IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
SOUTHERN DIVISION

DANIEL B. O'KEEFE,
CELESTE A. FOSTER O'KEEFE,
AND THE DANCEL GROUP, INC. **PLAINTIFFS**

VS. **CAUSE NO. 1:08cv600-HSO-LRA**

STATE FARM FIRE & CASUALTY
COMPANY and MARSHALL J. ELEUTERIUS and
JOHN AND JANE DOES A, B, C, D, E, F, G and H **DEFENDANTS**

AGREEMENT TO BE BOUND BY ULTIMATE DECISION

I, _____, duly authorized representative of _____, confirm that _____ has an active mortgage loan on real property which is the subject matter of this litigation, acknowledge that its borrowers, Daniel B. O'Keefe and Celeste A. Foster O'Keefe, have filed this action involving a dispute as to the coverages and damages allowable under one (1) or more insurance policies relating to real property secured by the mortgage, and agree that _____, its successors and assigns, will be bound by the ultimate decision in this action as to the damages and as to the coverages under the applicable insurance policies. _____ does not waive, but reserves the right to recover from the O'Keefes under the standard mortgage clause provision of the policy or policies and applicable Mississippi law.

DONE this the _____ day of _____, 2009.

[MORTGAGE CO.]

By: _____

Title: _____

EXHIBIT 1

GEORGE DALE
Commissioner of Insurance
State Fire Marshal

LEE HARRELL
Deputy Commissioner

STATE OF MISSISSIPPI
Mississippi Insurance Department

501 N. West Street
1001 Woolfolk Building (39201)
Post Office Box 79
Jackson, Mississippi 39205-0079
(601) 359-3569
http://www.doi.state.ms.us

Mississippi Insurance Department
Bulletin No. 2005-6
September 7, 2005

This Office has been working with Mississippi consumers and the insurance industry to ensure that Mississippians impacted by Hurricane Katrina are treated fairly and receive compensation in a timely manner. While a lack of housing, communications and fuel has made it difficult in many cases for adjusters to get with insureds, this situation is improving daily and the claims adjustment process is moving forward.

My Office has been contacted by Mississippians who advise that their adjusters allegedly denied their homeowners' claims without inspecting the damaged property. While there was significant water damage on the Mississippi Gulf Coast, and homeowners' policies offered throughout the United States generally contain a water damage exclusion, an adjuster cannot summarily determine the cause of damage without inspecting the damaged property. Consequently, I am instructing all companies to be aware of these issues and to fully inspect any damaged property before a coverage decision is made.

In some situations, there is either very little or nothing left of the insured structure and it will be a fact issue whether the loss was caused by wind or water. In these situations, the insurance company must be able to clearly demonstrate the cause of the loss. I expect and believe that where there is any doubt, that doubt will be resolved in favor of finding coverage on behalf of the insured. In instances where the insurance company believes the damage was caused by water, I expect the insurance company to be able to prove to this office and the insured that the damage was caused by water and not by wind.

These are very difficult times for our State and region, and I ask that the insurance industry construe coverage issues in a manner that will afford coverage to as many of our citizens as possible. We will continue to work with Mississippi consumers and the insurance industry to ensure that all claims are fairly and promptly processed.

This the 7th day of September, 2005.

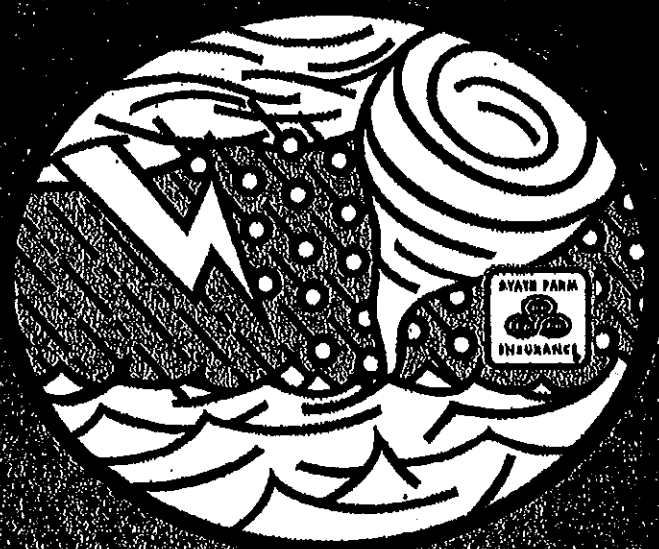
Sincerely,

GEORGE DALE

EXHIBIT 2

DO NOT DESTROY

CATASTROPHE



Certification Wind/Hail

RECORD RETENTION LABEL

Record Series Name: _____

Record Series #: 561-10192 Confidential: ___Y ___N

Trigger: [redacted]

Trigger Date: [redacted] 1-98

Retention: [illegible] Variable Code: _____

DESTRUCTION REVIEW DATE: [redacted] 1-2000

Date Reviewed: _____ _____ _____ _____

Initials: _____ _____ _____ _____

160-3521 (10-97)

STATE FARM Fire and Casualty Co.

Z 162 0246

MARION, MELISSA & ANDREW v. SFF&CC et al
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MARM00005287PROD

EXHIBIT 3

STATE FARM CATASTROPHE
WIND AND HAIL CERTIFICATION

This manual is designed to provide a basic understanding of the Homeowners contract and estimatic issues normally associated in wind and hail catastrophe losses.

At the conclusion of this manual, the student should have a working knowledge of the various sections of the homeowners contract and estimatic issues they will encounter during a typical wind and hail catastrophe operation.

The student's understanding of this material will be tested on the Wind and Hail Certification Examination.

ADMINISTRATIVE NOTES:

Time does not permit a thorough explanation of all sections of the policies and the various claim interpretations. Students should be provided with "clean" copies of the Homeowners policy-Extra Form 5 and a review should be conducted. To increase familiarity with the contract, participants should be encouraged to highlight and make notes in the policy forms provided.

This material is for authorized State Farm Insurance Companies use ONLY. Do not reproduce without the consent of State farm insurance, Fire General Claims, Education and Training Department, Bloomington, Illinois.

These instructions are prepared for national distribution, and are not individually modified for each state. Claims personnel must be alert to individual state differences in construction practices and state statutes. All activities of State Farm Fire and Casualty Company personnel must be in compliance with local laws and Federal regulations. If there is a conflict between this material and the local laws or Federal regulations the law shall control.

Form #561-10192

Z 162 0247

SECTION I - LOSSES INSURED

Coverage A - Dwelling

(Read - Page 6)

Covers accidental direct physical loss to the property described. This means accidental from the standpoint of the insured. Loss by any covered peril including named perils to the building or other structure is covered unless it is excluded. If the insured can prove a direct accidental loss, we will have to prove an exclusion in order not to pay.

Examples: Losses covered under this broad coverage that are covered under named peril:

1. Paint or ink spilled on floor or wall to wall carpeting.
2. Insured drops a heavy object in the sink, chipping the finish.
3. Damage to the interior by water leaking through the roof even though no opening was made by wind or hail.
4. Discoloration of the countertop by a hot pan even though there is no actual fire.
5. Tile or linoleum torn while moving furniture.
6. Rain coming through an open window damages the floor or wall to wall carpeting.

We cover all direct accidental physical losses unless provided otherwise in Section I - Losses Not Insured.

Burden of proof is on the Company to prove a Loss Not Insured applies - benefit of the doubt goes to the policyholder.

MARION, MELISSA & ANDREW v. SFF&CC et al
Confidential - Produced Pursuant to Protective Order
MARM00005335PROD

National Flood Insurance Program
U.S. Department of Homeland Security
P.O. Box 310
Lanham, MD 20703-0310

FEMA

W-05040

August 31, 2005

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and the NFIP Servicing Agent

FROM: WYO Clearinghouse

SUBJECT: Waiver of the Proof of Loss Requirement in the Standard Flood Insurance Policy (SFIP)

Attached is a document signed by the Acting Federal Insurance Administrator waiving certain proof of loss requirements of the Standard Flood Insurance Policy. This waiver applies to all claims arising on August 23, 2005, and thereafter until December 31, 2005.

If you have any questions, please contact your Program Coordinator.

