

Judge Vows He's Still Open to Mass Settlement of State Farm Katrina Claims in Miss. By Michael Kungelman, Associated Press

A federal judge said this week that his "door is open" to a mass settlement of disputed insurance claims in Mississippi after Hurricane Katrina, but he won't endorse a proposed class-action settlement of roughly 35,000 claims for State Farm policyholders.

In January, State Farm Fire and Casualty Co. and lawyers for hundreds of policyholders announced a deal that called for State Farm to pay at least \$50 million to policyholders who didn't sue the company but could have their claims reopened.

In March, however, a team of lawyers led by Richard "Dickie" Scruggs withdrew their request for U.S. District Judge L.T. Senter Jr. to sign off on the agreement, citing a legal "stalemate" and the judge's apparent reluctance to approve the settlement.

On Monday in Gulfport, Miss., Senter said he is willing to consider a new settlement proposal even though he is no longer being asked to approve January's deal.

"The door is open to those negotiations as far as this Court is concerned," he wrote. "I believe it is possible that good faith negotiations can lead to a breakthrough on the

settlement of these claims."

After Senter issued his three-page opinion Monday, Scruggs said in an interview that, "It's quite disappointing that the federal courts have given no decisive or resolute guidelines to the parties to get these very pressing matters resolved."

After Scruggs' legal team withdrew their support for the proposed settlement, Mississippi Insurance Commissioner George Dale announced that his office reached a separate agreement with State Farm for the company to re-evaluate and possibly pay thousands of claims.

"We'll continue to explore ways to put this string of litigation behind ourselves and our customers," State Farm spokesman Phil Supple said Monday night.

Senter said his opinion shouldn't be viewed as an endorsement of that agreement between Dale and State Farm. The judge noted that, unlike State Farm's deal with Scruggs, Dale's agreement with the insurer doesn't require claims to be resolved through binding arbitration.

Senter said he hopes Dale's deal with State Farm succeeds, but added, "I am un-

certain whether the program adequately addresses all the concerns I have previously expressed."

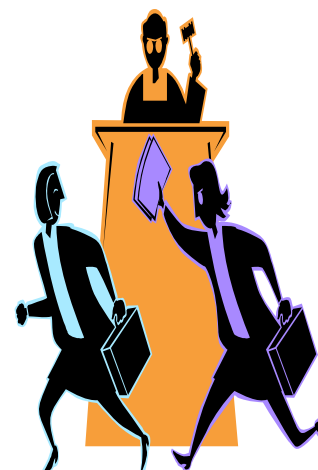
As part of January's proposed settlement, Mississippi Attorney General Jim Hood had agreed to drop State Farm from his lawsuit against several insurers for refusing to pay for more than \$2 billion in damage from Katrina's storm surge. Hood also agreed to drop a criminal probe of State Farm's claims practices.

Hood had asked Senter to let him intervene in the matter so he could enforce his end of the agreement. Senter, however, said Hood's request is now moot.

"I express no opinion on the merits of the controversy between State Farm and (Hood)," Senter wrote.

Senter said he will continue to seek a speedy way to resolve hundreds if not thousands of claims by homeowners on Mississippi's Gulf Coast.

"Finding such a procedure promises to be in the best interests of State Farm and its policyholders, and I believe the quest for such a procedure is indeed worthwhile," he wrote.



N.C. firm e-mails help homeowners' Katrina insurance case

Associated Press

NEW ORLEANS (AP) -- E-mails sent by officials of a North Carolina engineering firm suggest that State Farm Insurance wanted to blame damage from Hurricane Katrina on flooding. That would allow the agency to make minimum settlements with policyholders.

The e-mails were obtained yesterday by The Associated Press.

Those e-mails indicate that State Farm was threatening to dismiss Raleigh-based Forensic Analysis and Engineering Corporation less than two months after Katrina hit on August 29th, 2005.

Attorneys for homeowners suing State Farm claim the e-mails support their argument that the insurer pressured its engineers to alter their reports on storm-damaged homes so

that policyholders' claims could be denied. State Farm says it didn't pressure engineers to change their conclusions.

State Farm and other insurers say their homeowner policies cover damage from wind but not rising water, including wind-driven storm surge.

