

The Policyholder Advocate



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Guy who gets it right says brace for 4-5 category 3+ storms

POA



Dr. Lian Xie gets it right. He predicts 4-5 Cat. 3+ hurricanes in 2007.

For the most part, hurricane forecasters blew it last year. The only hurricane forecaster that was correct was Dr. Lian Xie, a professor at North Carolina State University.

Xie's methodology evaluates data from the last 100 years on Atlantic Ocean hurricane positions and intensity, sea surface temperatures and weather patterns, to predict the number of storms and where they will make landfall.

According to Xie, the 2007 season, which begins on June 1 and ends on November 30, will be an active one. He predicts 12-14 named storms forming in the Atlantic Ocean, the Gulf of Mexico and the Caribbean Sea. Of those named storms, 8-9 are likely to become hurricanes, 4-5 of which have the potential to become Category 3 or higher storms.

Xie believes that 2-3 hurricanes will form in the Gulf of Mexico with 1-2 making landfall there. Xie says the southeastern coast of the U.S. will see between 1-3 named storms, with 1-2 hurricanes making landfall.

For a primer on what to do to protect your home, visit: http://www.policyholdersofamerica.org/newsletter_Hurricane_Season_2006.htm

Special points of interest:

- **HURRICANES: WHILE THE EXPERTS DISAGREE ON THE NUMBER OF HURRICANES WE CAN EXPECT THIS SEASON, THE ONE WHO GETS IT RIGHT SAYS THERE WILL BE 4-5 CATEGORY 3 OR HIGHER HURRICANES.**
- **ALLSTATE TAKES A LICKING AND KEEPS ON TRICKING.**
- **INSURANCE IS THE NUMBER ONE REASON POST-KATRINA RECOVERY IS AT A STALE-MATE.**
- **PLAYING POLITICS: BETTING ON CLINTON AND/OR OBAMA IS BAD FOR THE ENTIRE DEMOCRATIC TICKET.**
- **NATIONAL CATASTROPHIC PROPOSALS ARE DEBATED IN WASHINGTON, DC**
- **BS STORM MODEL ALLOWS INSURERS TO JACK UP RATES, AGAIN.**
- **LOTS HAPPENING AT THE STATE LEVEL.**
- **NEW FLOOD MAPS MAY ERODE VALUES.**

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Insurance: Allstate verdict a telling one

Clarion Ledger

A federal jury's \$2.8 million judgment against Allstate Insurance Co. this week should be a wake-up call to the industry.

The award was given by a U.S. District Court jury in New Orleans which decided Monday that Allstate did not pay Robert Weiss of Slidell, La., enough money to cover wind damage to his home from Hurricane Katrina.

Allstate had claimed that most of the damage was due to storm surge, or flooding not covered under its wind insurance. But the jury concluded that Allstate owes Weiss \$561,600 for wind damage, plus \$2.25 million in penalties for not paying quickly enough.

This is the second major defeat in court for an in-

urance company claiming that wind-blown water was not covered under hurricane policies.

A Gulfport jury in January awarded \$2.5 million in punitive damages against State Farm Fire and Casualty Co. in a wind vs. water dispute.

WIND VS. WATER

In this wind vs. water case, Allstate's initial finding of damage due to Katrina's wind was later changed to being due to water, not covered by the policy.

Although that award was later reduced, and Allstate says it will appeal, this should send a message: **Juries will punish insurance companies seen to be seeking to evade their obligations.**

In this case, a finding of wind damage by an onsite inspector was later changed to being due to water.

Congress is reviewing dozens of complaints that insurance companies pressured engineers to attribute destruction to flooding, which 4th District U.S. Rep. Gene Taylor has called **"a fraud against the U.S. taxpayers."**

If private insurance won't provide meaningful protection, the government must step in for catastrophic coverage.

Allstate's CEO said he doesn't expect to make changes in the way the company handles catastrophe claims despite the company badly losing its first federal lawsuit over a Hurricane Katrina.