Attachment

cc: Vendors, IBHS, FIPNC, WYO Marketing Committee, Government Technical Representative

Suggested Routing: Claims, Marketing, Underwriting

U.S. Department of Homeland Security
500 C Street, SW
Washington, D.C. 20472

FEMA

August 31, 2005

National Flood Insurance Program

Subject: Waiver of the Proof of Loss Requirement in the Standard Flood Insurance Policy (SFIP)

Recently, a number of States experienced catastrophic losses as a result of Hurricane Katrina. As a result, there may be a shortage of qualified adjusters available to adjust the losses resulting from this hurricane. So, there is an urgent need to expedite claims payments to policyholders.

To expedite claims payments so that policyholders affected by these circumstances are not subject to undue hardship, I am waiving the requirement in VII.J.4 of the SFIP Dwelling and General Property Forms and VIII.J.4 of the SFIP Residential Condominium Building Association Policy Form for the policyholder to file a proof of loss prior to receiving insurance proceeds. Instead, payment of the loss will be based on the evaluation of damage in the adjuster's report. This means the requirement in VII.M.1 and VIII.M.1 that losses will be payable 60 days after the insurer receives the policyholder's proof of loss (or within 90 days after the adjuster files a report signed and sworn to by the policyholder in lieu of a proof of loss) will not apply. Instead, the loss will be payable as soon as practicable after the insurer receives the adjuster's report. This procedure will allow the insurer to promptly adjust, settle, and pay claims based on the adjuster's report. Also, under the terms of this waiver, the following sections will not apply: VII.J.7, J.9, and M.2.c of the SFIP Dwelling and General Property Forms and VIII.J.7, J.9, and M.2.c of the SFIP Residential Condominium Building Association Policy Form.

In the event a policyholder disagrees with the insurer's adjustment, settlement, or payment of the claim, a policyholder may submit to the insurer a proof of loss within one year from the date of the loss. The proof of loss must meet the requirements of VII.J.4 of the SFIP Dwelling or General Property Form or VIII.J.4 of the SFIP Residential Condominium Building Association Policy Form. The insurer will then process the policyholder's proof of loss in its normal fashion. If the insurer rejects the proof of loss in whole or in part, the policyholder may file a lawsuit against the insurer within one year of the date of the written denial of all or part of the claim as provided in VII.R of the SFIP Dwelling or General Property Form or VIII.R of the SFIP Residential Condominium Building Association Policy Form.

For example, a policyholder who suffered a flood loss from Hurricane Katrina on August 23, 2005, and disagrees with the insurer's decision based on the adjuster's report has until August 22, 2006, to file the proof of loss detailing the area(s) of disagreement.

This waiver is pursuant to the provisions dealing with amendments, waivers, and assignments of the SFIP (VII.D. of the SFIP Dwelling Form and General Property Form and VIII.D. of the SFIP Residential Condominium Building Association Policy Form). Since the potential adjuster availability problem will affect not only the claims from Hurricane Katrina, but also any other flood events that may occur while the adjustment of claims from Hurricane Katrina is ongoing, this waiver applies to all claims arising on August 23, 2005, and thereafter until December 31, 2005.

Date
August 31, 2005

David I. Maurstad
Acting Federal Insurance Administrator
Federal Emergency Management Agency
U.S. Department of Homeland Security

Catastrophe PL
Talking Points

If you have a severe loss to your home we will:

(If you have both a homeowner's policy and a flood policy):

Investigate your flood loss through a physical inspection of the property, discussion of your property with you, review of all documentation you provide, and we will pay all benefits available to you under your flood policy as quickly as possible.

Investigate the wind damage claim through physical inspection, the gathering of weather data, review of data provided by FEMA, any photographic evidence available, discussion of your property loss with you, and review of any other relevant information available.

Pay additional living expense coverage during the period of the wind damage claim investigation, and continue this coverage, subject to the terms of the policy, if the cause of the property being uninhabitable is a covered loss. The policy deductible does apply to these benefits, but the hurricane deductible will only apply if the investigation determines that wind damage caused the house to become uninhabitable, and the additional living expense coverage will continue subject to the terms of the policy. If the investigation determines that the cause of the un-inhabitability of your property is not covered by your homeowner's policy, only the regular policy deductible will be applied to your additional living expense claim.

AUTHOR
Henry Wilson

(If you have a homeowner's policy but no flood policy in force):

Investigate the loss through physical inspection, discussion of your loss with you, review of weather data, review of any photographic and other documentation available, evaluate the wind damage to your property and pay all benefits available to you under your homeowner's policy as quickly as possible.

Pay your additional living expenses while the investigation is being conducted, and continue additional living expense coverage (subject

EXHIBIT 5

The recent adoption of Solution #2 Flood claim handling procedures will allow claim representatives to pay certain substantially flood damaged homes more rapidly than ever before. Below is the outline of Solution #2 for Building losses:

SOLUTION # 2 – DWELLING FORM ONLY
To be used in handling of losses with a site visit where losses appear to exceed policy limits.

BUILDING

- Utilize a valued calculation approach in handling these claims. There are several available methods. These methods require:
  - Securing square footage of the property.
  - Completing the valuation.
  - Applying appropriate depreciation to those items that do not qualify for RC under the dwelling form.
- Take two photographs of damaged property.
- If valuation exceeds policy limits, pay the limits.
- Advise insured of possible ICC coverage.
- The Proof of loss requirement has been waived as noted in WYO Bulletin W-05040.

The solution stipulates "where losses appear to exceed policy limits." However, the solution does not outline any basis for measuring, exactly or approximately, the amount of physical loss by or from flood that can be compared to either the Building limit of liability or the Building replacement cost (XactTotal valuation).

It is clear when reading Solution #2 that there is an interest to indemnify policyholders who suffered significant damage due to flood as quickly and accurately as possible. In situations where the limit of liability is relatively low (e.g. $30,000 or less) when compared to the Building replacement cost (e.g. $75,000 or greater), it is not difficult to quickly and decisively arrive at a conclusion to pay the limit. However, as the insurance/value ratio grows it becomes increasingly difficult to clearly substantiate the payment of the limit.

If a repair cost($)/sq ft value was available, it would assist claims personnel in making decisions as to whether claims should be settled on a Solution #2 basis. In an effort to develop such a cost, an Xactimate estimate was written on a floor plan (1498 sq ft, 3 bed, 1 ½ bath) with the following criteria:

- slab on grade, single story, no garage
- non-masonry exterior
- average grade
- damage below 4 ft

SqFT EST 4FT Avg Slab.pdf

For Internal State Farm Use Only

EXHIBIT 6

LECKY KING MASTER PRODUCTION SET FOR OWEN & GALLOWAY
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LKING00004225PROD

PROPOSAL FOR AMENDED NFIP FLOOD CLAIM HANDLING STANDARDS

The scale and severity of Katrina flood losses are unprecedented. The complexities presented, both logistically and in terms of claim handling itself, have not been seen before. The effects of Katrina will linger and could hinder claim handling capacity for months and years to come.

Relief provided to insurers will reap benefits for flood policyholders far beyond 2005. The scale of this problem is industry wide. File requirements must be eased to help assure that we can reach every policyholder and settle their claim in a reasonable period.

State Farm alone is expecting 85,000 flood claims. As a point of reference, Director Maurstad indicated NFIP handled 74,000 flood claims nationwide in 2004. Our share of the flood losses will be six times larger than any previous flood catastrophe in State Farm's history. We project 26,000 of these claims are in areas of New Orleans with standing and contaminated water and are inaccessible. The situation is unprecedented. It requires unprecedented solutions to assist the public and the industry to quickly recover from these losses.

FOUR PHASE SOLUTIONS PROPOSED:
Our proposal includes an approach to handling claims based on severity of damage, ability to inspect in a reasonable time, geographic location and accessibility.

SOLUTION 1 – APPLIES TO PRE-SELECTED AREA
Utilize available satellite imagery to determine areas of standing water for greater than 3 days. We recognize that this is primarily in certain zip codes within a geographic area surrounding New Orleans and for properties subjected to standing contaminated water and environmental elements that promote mold and fungus growth.

The risk for selected areas as identified above will be subject to the following claim handling process in place for The Standard Flood Policies (Dwelling, General). The insured can decline to have the claim processed this way.

