

## 669 Sue State Farm Over Katrina Claims

by AP-News

A lawsuit filed Tuesday by nearly 700 Gulf Coast homeowners accuses State Farm Insurance Co. of using a "one-size-fits-all" engineering report as the basis for refusing to cover damage to homes destroyed by Hurricane Katrina.

The suit alleges that the insurer denied many of the homeowners' claims without investigating whether Katrina's wind or water was responsible for damage to their homes.

Instead, the suit claims, an engineering firm hired by State Farm drafted a generic, "one-size-fits-all" report that concludes all damage to homes on Mississippi's Gulf Coast was caused by "storm surge" and not hurricane-force winds.

State Farm's policies cover wind damage, but storm surge is considered flood water and is excluded from coverage.

The report, which Dallas-based HAAG Engineering Co. prepared for State Farm, is "patently biased" because it concludes that Katrina's storm surge arrived before its wind could do any damage, the lawsuit argues.

"State Farm nonetheless referred to this report as the 'Bible,' and expected and coerced all of its adjusters and engineers ... to reach conclusions consistent with the HAAG report," the lawsuit alleges.

State Farm spokesman Phil Supple said he couldn't immediately respond to the lawsuit's allegations because he hadn't reviewed it yet.

HAAG spokesman David Margulies dismissed the allegations as part of a "litigation strategy" and said the engineering firm "has a long history of providing unbiased information."

"The reports are based on what happened," he said. "Unfortunately, sometimes people don't like the experts' information, so they blame the experts."

Richard "Dickie" Scruggs, a high-profile lawyer who is suing four other insurance companies for denying claims after Katrina, filed the suit in federal court on behalf of 669 State Farm policyholders.

Scruggs claims many of the State Farm adjusters who inspected homes in Katrina's early aftermath told homeowners that wind damaged their houses hours before any water from the Mississippi Sound surged onto land.

But the insurer rejected their findings and fired, transferred or reassigned many of those adjusters, the lawsuit alleges.

Scruggs' suit also claims State Farm "extorted" engineering firms by refusing to pay them if their conclusions conflicted the HAAG report. In addition, the action accuses the insurer of hiding or shredding engineering reports that blamed damage on wind.

"State Farm intentionally suborned and encouraged the corruption of scientific investigation and accepted physical realities ... to achieve the desired result of blanket denials of coverage," his lawsuit states.

Scruggs, who represents nearly 3,000 homeowners on the coast, also has sued Allstate Insurance Co., Metropolitan Life Insurance Co., Nationwide Mutual Insurance Co. and United Services Automobile Association. Before Tuesday, however, fewer than a dozen of his clients were named as plaintiffs in those suits.

Last month, a federal judge dealt a blow to Scruggs' suit against Allstate when he ruled that the company's policy provisions excluding damage from Katrina's flood waters are "valid and enforceable."

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By MICHAEL KUNZELMAN, Associated Press Writer  
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