

## Whistleblowers Say State Farm Shredded Documents to Avoid Paying Katrina Victims, Allegations of Massive Fraud

Brian Ross and Joseph Rhee Report for ABC News



State Farm Insurance supervisors systematically demanded that Hurricane Katrina damage reports be buried or replaced or changed so that the company would not have to pay policyholders' claims in Mississippi, two State Farm insiders tell ABC News.

Kerri and Cori Rigsby, independent adjusters who had worked for State Farm exclusively for eight years, say they have turned over thousands of internal company documents and their own detailed statement to the FBI and Mississippi state investigators.

In an exclusive interview with ABC news, broadcast on 20/20 and World News, the Rigsby sisters say they saw "widespread" fraud at the State Farm offices in Biloxi and Gulfport, Miss.

"Katrina was devastating, but so was State Farm," says Cori Rigsby.

At one point, they say State Farm brought in a special shredding truck they believe was used to destroy key documents. State Farm says shredding is standard to protect policyholders' privacy.

The sisters say they saw supervisors go to great lengths to pressure outside engineers to prepare reports concluding that damage was caused by water, not covered under State Farm policies, rather than by wind.

They say reports that concluded that damage was caused by wind, for which State Farm would have to pay, were hidden in a special file and new reports were ordered.

Cori Rigsby says she recalls a senior coordinator ordering that an engineering company be told to alter the findings in its report so that State Farm would not have to pay. "Tell them if they don't change their report, we're not paying their invoice," she remem-

bers the supervisor saying.

A lawyer for State Farm, Wayne Drinkwater, told ABC News he was unfamiliar with the Rigsby sisters but denied State Farm cheated policyholders or pressured outside engineers to reach particular conclusions in their damage reports.

"We, of course, have not been cheating," Drinkwater said.

The allegations, if proven, would support the suspicions of thousands of homeowners along the Mississippi Gulf Coast who have been unable to collect enough insurance money to rebuild their homes.

Many have filed lawsuits against State Farm and other insurance companies alleging the companies of wrongly denying or low-balling their claims. The Rigsby sisters' allegations are now a key part of suits filed against State Farm by well-known Mississippi lawyer Dickie Scruggs, famous for taking on the tobacco companies.