BUILDING – DWELLING POLICY

- If known, Insurer will obtain square foot area of the building from the Underwriting Record to determine replacement cost, utilizing square foot cost determined for area.
- If square footage is unavailable from the Underwriting Record, ask insured for square footage of the property. If insured is unsure of square footage, compare limit of liability on the flood policy to limits of the homeowner policy. If amount of coverage under the flood policy is equal to or more than 80%, policy limits will be paid under the flood policy.
- Use limit of liability for Coverage A of the homeowner's policy as Replacement Cost of the building to determine the co-insurance amount for Replacement Cost benefits.
- If no co-insurance penalty applies, policy limits will be paid.

LECKY KING CAT PL (KATRINA) DOCUMENTS
MASTER PRODUCTION SET FOR OWEN & GALLOWAY
LKING00002036PROD

EXHIBIT 7

XactTotal Workflow

These will be the procedures to follow when inspecting losses that are flood total losses. A total loss will be a risk that has been sitting in water for an extended time and can not be repaired.

The National Flood Insurance Policy is not a Valued Policy therefore documentation to support the policy limits will be necessary in most cases.

There are two different procedures, the adjuster will complete the first procedure and have to move to the second procedure when the value of the building does not meet the policy limit amount.

1. XactTotal preliminary procedure.

a. The adjuster will inspect the risk and determine if the risk has been inundated with water for a period that would render it unrepairable.
b. The adjuster will complete a footprint and complete the square footage calculation for the covered insured dwelling.
c. The adjuster will then complete the XactTotal aggregate valuation of each risk. The adjuster needs to review the listed rooms to be sure all rooms are included and any rooms that are not part of the risk are deleted (XactTotal assumes certain rooms).
d. When XactTotal calculation is complete adjuster will compare with flood policy limits to see if limit has been exceeded. If limits are exceeded adjuster will request authority from TM to pay limits.
e. If limits are not reached then adjuster will apply a demolition sq. ft. estimate amount to the value of building and compare flood policy limits to value of building. If exceeded then file goes to TM for approval to pay limits.

2. XactTotal detailed procedure when limits are not exceeded;

   a. If flood policy limits are still not exceeded then adjuster needs to do a detailed XactTotal Home Valuation Questionaire.

Mike Jenner

EXHIBIT 8

XactTotal Workflow

These will be the procedures to follow when inspecting homes where replacement cost could exceed the flood policy limits and have been sitting in water for an extended time and can not be repaired.

Deleted: losses

Deleted: that are

Deleted: total losses

Deleted: . A total loss will be a risk that has been sitting in water for an

The National Flood Insurance Policy is not a Valued Policy therefore documentation to support the policy limits will be necessary in most cases.

There are two different procedures, the adjuster will complete the first procedure and have to move to the second procedure when the value of the building does not meet the policy limit amount.

1. **XactTotal preliminary procedure.**

a. **The adjuster will inspect the risk and determine if the risk has been inundated with water for a period that would render it unrepairable.**
b. **The adjuster will complete a footprint and complete the square footage calculation for the covered insured dwelling.**
c. **The adjuster will then complete the XactTotal aggregate valuation of each risk. The adjuster needs to review the listed rooms to be sure all rooms are included and any rooms that are not part of the risk are deleted (XactTotal assumes certain rooms).**
d. **When XactTotal calculation is complete adjuster will compare with flood policy limits to see if limit has been exceeded. If limits are exceeded adjuster will request authority from TM to pay limits.**
e. **If limits are not reached then adjuster will apply a demolition sq. ft. estimate amount to the value of building and compare flood policy limits to value of building. If exceeded then file goes to TM for approval to pay limits.**

2. **XactTotal detailed procedure when limits are not exceeded;**

   a. **If flood policy limits are still not exceeded then adjuster needs to do a detailed XactTotal Home Valuation Questionaire.**

b. **After completing this questionnaire the adjuster will turn it into the XactTotal calculation unit for completion.**

c. **The XactTotal calculation unit will complete estimate as per detailed XactTotal evaluation.**

d. **If limits are exceeded including demolition amount which will be added, then the file is returned to adjuster to get authority from TM and policy limits will be paid.**

e. **If flood policy limits are still not exceeded, the XactTotal Unit will convert this XactTotal calculation to an estimate. The XactTotal Unit will have to remove non-recoverable depreciation (carpet, pad, appliances, etc.). The estimate will be returned to the adjuster for TM authority and payment.**

f. **When settling with the policyholder for less than the policy limit the adjuster will need to explain once a contractor's estimate is received State Farm will review and reconcile as needed.**

Lecky King

From: Lecky King
Sent: Wednesday, September 07, 2005 8:03 PM
To: Tip Pupua; Brenda Emmons; Chris Cocke; David J Ego; David L Haddock; Derek Call; Doug Tabor; Gary P Clatterbuck; Gayle Hobbs; Gerry Underwood; Ilona Nimptsch; Jamie Beadle; Jason Slauson; Jeff Manning; John Conser; John Deganhart; Jorge Lopez; Katina S Butler; Kirk Angelle; Lansing Clark Vargo; Lecky King; Mark K Drain; Marsha Slaughter; Pat Kearney; Paula Roberts; Rayna Lynch; Rick D Moore; Ryan Murphy; Sandy Schmidt; Stanley T Miller; Steve Burke
Subject: RV Rotation for TMs
Attachments: RV Rotation for TMs.xls

Here is the rotation for the RVs. I went through October, however, this will most likely only last a few weeks.

Please advise all teams within these areas that they are to meet at the RVs to check in with us. This process is for those losses that no longer exist or are such a state of damage that they cannot be repaired.
They should have appointments set and advise all of their policyholders that we will be in the area for the next few days/weeks to inspect their homes and, hopefully, settle their flood claims. We will investigate the wind loss when all reports from outside sources have been received regarding wind speeds, surge levels, etc.

Again, at the time of these inspections the adjuster will meet with the policyholder, obtain good photos, assist the policyholder in completing the PPIFs for large items, and complete the XactTotal. They will then, either come with the policyholder to the RV and we will discuss authority and pay, if applicable, or they will come back, get authority and a draft, if applicable, and return to pay the policyholder. We would like to streamline this process but do not want the policyholder to feel we are rushing them. Make sure the claim reps know that this is a process to help the insured obtain the money owed to them in without putting them through any more than we have to.

We are working on pre-filled out contents forms with the most common items on them. The adjuster will only need to help the policyholder come up with the amount.

Let me know if you have any questions.

Lecky King
Flood Coordinator

RV Rotation for TMs.xls (22 KB...

LECKY KING CAT PL (KATRINA) DOCUMENTS
MASTER PRODUCTION SET FOR OWEN & GALLOWAY
LKING00001782PROD

EXHIBIT 9

Unknown

From: Mike Tucker
Sent: Saturday, September 10, 2005 5:18 PM
To: Lecky King
Subject: RE: IMPORTANT! NFIP proposal

Well, I always knew you were special. I don't need to see it. I keep pushing to just designate an area in category #1 to pay the policy limits and move on.

You take care over there. Appreciate all you do.

-----Original Message-----
From: Lecky King
Sent: Saturday, September 10, 2005 4:59 PM
To: Mike Tucker
Subject: RE: IMPORTANT! NFIP proposal

Hey, I've got the final draft but everyone else does not. Ferrier also has it.

-----Original Message-----
From: Mike Tucker
Sent: Saturday, September 10, 2005 11:04 AM
To: Kerry Babin; Mike Entwistle; Michael Ferrier; Lecky King; Susan Hood; Michael P Carroll
Subject: IMPORTANT! NFIP proposal

Talked with Dan Carrigan. The NFIP proposal I ran by you was just a draft, it is **NOT** the final draft, and **it should not be shared or distributed to anyone.** Please destroy once you've read it.

LECKY KING CAT PL (KATRINA) DOCUMENTS
MASTER PRODUCTION SET FOR OWEN & GALLOWAY
LKING00002283PROD

EXHIBIT 11

Unknown

From: Juan Guevara
Sent: Friday, September 09, 2005 7:08 PM
To: David I Maurstad (david.maurstad@dhs.gov); Jim Shortley (James.Shortley@dhs.gov)
Cc: Warren Farrar; Jim Damm; Rachel McFarland; Dan Carrigan; Alan Maness; Juan Guevara; Lecky King
Subject: NFIP Claim Handling Proposal

September 9, 2005

To: David Maurstad, Acting Director Mitigation Division Emergency Preparedness and Response Directorate
James Shortley, Director of Claims Section, Risk Insurance Branch Mitigation Division

From: Warren Farrar, Assistant Vice President - Claims
State Farm Insurance
Jim Damm, Assistant Vice President - Claims
State Farm Insurance

Attached is our proposal for handling flood claims from Hurricane Katrina.

