

Allstate settles Mississippi cases; Move may bode well for La. cases

Rebecca Mowbray and the Associated Press compiled this report. Times Picayune

GULFPORT, MISS. – Allstate Insurance Co. has agreed to a mass settlement of claims by a group of Mississippi policyholders who sued the insurer over damage to their homes from Hurricane Katrina, a company spokesman and a lawyer for the homeowners said Monday.

And at least one local lawyer thinks the mass settlement in Mississippi could signal a willingness by Allstate to settle cases in Louisiana. Whether or not that's a good thing, said Allan Kanner, head of the insurance section at the Louisiana Association for Justice, ultimately comes down to how rich the deals are.

"I think they're going to try to make some overtures here," Kanner said. "Deals are good, but they've got to be fair settlements."

Randy Maniloff, an insurance defense attorney in Philadelphia who's been closely following the Katrina litigation, agreed that Monday's settlement could signal a new willingness by Allstate to clear out claims.

"You have to read that into it," Maniloff said. "That's a logical reading of the settlement."

Still, the storm-surge issues in Mississippi are very different from the levee breach flooding New Orleans experienced, he said.

"I don't see (the settlement) having any real impact (on Louisiana). The Mississippi cases are so tied to the wind-water issue," Maniloff said.

Terms of the agreement with

the Mississippi policyholders were not disclosed on Monday, and both sides refused to specify how many policyholders could participate in the settlement.

However, a lawyer from the Scruggs Katrina Group, the legal team that negotiated the settlement with Allstate, said last month that it represents about 280 Allstate policyholders who sued the company.

Allstate spokesman Michael Siemienas said, "We are pleased that these customers are now a part of the 99 percent of Allstate customers in Mississippi whose claims are settled and moving on with their lives."

Hundreds of Mississippi homeowners have sued Northbrook, Ill.-based Allstate and other insurers for refusing to cover damage from Katrina's storm surge. The companies say their policies cover damage from wind but not rising water.

The Scruggs Katrina Group also has brokered similar mass settlements with several other insurers, including State Farm Fire & Casualty Co., Nationwide Mutual Insurance Co. and Metropolitan Property and Casualty Insurance Co.

Zach Scruggs, a member of the legal team, said the Allstate agreement will be presented to their clients individually so that each can decide whether to participate in the settlement.

The Allstate agreement leaves the Scruggs Katrina Group with about 280 cases against State Farm, more than 40 against United Services Automobile Association and more than 60 against Mississippi Farm Bureau Insurance Co.

Hundreds of other Allstate policyholders also have settled disputed claims through a mediation program run by the state's insurance department. Mississippi Insurance Commis-

sioner George Dale said about 650 of the 800 Allstate policyholders who participated in the program have reached settlements.

"I'm delighted that more and more of the claims are being settled," he said.

Louisiana's Kanner, head of the insurance section at the Louisiana Association for Justice, a trial lawyers association, said the big question he had after Monday's settlement is: "Why now?"

Kanner said he would have thought that there would be no mass settlements of claims before the deadline for filing suit, which is Aug. 29 in Louisiana, because it might send signals to homeowners to call a lawyer and try their hand, too.

In Mississippi, it could be that the writing is on the wall for how cases will go, and the settlements are an attempt to buy some goodwill before people give up on mediation and march back to court. It also could be that Allstate wants to head off another round of lawsuits being filed.

Earlier this month, Allstate settled its post-trial legal disputes with Slidell policyholder Robert Weiss, who was awarded more than \$2.8 million by a federal jury in a groundbreaking case over Hurricane Katrina damage. Terms of the settlement were not disclosed.

Meanwhile, inquiries in Washington about the allocation of flood and wind damage are attracting attention, and several local lawyers are working on "electronic discovery" in their insurance cases, looking at company e-mails and electronic evolution of documents.

"I think after Weiss, Allstate wants to settle," Kanner said.

In Mississippi, some say this settlement is a prelude to more settlements as Allstate may want to resolve outstanding claims in an attempt to buy some goodwill before people give up on mediation and march back to court. It also could be that Allstate wants to head off another round of lawsuits being filed.

The deadline for filing suit in Louisiana is Aug. 29, 2007 – next month.

Whether or not this Mississippi settlement impacts cases in Louisiana remains to be seen. The storm surge issues in Mississippi are different than the levee breach/flood issues in Louisiana. The one thing that remains a constant is Allstate's insistence on dodging contractual duties to policyholders.