

Whistleblower Suit Vs Insurers Dismissed In Katrina Case

by dow-jones

NEW ORLEANS (AP)--A federal judge on Wednesday threw out a so-called whistleblowers' lawsuit that accuses insurance companies of overbilling the federal government for Hurricane Katrina's flood damage to Louisiana homes.

Alan Kanner, a New Orleans-based attorney who filed the suit on behalf of a group of former insurance adjusters, said U.S. District Judge Peter Beer dismissed the case on procedural grounds and didn't rule on the merits of the allegations.

Kanner's suit accuses Allstate Insurance Co. (ALL), State Farm Fire and Casualty Co. and other insurers of misrepresenting claims to the National Flood Insurance Program to limit their liability for storm damage after Katrina laid waste to tens of thousands of Gulf Coast homes.

Insurers have denied inflating flood-damage estimates to avoid paying more money on claims for wind damage. The companies, which say their homeowner policies cover damage from wind but not rising water, sell separate flood insurance policies that are federally subsidized.

State Farm spokesman Phil Supple confirmed that Beer dismissed the case. Supple said Beer's ruling may be a "procedural legal decision, but we believe it to be a correct one."

"We still believe the underlying allegations to be groundless, and we're moving forward," he said.

Allstate spokesman Mike Siemienas said, "We will continue to cooperate with the government's review of the allegations and remain confident in the integrity of Allstate's claims-handling practices."

Kanner wouldn't say if he planned to appeal Beer's ruling, which the judge issued verbally at the conclusion of a hearing Wednesday. Beer didn't immediately issue a written ruling.

"I think it's important to remember that he did not make a ruling on the merits of the allegations," Kanner added.

Source: Dow Jones Newswires

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