NFIP Claim Handling Proposal.d...

Flood file content for each so...

EXHIBIT 12

LECKY KING CAT PL (KATRINA) DOCUMENTS
MASTER PRODUCTION SET FOR OWEN & GALLOWAY
LKING00000444PROD

Unknown

From: Ben Rogers
Sent: Monday, September 12, 2005 9:51 AM
To: Lecky King
Subject: RE: Questions

Hang in there! Are you getting the support from the suits???

Ben Rogers, Catastrophe Team Manager
State Farm Catastrophe Services®
Cell (312) 952-4270
Pager (877) 946-3558
Email ben.rogers.ckcy@statefarm.com

-----Original Message-----
From: Lecky King
Sent: Monday, September 12, 2005 9:49 AM
To: Ben Rogers
Subject: RE: Questions

Dicy is putting it mildly...

-----Original Message-----
From: Ben Rogers
Sent: Monday, September 12, 2005 9:48 AM
To: Lecky King
Subject: RE: Questions

We ran into an issue on adding tax to the contents when the figures were rounded on a couple of reinspections. Seems like I remembered NFIP wanted tax to be paid on an incurred basis and not added in on the PPIF????

How's the wind/flood saga going? I heard things were dicy....

Thanks,

Ben Rogers, Catastrophe Team Manager
State Farm Catastrophe Services®
Cell (312) 952-4270
Pager (877) 946-3558
Email ben.rogers.ckcy@statefarm.com

-----Original Message-----
From: Lecky King
Sent: Monday, September 12, 2005 9:32 AM
To: Ben Rogers
Subject: RE: Questions

Ben,

We are handling O&P as we do with State Farm files. If it is reasonable to assume that they will

need or utilize and contractor, pay it.

We also need to make sure that we are flexible in pricing. Unlike State Farm the Govt. does not want us to hold up a file because the pricing is different. Use your discretion on these issues.

What happened on the tax on contents where you were, do you remember?

Lec

-----Original Message-----
From: Ben Rogers
Sent: Sunday, September 11, 2005 5:59 PM
To: Lecky King
Subject: Questions

Hey Lec,

How are you doing? Sounds like things are pretty hectic in Biloxi. Hang in there. We could be in New Orleans???? Maybe we should be in Nawlins.....

Two quick questions:

OH&P-

Last year in Florida working with David and Mike we did not pay OH&P unless a signed contract was initiated, or presented. Should we follow this same approach in Mobile?

Contents-

Are we including tax when the insured presents rounded values (200.00, etc) versus 199.99? I seem to remember NFIP reinspections mentioned this?

I know your issues in Miss are unique, and since Pensacola is not far away, I want to remain as consistent as possible in what we do in Mobile.

Thanks for all your help!

Ben Rogers, Catastrophe Team Manager
State Farm Catastrophe Services®
Cell (312) 952-4270
Pager (877) 946-3558
Email ben.rogers.ckcy@statefarm.com

LECKY KING MASTER PRODUCTION SET FOR OWEN & GALLOWAY

LKING00003725PROD

Unknown

From: Jorge Lopez
Sent: Monday, September 12, 2005 12:20 PM
To: Lecky King
Cc: John Deganhart
Subject: RE: Bay St Louis

The instructions below definitely need to be carried out in the Long Beach area. I rode with a CR in Long Beach yesterday and spent all day totaling Flood losses and writing drafts for limits. Three of the folks we helped were not even assigned to the CR I was with but they were so distraught and seeking assistance that I assigned their claim to the CR I was with and handled the claims.

The entire day we were the only State Farm CR's out there (or any other company for that matter). One of the PH's we helped was the Vice President of MS Power. His wife was in tears and it meant a lot to them that we stopped to settle their claim.

I know a lot of reps may be intimidated by the damage out there but like you said - we have to have a presence out there. The checkpoint guard said as of today they would not let homeowner's back in to Long Beach due to gas leaks. Not sure how that affects our claim handling. There is now 30 miles of barbed wire to keep folks out. Very bad damage out there. There is nothing left for the first 4 blocks from the beach.

Is there anyway to give our TM's $350,000 authority so we can pay the $250,000 COV A flood limit and the $100,000 COV B limit when applicable? I admit I did this yesterday in error but I wanted these folks taken care of on the spot.

P.S. the CR I rode with is Adele Jacobson and she is doing a great job.

Thanks

Jorge Lopez CPCU, ChFC
Catastrophe Services Fire Team Manager
312-952-3796

-----Original Message----
From: Lecky King
Sent: Monday, September 12, 2005 10:05 AM
To: John Deganhart; Yvonne S Osredkar; Brenda Emmons; Chris Cocke; David J Ego; David L Haddock; Derek Call; Dick Koernert; Doug Tabor; Gary P Clatterbuck; Gayle Hobbs; Gerry Underwood; Ilona Nimptsch; Jamie Beadle; Jason Slauson; Jeff Manning; Jeff McIntyre; John Cashwell; John Conser; Jorge Lopez; Katina S Butler; Keith Dyson; Kirk Angelle; Lansing Clark Vargo; Louis A Garcia; Lynn Thompson; Marc Firnstein; Mark K Drain; Marsha Slaughter; Michael Gately; Pat Kearney; Paula Roberts; Rayna Lynch; Rick D Moore; Rick Scotton; Ryan Murphy; Sandy Schmidt; Stanley T Miller; Steve Burke; Steve Meulemans; Tip Pupua; Tracy Gizzi Brubaker; Wallace Smith
Cc: Henry B Wilson; Bob Costello
Subject: RE: Bay St Louis

This should be happening in all the critically affected areas. We need these claim reps out at the mobile units and we need the folks in the Mobile Unit to be able to tell our policyholders they will be in the areas. Folks should not be sitting in their rooms making contacts.

Contacts can be made in the late afternoon and evening. Policyholders will not care if they get a call at 9:00 at night, they simply want to hear that we have their file and for arrangements to be made for an inspection.

-----Original Message-----
From: John Deganhart
Sent: Monday, September 12, 2005 8:44 AM
To: Yvonne S Osredkar; Brenda Emmons; Chris Cocke; David J Ego; David L Haddock; Derek Call; Dick Koernert; Doug Tabor; Gary P Clatterbuck; Gayle Hobbs; Gerry Underwood; Ilona Nimptsch; Jamie Beadle; Jason Slauson; Jeff Manning;

EXHIBIT 14

Unknown

From: Juan Guevara
Sent: Monday, September 12, 2005 4:42 PM
To: Lecky King
Subject: RE: Dave Marstad

Lecky,

I will let him know about the bulldozing. They are reviewing the last version with David Maurstad so I'm waiting for a phone call or an email any time now.

Juan

-----Original Message-----
From: Lecky King
Sent: Monday, September 12, 2005 4:36 PM
To: Juan Guevara
Cc: Lecky King
Subject: Dave Marstad

Juan,

Have we heard anything on our proposal? They are going to start bulldozing the areas along the coast down here in the next 48 hours. We are getting aerial photos of all the areas that will be bulldozed, but we may need to utilize Solution 1, as well.

If you haven't heard anything I will call Shortley or you can call him to make sure he lets David Marstad know this.

Thanks,

Lecky

EXHIBIT 15

Lecky King

From: Jody Prince
Sent: Tuesday, September 13, 2005 9:36 AM
To: Tracy Moreno; Bruce O'Neal; David Runge; Frank Riddick; Jody Prince; Justin Sullivan; Lecky King; Lisa Wachter; Luc Jean-Baptiste; Paul G Bright; Pauline A McKenna; Shane Abernathy
Cc: David J Ego
Subject: Adjuster Preliminary Damage

Attachments: Jody Prince.vcf

Make sure are using the Adj Preliminary Damage Assessment.....and turning this in DAILY!!
http://www.fema.gov/pdf/library/fema_forms/ff81-109.pdf

The report will ask for a "Probable Repair Cost".... You may not know the actual damages - but you need to put an amount in this box....use an educated guess. This report will "alert" FEMA of a possible total.....

