

Lott Lawyer: State Farm Destroying Papers

By MICHAEL KUNZELMAN Associated Press

BILOXI, Miss. -- A lawyer for U.S. Sen. Trent Lott said Monday that State Farm Insurance Co. is destroying documents that could show the insurer has fraudulently denied thousands of claims by Lott and other policyholders whose homes were destroyed by Hurricane Katrina.

Zach Scruggs, one of Lott's attorneys, says his client has a "good faith belief" that several State Farm employees in Biloxi are destroying engineering reports that gave conflicting conclusions about whether wind or water was responsible for storm damage.

Like thousands of Gulf Coast homeowners, Lott's claim was denied because State Farm concluded that Katrina's flood water demolished his beach-front Pascagoula home. State Farm says its policies do not cover damage from rising water, including wind-driven water.

But lawyers for the Mississippi Republican claim Bloomington, Ill.-based State Farm has routinely pressured its

engineers to alter "favorable" reports that initially blamed damage on hurricane's wind, which the company's policies cover.

A State Farm spokesman said Monday he couldn't immediately comment on Scruggs' allegations.

Lott's allegations come on the heels of a lawsuit filed by Kiln, Miss., couple who claimed they had obtained copies of conflicting reports prepared by State Farm's engineers on what damaged their home. They said one report traced the destruction to Katrina's winds while a later report said flooding was the culprit.

In response, State Farm spokesman Phil Supple had said the second report was the only one the engineering firm sent to State Farm's claims office.

In an interview Monday, Scruggs said corporate "whistleblowers" who are cooperating with Lott's attorneys have provided evidence that State Farm employees are de-

stroying or moving those "initial favorable" engineering reports.

"We believe that this is a systematic practice," said Scruggs, who is Lott's nephew by marriage.

Mississippi Attorney General Jim Hood also says he is investigating allegations that State Farm manipulated engineering reports to deny claims after the Aug. 29 hurricane.

A judge ordered State Farm to turn over copies of its Katrina engineering reports to Hood's office. The judge also ordered Hood's office to set up a "Chinese wall" that would keep the documents out of the hands of lawyers with civil cases against State Farm.

Because Hood also has filed a civil case on behalf of the state against State Farm and other insurance companies, State Farm is asking the judge to bar Hood himself from seeing the records.

State Farm denied Lott's claim in Decem-

ber based on a report prepared by Jade Engineering & Construction Inc. that concluded that the house was "probably damaged by storm surge/flooding and not by wind."

Scruggs is asking a federal judge to order State Farm to turn over Lott's entire case file as well as records for other policyholders' claims.

