

Attorneys who won punitive damages verdict settle State Farm cases

By ANITA LEE, Sun Herald
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BILOXI -- The attorneys who won a punitive damages verdict against State Farm Fire & Casualty Co. earlier this year have settled their remaining Hurricane Katrina lawsuits with the insurer.

"Obviously, the terms are confidential, but we were pleased to avoid costly and lengthy litigation which is in no one's interest," State Farm spokesman Fraser Engerman said. "This is another example of our goal to resolve matters quickly so that we can continue to assist with the rebuilding of the Coast."

Biloxi attorney Jack Denton told the Sun Herald he and attorney William C. Walker Jr. finalized the settlement Friday morning of 18 lawsuits filed against State Farm. Two of those cases were set for court later this month. While Denton could not discuss specifics of the settlement, he said the specter of punitive damages against the insurer played into the negotiations.

"We finally got a little relief," Denton said. "We're pleased that we were able to get our current State Farm cases resolved. What it indicates to me is that we have finally reached some middle ground with State Farm that has created a basis on which we can settle our State Farm cases."

More than 200 lawsuits are

pending against the insurer in U.S. District Court. Evidence unearthed so far indicates State Farm denied payments for wind damage in coastal areas also subjected to tidal surge. State Farm relied on a clause in its policies that purports to say wind damage is not covered when water contributes.

Under pressure from state officials, and with an unfavorable court ruling early in the year, the insurer is now re-evaluating claims and offering wind damage payments to policyholders whose property the storm swept away, leaving only slabs or pilings. The insurer also will review the claims of other Coast policyholder who request it.

State Farm, the state and nation's largest property insurer, has about 35,000 customers in the three Coast counties. The company has paid more than \$1.2 billion for hurricane damage statewide.

Its claims re-evaluation process is being overseen by Mississippi Insurance Commissioner George Dale, whose office is investigating how the insurer handled Katrina claims because of consumer complaints.

Denton said that he and Walker will continue to take State Farm cases and hopefully will be able to settle them without a trial, too. The law firm still has cases pending against Nationwide, USAA and Allstate.

Denton and Walker tried the first Katrina case against State Farm in January, winning policy limits for a Biloxi couple who lived near the waterfront. State Farm denied their claim without

proving that water, excluded from coverage, caused the loss. At trial, State Farm conceded that wind could have caused some roof damage.

U.S. District Court Judge L.T. Senter Jr. awarded Norman and Genevieve Broussard policy limits, saying a jury decision was not needed because State Farm had failed to meet its burden of proof. The jury then awarded the Broussards \$2.5 million in punitive damages, concluding State Farm had denied the claim in bad faith.

Senter later reduced that award to \$ 1 million.

State Farm is appealing that case to the U.S. Fifth Circuit Court of Appeals.

A total of 18 lawsuits were settled against State Farm. Two of the cases were set for trial in July. Punitive damages against State Farm played into the settlement negotiations.

Attorneys Jack Denton and William Walker won \$2.5 million in punitive damages in the Broussard case (against State Farm). The judge later reduced that award to \$1 million.