- Please Pole your teams for "Q" adjusters.... Make sure you go through your TM and tell them what you want to accomplish.. Even though they may have a Q does not mean that they are new to adjusting.
- Use Long Version of Xact Total if the Insured has an HO policy and no flood and it is possibly going to be "bulldozed".. This is the Individual form of Xact Total...it is a detailed report of the home. See me or Paul Bright for questions (Paul has extensive knowledge on Xact Total from the San Diego fires)
- ICC BROCHURES - should be given on the first inspection with an explanation. If you do not have a brochure you can obtain one on line.. Go to FEMA.GOV
- We are working on a "cheat sheet" for the Flood Worksheet, SOL and the Payment Authorization sheet.
- Make sure your adjusters have the "demolition prices" as well as your TM's
- XACT TOTAL - If you have a home that is slick slab, cabana, popsicle sticks - and the insured does not have a flood Policy. Please take photos for the property and surrounding property. We are also going to use the *Individual* "detailed" Xact Total "interview" with the insured. Please see your trainer for explanation on how to use the more detailed report.
- CONTENTS - Streamline ALL contents even if the home is not a total.....Make sure you apply depreciation with the "categories" of articles i.e.; appliances, clothing, furniture. NO MODEL # OR S/N needed Come to an agreed depreciation with the insured.
- ****IF the damage to the home APPEAR to exceed the policy limits - the use Xact Total to pay limits. IF they do not appear to exceed the policy limits - Stick build.

Jody K Prince
Catastrophe Service ®
Trainer
(312) 952-3798 cell

CAT PL
Biloxi, MS
(205) 503-0957 local cell
154*81656*284 local nextel

LECKY KING MASTER PRODUCTION SET FOR OWEN & GALLOWAY

EXHIBIT 16

LKING00003854PROD

From: Michael Ferrier
Sent: Wednesday, September 14, 2005 10:41 PM
To: Glenda Johnson
Subject: RE: Substantial Loss Reporting

There are no changes, we need to still send in the PDA as soon as we know the projected damages. We can fax them in bulk though. Have a CSA or someone send a bulk notice or mail in mass.....

-----Original Message-----
From: Glenda Johnson
Sent: Wednesday, September 14, 2005 7:54 PM
To: Michael Ferrier
Cc: Brian Reed; Jim Robinson; Sherry Roche; Brad Carpenter
Subject: Substantial Loss Reporting

Mike

Are you aware if FEMA has adjusted any requirements for reporting on Substantial Losses? Since we are anticipating receiving approximately 35,000 potential total losses in our office this is something we'll want to address.

G

Glenda M. Johnson, CPCU
Catastrophe Services
Claim Team Manager
312-952-3548 (mobile)

Unknown

From: Juan Guevara
Sent: Friday, September 16, 2005 1:31 PM
To: Dan Carrigan
Cc: Justin Crouthamel; Lecky King; Michael Ferrier
Subject: RE: Substantial Loss Reporting

Dan,

We agreed that we could list all the substantial damaged home on a spreadsheet with relevant information and send it to them. We can still fax the information to the offices, the database was just another option.

Juan

-----Original Message-----
From: Dan Carrigan
Sent: Friday, September 16, 2005 1:23 PM
To: Juan Guevara
Cc: Justin Crouthamel
Subject: FW: Substantial Loss Reporting

Juan - I know we talked about this you recall ?

-----Original Message-----
From: Justin Crouthamel
Sent: Thursday, September 15, 2005 1:14 PM
To: Glenda Johnson; Lisa Marie Redd; Brad Carpenter; Dorinda L Jones; Missy Meyers
Cc: Sherry Roche; Brian Reed; Jim Robinson; Dan Carrigan
Subject: RE: Substantial Loss Reporting

I *think* this is something we discussed with NFIP and they were okay with a listing with the relevant information, on a spreadsheet or something. But I might be mistaken about what we discussed. Dan? Do you recall our conversation with NFIP about this issue? Is this what we talked about? Can you tell I'm a dumb Auto guy?

Justin
312 952 3923

-----Original Message-----
From: Glenda Johnson
Sent: Thursday, September 15, 2005 1:10 PM
To: Lisa Marie Redd; Brad Carpenter; Dorinda L Jones; Missy Meyers
Cc: Sherry Roche; Brian Reed; Jim Robinson; Justin Crouthamel
Subject: FW: Substantial Loss Reporting

Please note Mike's response. We can discuss at our next get-together.

G

Glenda M. Johnson, CPCU
Catastrophe Services
Claim Team Manager
312-952-3548 (mobile)

-----Original Message-----

LECKY KING MASTER PRODUCTION SET FOR OWEN & GALLOWAY

LKING00003681PROD

312 952 3923

-----Original Message-----
From: Juan Guevara
Sent: Friday, September 16, 2005 10:02 AM
To: Justin Crouthamel; Dan Carrigan; Michael Ferrier; Lecky King
Cc: Warren Farrar; Jim Damm
Subject: RE: Satellite Imagery requirement

Can we get to the street level or narrow the photo to a six or eight block section with an idea of where the house is located? We have to provide more than the large map.
We want to be sure that we can justify the payment and that the building had more than a few inches of water.

Juan

-----Original Message-----
From: Justin Crouthamel
Sent: Friday, September 16, 2005 8:10 AM
To: Dan Carrigan; Juan Guevara; Michael Ferrier; Lecky King
Subject: Satellite Imagery requirement

Do we have a sense of what NFIP wants for solution 1 in regards to the Satellite Imagery requirement?

We're thinking a photocopy of the map with the blue FEMA boundary area, maybe with the insured's zip inside that boundary circled or something. Do you think that will meet NFIP's requirements?

Justin
312 952 3923

EXHIBIT 18

Might want to coordinate with Dakin or Dan in Cat Services, and make sure we don't have different people working on making this happen independent of each other. But it would be a tremendous aid if we could make this happen, and perhaps eliminate a bottleneck. We wouldn't even necessarily have to make the access available throughout the CAT operation, but in specific units where the flood claims are being handled. Surely it is possible, considering Underwriting has access to certain claims screens anyway.

-----Original Message-----
From: Michael C Sebald
Sent: Tuesday, September 20, 2005 11:29 AM
To: Barry Thomas
Cc: Mike Tucker
Subject: FW: Flood handling process

Barry,

Is this something we can explore? If so, thought whom should I drive this?

-----Original Message-----
From: Mike Tucker
Sent: Monday, September 19, 2005 5:13 PM
To: Michael C Sebald; E Dakin Kinser; Keith Hathaway; Michael P Carroll; Juan Guevara
Cc: Angie Wells; Steve Short; Harolyn M Watts
Subject: FW: Flood handling process

This suggestion from zone Underwriting management makes sense. Can we do that?

-----Original Message-----
From: Angie Wells
Sent: Monday, September 19, 2005 5:02 PM
To: Steve Short; E Dakin Kinser
Cc: Harolyn M Watts; Carl Bracy; Mike Wey; Mike Tucker; Mike Entwistle; Rocky Bryan; Angie Wells
Subject: RE: Flood handling process

I was just typing an email on this very topic. The flood policy application does not have the square footage or IV information. Therefore, the flood policy loss must be cross referenced with the applicable homeowner, business, RDP, etc. policies. Underwriting has access to Reflections to review claim information; is it possible to give claims access to our underwriting IV screens so they can obtain the information needed quickly and efficiently?

-----Original Message-----
From: Steve Short
Sent: Monday, September 19, 2005 4:53 PM
To: E Dakin Kinser
Cc: Harolyn M Watts; Carl Bracy; Angie Wells; Mike Wey; Mike Tucker; Mike Entwistle
Subject: FW: Flood handling process

Dakin, I reviewed these and I like the idea of adjusting a large number of these through satellite imagery. However, I see FEMA is asking us to check the underwriting records for IV and square footage. I don't think we have a very efficient way to do this. I will ask the Operating Division to review to see what streamlined processes we can come up with but this is definitely added work for the underwriting folks. Are these guidelines ready to go now? Is our flood cat central up and running yet?

