly to Edward B. Rust Jr., the chief executive of State Farm. "He said he would look into my situation," Mr. Lott was quoted in January as

saying. "I told him I didn't want any special consideration. I wanted them to do what was right for everybody."

State Farm and other insurers promise to pay for wind damage in hurricanes but they say their policies do not pay for flood damage. Federal flood insurance pays up to \$250,000 in damage to a home and up to \$100,000 for furnishings and clothing.

Mr. Lott and several thousand other Mississippi homeowners are suing State Farm and other insurers, arguing that the winds of Katrina pushed floodwaters across the beaches and that the policies they bought that promise coverage against wind damage should be honored.

State Farm declined yesterday to discuss Mr. Lott's lawsuit. Insurers have paid \$41 billion for damage to homes and businesses from Hurricane Katrina, \$13.6 billion in Mississippi alone, resolving, they say, 95 percent of the state's 355,000 homeowner claims.

Mr. Lott said he bought flood insurance and received the maximum of \$350,000 from the government. Industry executives say Mr. Lott clearly understood that flood insurance and private homeowners insurance provide separate coverage.

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Mr. Lott's lawyer is Richard F. Scruggs, who made a fortune in litigation against tobacco companies. Mr. Scruggs, who is representing many Katrina victims, is Mr. Lott's brother-in-law and a neighbor in Pascagoula. Mr. Scruggs's home was heavily damaged. John Griffin Jones, a lawyer working with Mr. Scruggs on claims, said an insurer also denied Mr. Scruggs's claim.

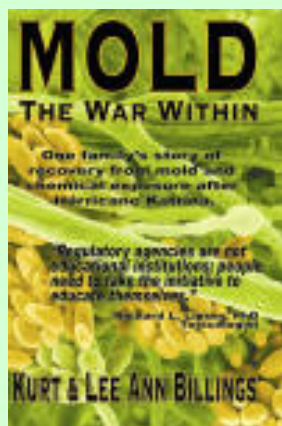
In August, Judge L. T. Senter Jr. of Federal District Court in Gulfport ruled in the first trial over wind versus water damage that the insurers did not have to pay for flood damage. But he said language permitting them to refuse payment when damage results from a combination of wind and water was ambiguous.

Mr. Lott said he had sought the Homeland Security investigation because he believed that the insurers shifted the cost of many claims to the federal flood insurance program that they should have paid themselves.

Mr. Lott said he wanted Homeland Security to determine if the shifting of costs to the federal program "was just an occasional mistake or systematic."

"I think it was systematic," he said.

New Book Sheds Light on Medical and Political Issues of Mold



A handful of heroes have emerged after Hurricane Katrina; even fewer have turned their devastating experience into public good. These authors have done just that.

Find out what government agencies AREN'T telling you and why. Authors, Kurt and Lee Ann Billings, provide this information, and more, in the book *Mold: The War Within* that documents hard-sought research from a multitude of sources to enlighten readers.

Interwoven with easy-to-understand explanations of complex topics, the Billings chronicle their family's frustrating, but ultimately successful, quest for effective treatment for mold- and chemical-related illnesses from the hurricane. They share what worked for them medically—what didn't—and why. *MOLD: The War Within* will be of

value to every homeowner, renter, and employee who is—or will become—sick from mold and chemical exposures.

Revealing interviews with leading experts on mold and chemical issues bring to life such topics as the effects of mold and chemical exposure on human health, methods of mold testing, the dangers of antifungal pharmaceuticals, and healing through natural means. Learn firsthand from Doctors Gina Solomon, Richard Lipsey, and others who performed mold, sediment, and bacterial testing in the New Orleans area, and how this information applies to everyone. Certified industrial hygienist Dr. Andrew Puccetti and certified mechanical hygienist Jim Pearson provide need-to-know information that every homeowner—regardless of location—should know. Find out the legal loop holes of mold cases from attorney Cynthia Mulvihill, and the medical effects of mold and chemical exposure from immunotoxicologist Dr. Jack Thrasher and microbiologist and immunologist Dr. David Straus. Cutting-edge research on alternative treatments is provided by multiple doctors. Insight from POA founder and insurance/mold advocate

Melinda Ballard opens the readers' eyes to the fallacy, "Mold cannot hurt you" that is so often touted by medical professionals.

POA members will be helping to further medical mold research when they order *MOLD: The War Within* as 20% of the proceeds from each book purchased by POA members will be donated by the authors to POA's Medical Research Fund. Orders can be placed at:

www.moldsolutions.info

To identify yourself as a POA member, please enter the code "POA" in the code field that pops up in the last check-out menu.