Allstate to Appeal \$2.8M Verdict in N.O. Katrina Damage Case By Michael Kunzelman, Associated Press

Allstate Insurance Co. must pay a Louisiana man who lost his home to Hurricane Katrina more than \$2.8 million in damages and penalties, a federal jury decided April 16 in a case that hinged largely on whether it was wind or storm surge that wiped out his house.

Allstate spokeswoman Kate Hollcraft said the company will appeal.

"Allstate is shocked with the jury verdict in favor of the plaintiff. Allstate believes it acted in good faith throughout the entire claims process with the Weiss family," Hollcraft said.

The jury found Allstate - which claimed most of the damage was due to storm surge, an event not covered in its policy - did not pay Robert Weiss enough money to cover wind damage to his home. The verdict included a \$1.5 million penalty for the company's failure to pay the claim quickly enough.

"Our intention was to get what we were owed and to send a message that we would not be intimidated," Weiss said after the verdict was read.

Allstate lawyer Judy Barrasso said in closing arguments that Katrina's winds were not strong enough to do the damage. She said Weiss already had received more than \$400,000 in insurance payments - including \$350,000 in federal flood insurance.

"Have you really seen any proof that the damages were in the million-dollar range?" Barrasso asked the jury.

The lawyer for the Weiss, whose home was in the Slidell area on the north shore of Lake Pontchartrain, told the jury in closing arguments that the house was too high above sea level to have been de-

stroyed by Katrina's storm surge. The eye of Katrina passed just east of Slidell on the morning of Aug. 29, 2005.

The lawsuit against Northbrook, Ill.-based Allstate was the second Katrina damage claim to come to federal trial in New Orleans. Hundreds of similar disputes are pending in Louisiana and Mississippi.

In addition to federal flood insurance, Weiss had an Allstate homeowner policy with limits of \$343,000 for the dwelling and \$240,100 for personal property.

The company, blaming the majority of damage on Katrina's storm surge, paid \$29,483 for structural damage and \$14,787 for additional living expenses.

Richard Trahan, lawyer for Weiss, argued the house was 17 feet above sea level and that engineering data suggested only 14 feet of surge hit the area. "It never reached the bottom of the house," he said.

Allstate's Barrasso said sustained winds at the house did not exceed 100 mph.

"There was plenty of evidence to show the winds were not strong enough to topple this house and the storm surge was," she said.

Jim Neva, a surveyor and engineer who inspected the house for Allstate, initially told Robert Weiss, who is listed as the policy holder, and his wife, Merryl, that wind may have destroyed the home before the surge of water washed away its remnants.

He later backed off that conclusion and deferred to engineering consultant Craig Rogers of Rimkus Consulting Group, who wrote the

final report on the home for Allstate, convinced Neva that storm surge demolished the house.

Rogers said he didn't personally inspect the property until after he wrote the report. He said he based his conclusions in part on evidence gathered by other Rimkus engineers - a practice he described as common. But Trahan questioned the move.

"Why did Allstate elect to rely on the one engineer who never set foot on the property until long after he stamped his report?" Trahan said in closing arguments.

Jeffrey Mika, 30, foreman of the eight-person jury, said the panel was persuaded by Allstate's decision to rely on the assessment by Rogers, who did not personally visit the site until after he wrote the report.

"We didn't feel that Allstate acted in good faith to settle this claim," Mika said.

Allstate also had claimed the Weisses misrepresented part of the claim.

The company said the couple asked Allstate to pay for a boathouse that was not covered by their policy. The company argued a policyholder who misrepresents even part of a claim voids all coverage.

"I think the jury saw right through it," Trahan said of the misrepresentation defense after the verdict was read. "I think the jury saw it as a last grasp at a straw that wasn't there."

Associated Press Writer Cain Burdeau contributed to this report.

Rimkus Engineering has a long track record of being hired by insurers. Why? Because Rimkus tends to blame the damage on something that is NOT covered by the policy – giving cover to the insurer to deny a claim.

Rimkus also is notorious for developing a woefully inadequate scope of repair work which, in turn, enables the insurer to lowball .

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