-----Original Message-----
From: Harolyn M Watts
Sent: Friday, September 16, 2005 8:37 PM
To: Steve Short
Subject: FW: Flood handling process

-----Original Message-----

Lecky King

From: Justin Crouthamel
Sent: Wednesday, September 21, 2005 7:39 AM
To: Lisa Marie Redd
Cc: Michael Ferrier; Lecky King
Subject: FW: Flood handling process

Lisa,

Can you get the Database to Mike and Lecky please?

Thanks.

Justin

-----Original Message-----
From: Dan Carrigan
Sent: Tuesday, September 20, 2005 9:43 PM
To: Mike Tucker; Juan Guevara; Michael C Sebald; Justin Crouthamel
Cc: E Dakin Kinser; Michael P Carroll; Jim Robinson; Michael Ferrier; Steve Short; Lecky King
Subject: Re: Flood handling process

Justin see the request below. Can you assist?

-----Original Message-----
From: Mike Tucker <mike.tucker.awns@statefarm.com>
To: Juan Guevara <juan.guevara.a30o@statefarm.com>; Michael C Sebald <michael.c.sebald.at19@statefarm.com>
CC: E Dakin Kinser <e.d.kinser.al6x@statefarm.com>; Dan Carrigan <dan.carrigan.a2ff@statefarm.com>; Michael P Carroll <michael.p.carroll.a0fj@statefarm.com>; Jim Robinson <jim.robinson.cdrc@statefarm.com>; Michael Ferrier <michael.ferrier.crit@statefarm.com>; Steve Short <steve.short.auet@statefarm.com>; Lecky King <lecky.king.bnmr@statefarm.com>
Sent: Tue Sep 20 15:08:21 2005
Subject: RE: Flood handling process

Can we get that for Mike Ferrier's and Lecky King's flood units in the field? Seems like we could work through Catastrophe CA&P to accomplish that task.

-----Original Message-----
From: Juan Guevara
Sent: Tuesday, September 20, 2005 2:59 PM
To: Mike Tucker; Michael C Sebald
Cc: E Dakin Kinser; Dan Carrigan; Michael P Carroll; Jim Robinson; Michael Ferrier; Steve Short
Subject: RE: Flood handling process

We already have the data base with the homeowner underwriting information matched up with the flood policy which was provided by Strategic Resources. This database is being used in the In-Office unit in Dallas.

Juan

-----Original Message-----
From: Mike Tucker
Sent: Tuesday, September 20, 2005 11:35 AM
To: Michael C Sebald
Cc: E Dakin Kinser; Dan Carrigan; Michael P Carroll; Juan Guevara; Jim Robinson; Michael Ferrier
Subject: RE: Flood handling process

LECKY KING CAT PL (KATRINA) DOCUMENTS
MASTER PRODUCTION SET FOR OWEN & GALLOWAY
LKING00002142PROD

Lecky King

From: Mike Tucker
Sent: Wednesday, September 21, 2005 7:19 AM
To: Mike Entwistle; Jim Robinson; Michael Ferrier; Lecky King
Cc: Kerry Babin; Harolyn M Watts
Subject: FW: NFIP update

FYI. Will forward a copy of the fax when received, but wanted to let you know about this.

-----Original Message-----
From: Warren Farrar
Sent: Wednesday, September 21, 2005 7:17 AM
To: Juan Guevara; Jim Damm; Dan Carrigan; Keith Hathaway; Mike Tucker; Stephan Hinkle; Randy Stames
Cc: Jack DeCicco
Subject: RE: NFIP update

Wow. Let make certain we have this in writing. Please send me a copy of the FAX when received.

-----Original Message-----
From: Juan Guevara
Sent: Tuesday, September 20, 2005 11:21 PM
To: Warren Farrar; Jim Damm; Dan Carrigan; Keith Hathaway; Mike Tucker; Stephan Hinkle; Randy Stames
Cc: Juan Guevara; Jack DeCicco
Subject: NFIP update

I received a late evening call from Jim Shortley about the exemption on solution one of the claim handling proposal.

NFIP will not hold us accountable if we make an error in the reparability of a dwelling if we follow the guidelines for solution one.

We will be receiving a fax tomorrow confirming the above along with the fee schedule. Once the details are received I will send out another communication.

Juan

EXHIBIT 20

Lecky King

From: Dave Randel
Sent: Wednesday, September 21, 2005 4:47 PM
To: Rick D Moore; John Deganhart; Lecky King
Subject: FW: Settlement Authority

Here are some new settlement authorities.
Dave

-----Original Message-----
From: Stephan Hinkle
Sent: Wednesday, September 21, 2005 12:01 PM
To: Van Huffman; Andre' Cole; Bob McDougal; Dave Randel; John Hill; Katie Benthall; Terry Blalock
Cc: Jim Burwell; Sue Cook
Subject: Settlement Authority

Previous memos have authorized additional authority levels for Catastrophe Section Managers and Coordinators.

In consideration of additional claim structures and workflows being established, the following authority levels are also being authorized:

Team Leaders, only while serving in a file review authority capacity - $300,000

Team Managers -**ON FLOOD FILES ONLY** - $350,000.

Prior authority already extended:

Section Managers - $1,000,000
Coordinators - $500,000

Please impress upon those individuals serving in the above capacities that all files submitted for authority to them should have been properly investigated and adequately documented before extending authority.

Hopefully, these adjustments in settlement authority will help expedite the claim process for our policyholders.

Stephan Hinkle
Claim Consultant
Phone 309.766.6454
Fax 309.766.4053
Cell 309.532.4862
Email stephan.hinkle.ak4o@statefarm.com
Address Property & Casualty Claims A-4
One State Farm Plaza
Bloomington, Illinois 61710-0001

LECKY KING CAT PL (KATRINA) DOCUMENTS
MASTER PRODUCTION SET FOR OWEN & GALLOWAY
LKING00003571PROD

EXHIBIT 21

Lecky King

From: Dave Randel
Sent: Saturday, September 24, 2005 10:05 AM
To: Lecky King
Subject: FW: Revised Flood fee schedule

This is what I was talking about for the HO claim fee schedule.

-----Original Message-----
From: Rick Cecrle
Sent: Friday, September 23, 2005 8:56 AM
To: Dan Carrigan; Jim Robinson
Cc: Rachel McFarland; E Dakin Kinser; Mike Entwistle; Katie Benthall; Dave Randel; Juan Guevara
Subject: RE: Revised Flood fee schedule

We will need to decide whether it is $200 or $250 for the wind claim. I need to know what independent company adjusters
were pulled into the flood unit. Worley, Eberl and Alamo I know about. Other companies?

-----Original Message-----
From: Dan Carrigan
Sent: Thursday, September 22, 2005 5:37 PM
To: Dan Carrigan; Rick Cecrle
Cc: Rachel McFarland; E Dakin Kinser; Mike Entwistle; Katie Benthall; Dave Randel; Juan Guevara; Jim Robinson
Subject: RE: Revised Flood fee schedule

Rick - before you send this out we need should include the fees for the homeowners claims that will be handled in Dallas. As a reminder we talked about a flat fee of $200 - 250. If the adjuster in Dallas is not able to handle the loss over the phone we will pay $40 and send it to the field. The adjuster in the field receives the regular component schedule. Let us know where you end up on this.

Call if you want to discuss.

-----Original Message-----
From: Dan Carrigan
Sent: Thursday, September 22, 2005 5:27 PM
To: Rick Cecrle
Cc: Rachel McFarland; E Dakin Kinser; Mike Entwistle; Katie Benthall; Dave Randel; Juan Guevara; Jim Robinson
Subject: Revised Flood fee schedule

Rick - attached is the letter from FEMA Acting Director regarding a change to the NFIP fee schedule for Hurricane Katrina. This memo talks about the losses we will handle using satellite imagery and water depth charts. Juan will be sending you complete information on fee schedules based on the 4 solutions FEMA approved.

Once you receive this information, please send it to the appropriate independent firms and copy, the management listed above. - Thanks

<< File: Memo for Proposal as Amended by TJ-RT-pr-HL-mac-JS 09-20-05.doc >>

LECKY KING CAT PL (KATRINA) DOCUMENTS
MASTER PRODUCTION SET FOR OWEN & GALLOWAY
LKING00002710PROD

EXHIBIT 22

Lecky King

From: Michael Ferrier
Sent: Wednesday, September 28, 2005 9:42 PM
To: Charlie Arnold; David J Ego; Juan Guevara
Cc: Michael Ferrier; Lecky King
Subject: Sq Ft Proposal

Attachments: Dallas-Field Handled Proposal.doc

This is a rough draft. It is getting late so I am letting it go for tonight but this sums up the idea of what the sq ft price does for us I think.

The important thing is it gives us more variety and helps align the in office objective with the field objective. We will never achieve consistency with out it. The only other alternative is move all files to Dallas (which will create dissention) or institute an in office unit here (which will create the same problem).

This proposal gives us a more varied approach, yet assures more consistency. I think it will improve accuracy and make the adjustment practice more uniform. It also gives us another form of documentation for those losses that exceed limits by the sq. ft. method.

Mr. Shortley promised an answer in the morning to the sq. ft. pricing aspect of this. I think if that goes through the rest is an easy sell. At least I hope it is.

I estimate we have in excess of 3 or 4 thousand claims here in the Blue Zone. Many of which are not obvious policy limit losses.

Dallas-Field Handled Proposal....

LECKY KING CAT PL (KATRINA) DOCUMENTS
MASTER PRODUCTION SET FOR OWEN & GALLOWAY
LKING00002263PROD

EXHIBIT 23

Unknown

From: Dave Pluimer
Sent: Thursday, September 29, 2005 2:18 PM
To: David J Ego; David Runge; Lecky King
Cc: Dave Pluimer
Subject: RE: Square foot repair prices

Hold off on using that calculator I sent last night for just a minute.

-----Original Message-----
From: Michael.Ferrier
Sent: Thursday, September 29, 2005 2:12 PM
To: Lecky King
Cc: David Runge; Dave Pluimer; Jim Derden; David J Ego
Subject: FW: Square foot repair prices

it's a go
-----Original Message-----
From: James.Shortley@dhs.gov [mailto:James.Shortley@dhs.gov]
Sent: Thursday, September 29, 2005 1:31 PM
To: Michael Ferrier
Cc: Timothy.Johnson@dhs.gov; Sue.Woods@dhs.gov; Russell.Tinsley@dhs.gov
Subject: RE: Square foot repair prices

Mike: It's a go. Please keep a good file on this program for future use. Back-up is essential. We want to be able to show that this is an accurate way to assess damages and pay for them. Also, since this is not conducive for other lines of business, we need to document that wind damage for instance, is not as "uniform" as flooding damage. Wind damage can be spotty; shingles only or more extensive; rafters, beams etc. Thanks for working on this with us.

From: Michael Ferrier [mailto:michael.ferrier.crit@statefarm.com]
Sent: Wednesday, September 28, 2005 3:25 PM
To: Shortley, James
Cc: Michael Ferrier
Subject: Square foot repair prices

Jim,

I think this should clear things up. It not only adds to the variety of options for different types of dwellings but also allows the CR to include non-recoverable depreciation in the settlement.

We have made sure that average grade is truly average grade. The room sizes were normal sizes. If a room is larger or smaller the square foot number only calculates the actual room size. There was already an entry for the painting (sealing of the bottom four foot of wall in the 4 ft estimate. In addition we paint the entire wall one coat.

EXHIBIT 24

Lecky King

From: Rick D Moore
Sent: Tuesday, October 04, 2005 2:29 PM
To: Kevin Peterson
Cc: Lecky King
Subject: FW: ***Important***ACTION NEEDED***Insurance Reporting - Total Losses****

Kevin,

I'm coordinating the Flood operation in Gulfport (Along with Lecky King). Our total losses are directly related to Flood. The only policy limits paid out of this office are on Flood policies. I noticed the "Flood Not Included" on your tracking sheet. Is there any information you'll need from our operation?

Please let me know how our office can assist you. Thanks!

Rick D. Moore

-----Original Message-----
From: Katie Benthall
Sent: Monday, October 03, 2005 6:18 PM
To: Ron Neighbors; Daniel Gillmore; Dave Randel; John Deganhart; Julie Brooks; Katie Benthall; Randy May; Richard E Serviss; Rick D Moore
Subject: FW: ***Important***ACTION NEEDED***Insurance Reporting - Total Losses****

Please note this is due Wednesday this week and Friday from now on.

Thanks,

Katie

-----Original Message-----
From: Kevin Peterson
Sent: Monday, October 03, 2005 4:56 PM
To: Dave Randel; Katie Benthall
Cc: Jim Burwell; Terry Blalock; Allen McGlynn
Subject: RE: ***Important***ACTION NEEDED***Insurance Reporting - Total Losses****

Dave,

I just need the actual number, no listings.
Just claims where the policy limits were paid or exceeded. This will exclude the scenario of total flood/some indemnification under the HO.

Thanks.

-----Original Message-----
From: Dave Randel
Sent: Monday, October 03, 2005 5:11 PM
To: Kevin Peterson; Katie Benthall
Cc: Jim Burwell; Terry Blalock; Allen McGlynn
Subject: RE: ***Important***ACTION NEEDED***Insurance Reporting - Total Losses****

Kevin,
Is this a list of claims or just a numbers of claims?
Also, where we have a total loss by flood and a companion HO claim, do you want to HO claim reported as a total loss?

EXHIBIT 25

Rick D Moore

From: Dave Randel
Sent: Tuesday, October 11, 2005 2:29 PM
To: Keith Whitham
Cc: Dave Randel; Rick D Moore
Subject: Special Achievement Award

Sensitivity: Confidential

Special Achievement Award

. . . . . .

DO NOT USE THE OUTLOOK FORWARD BUTTON TO FORWARD THIS FORM!

To properly Forward this form, you must use the Forward/Edit button located in the form. Exit this message and click the Forward/Edit button in the form.

EXHIBIT 26

Special Achievement Award

SFF Form Routing Information
To Forward or Edit, use the Forward/Edit button included above.
Requester ---> Appropriate Levels of Management ---> HOME FSS-ECS-ADDEARN (CC: Requester & Candidate's Supervisor)

To: Keith Whitham (BH82)

cc: Dave Randel (AR85); Rick D Moore (GOS8)

Approved: Yes **Signature:** Dave Randel

Date: 10/10/2005

Name of Award Candidate: David Runge (ATCI)

Associate ID: AE3148

Candidate's supervisor: Jim Little

Department Name: CATASTROPHE SERVICES **Job Title:** CAT TRAINER

Department Number: 5-01-057-NB5-CE

Structure/ Segment/Level:

RB3

Should this award be charged to a department other than the employee's department?

No

Award Amount: $1,000.00

Direct Deposit: Yes

Please note that the award recipient may see this bonus via View Paycheck when the payment processing is complete. This will appear when the award is direct deposited and when a paper check is requested. Paper checks may take 5-9 days to arrive by mail once this form is sent for payment processing.

Description of Achievement/Economic benefit:

David worked in conjunction with David Pluimer to develop the Cost Calculators presently being utilized on Flood claims in both Louisiana and Mississippi. The use of these calculators have reduced labor hours by approximately 65 percent. This will result in significant cost-savings for State Farm and the NFIP.

Requested by:

Rick D Moore/GOS8/20/State Farm

Comments:

David accomplished this task in spite of numerous responsibilities associated with his current Catastrophe assignment in Gulfport, MS.

If this is the last stop before sending this form to HOME FSS-ECS-ADDEARN, please click Yes to include an automatic CC to the Requester of the Award and the Candidate's Supervisor:

No

Rick D Moore

From: Michael A Harris
Sent: Friday, September 09, 2005 11:42 AM
To: Tip Pupua; Brenda Emmons; Chris Cocke; David J Ego; David L Haddock; Derek Call; Doug Tabor; Gary P Clatterbuck; Gayle Hobbs; Gerry Underwood; Ilona Nimptsch; Jamie Beadle; Jason Slauson; Jeff Manning; John Conser; John Deganhart; Jorge Lopez; Katina S Butler; Kirk Angelle; Lansing Clark Vargo; Lecky King; Mark K Drain; Marsha Slaughter; Pat Kearney; Paula Roberts; Rayna Lynch; Rick D Moore; Ryan Murphy; Sandy Schmidt; Stanley T Miller; Steve Burke
Cc: Michael A Harris; Benita Changl
Subject: Header Address

The Xactimate Header P.O. Box address below is effective immediately. Please distribute it to your team members.

State Farm Catastrophe Office
P.O. Box 6759
D'Iberville, MS 39540

When we get the office phone and fax numbers, a separate notice to update the header will be sent.

Thanks,

Michael (GLIJ)

Rick D Moore

From: Lecky King
Sent: Friday, September 09, 2005 12:25 PM
To: Tip Pupua; Brenda Emmons; Chris Cocke; David J Ego; David L Haddock; Derek Call; Doug Tabor; Gary P Clatterbuck; Gayle Hobbs; Gerry Underwood; Ilona Nimptsch; Jamie Beadle; Jason Slauson; Jeff Manning; John Conser; John Deganhart; Jorge Lopez; Katina S Butler; Kirk Angelle; Lansing Clark Vargo; Lecky King; Mark K Drain; Marsha Slaughter; Pat Kearney; Paula Roberts; Rayna Lynch; Rick D Moore; Ryan Murphy; Sandy Schmidt; Stanley T Miller; Steve Burke
Subject: Wind vs. Water

There has been some confusion with regard to State Farm's handling of claims involving a homeowners policy with no flood policy. The following is State Farm's position at this time:

All wind claims must be inspected, photographed and investigated. During the inspection the adjuster should photograph all surrounding areas, showing what neighboring structures remaining, have suffered damage from wind. The adjuster should also photograph and discuss in the log notes the amount of water in the area and the debris lines from flood, if any. The adjuster should note the proximity of the risk to the water. Should the adjuster feel that the home has been damaged by wave wash, he/she should advise the policy holder that flood is not a covered loss under the Homeowner policy.

We will not deny any wind coverage at this time. We are thoroughly investigating every loss. We have requested expert analysis of wind speeds, wave surge and other reports which will give us the necessary tools to make a proper determination. Once this has been completed we will communicate our decision to the affected policyholders.

This also applies to those policyholders with both a wind and a flood policy. The flood damage should be resolved, paid and closed. However, the wind claim will remain open pending the investigation and resulting findings.

Thanks for your help in this and if you have any questions please see John, Rick or me.

Thanks,

Lecky King
Flood Coordinator

Rick D Moore

From: David L Haddock
Sent: Friday, September 09, 2005 2:59 PM
To: Tip Pupua; Brenda Emmons; Chris Cooke; David J Ego; David L Haddock; Derek Call; Doug Tabor; Gary P Clatterbuck; Gayle Hobbs; Gerry Underwood; Ilona Nimptsch; Jamie Beadle; Jason Slauson; Jeff Manning; John Conser; John Degenhart; Jorge Lopez; Katina S Butler; Kirk Angelle; Lansing Clark Vargo; Lecky King; Mark K Drain; Marsha Slaughter; Pat Kearney; Paula Roberts; Rayna Lynch; Rick D Moore; Ryan Murphy; Sandy Schmidt; Stanley T Miller; Steve Burke
Cc: David L Haddock; Lecky King
Subject: TMs in RV's

We will begin the TM's in the RV program tomorrow 9/10. TM's on the list for the 5 RV locations should report to their locations in the morning with a draft book. The draft book will be charged out to them. They will be writing the draft.

Contact your CR's who are working in the areas where the RV's are located and let them know we are ready to handle the flood losses as they were outlined in the management meeting. They are all encouraged to utilize this opportunity to get policyholders paid for the flood damage to their building and contents.

See Lecky or me if you have questions.

Rick D Moore

From: Larry Bockman
Sent: Friday, September 09, 2005 3:12 PM
To: FGC-CATServices-AllMgmt-CLMS-HOME
Cc: Kathie McCaffrey
Subject: N-95 Respirators

Importance: High

Information on use of N-95 respirators and how to order them if needed.

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- N-95 respirators may be ordered for *optional* use while handling mold claims.
- Because the use of the N-95 is optional, no medical clearance is required. There is a short, online respirator fitting "training" in the Loss Prevention Resource Guide, under Respiratory Protection for Mold Claims:

MARION, MELISSA & ANDREW v. SFF&CC et al
Confidential - Produced Pursuant to Protective Order
MARM00009346PROD

NFIP Reinspection Report and Response
Cat PL
Gulfport, Mississippi and Mobile, Alabama Offices

The NFIP Reinspection Reports for the randomly selected files for the three gulf coast counties of Mississippi and the two gulf coast counties of Alabama have been received. NFIP requested 100 files for these areas. In order to reflect the percentages of claims from each state, 75 claims were submitted from Mississippi and 25 claims from Alabama. The reinspections were conducted by NFIP General Adjusters Jack Farley, Jerry Kasala, Rita Terry and Glen Terry under the direction of NFIP Coordinator Owen Ivey, over the period of February 2 - 17, 2006. Flood Trainer David Haddock was present at all reinspections. This response is to the individual reinspection reports. The Final report will be forthcoming.

The NFIP allowed State Farm to use XactTotal to settle claims where the house was no longer standing or was an obvious total. The Square Foot Calculator was used for houses still standing with different levels of water. Contents losses were settled by "lumping" the amounts in categories. These methods were approved to expedite the large number of claims for Hurricane Katrina in the Mississippi and Alabama offices and are considered the Expedited Method of settlement. No direction was given to deviate from the NFIP Fee Schedule (Date of Loss on/after September 1, 2004) for paying Independent Adjuster fee bills until September 27, 2005. The Mississippi and Alabama offices were directed to start using an Expedited Fee Schedule if it was possible to phone scope the loss and complete a square foot estimate and settle contents. The Expedited base fee is $750.00 and an additional amount of $400 would be paid if an inspection was needed later. If the insured requested to be present at an inspection the regular fee schedule would apply. The mandatory use of the Expedited Fee Schedule only applied to Louisiana where it was not possible to access the areas to inspect.

Payment of adjuster fee bills was the issue that affected the majority of the surveyed claims in Mississippi and only one claim in Alabama. The direction given to the GA's from the Mobile office was if the claim was settled using the expedited method for the building and contents then the fee bill should be the expedited amount of $1150.00 ($750.00 base + $400.00 inspection). Payment from the fee schedule would only apply to claims that were settled with an inspection and an itemized estimate and detailed contents list.

A list of the claim numbers and the proposed amount of the over billing is below. There are a total of 59 claims with a total of $240,372.78. The average per claim is $4,074.11. The following is an explanation of the issues:

1. The ten claim numbers in bold with "*" are claims reported to have over billing which were handled by staff Claim Representatives or Trainers. No adjuster fee bill payments were made.
2. The seven claim numbers in bold with "**" are claims reported to have over billing which were billed at the Expedited rate.
3. The claim number in bold with "***" was reported to be over billed by $6,200. The claim representative used the wrong percentage and there was an actual over billing of $700.00 and a reimbursement will be proper.
4. All other claims were billed from the fee schedule because an inspection was done.

Mississippi/Alabama Claims

Fee Bill Issues

Claim Number		Over Billing Amount
WH-Confidential [redacted]		$4,870.70
		6,200.00
		6,200.00
	*	**3,291.30**
	**	**2,329.90**
		6,200.00

WH-Confidential

	3,680.00
	2,875.00
	6,200.00
	1,850.00
*	**3,289.00**
	4,600.00
**	**2,831.30**
	5,463.90
	3,335.00
	4,730.00
**	**3,650.60**
	2,983.10
	2,875.00
	1,850.00
	6,200.00
**	**1,850.00**
**	**2,530.00**
	4,600.00
	4,600.00
	2,796.80
	6,200.00
	3,678.00
**	**2,540.78**
	5,582.60
	5,168.90
	6,200.00
	5,154.20
	6,200.00
	4,600.00
	2,557.60
	4,600.00
*	**4,254.00**
	6,200.00
*	**5,141.60**
	4,600.00

WH-Confidential		2,875.00
		4,730.00
	**	**1,850.00**
	*	**4,600.00**
	*	**1,909.00**
		2,530.00
	*	**2,093.00**
		5,229.00
		4,153.80
		1,850.00
		5,744.30
	*	**5,236.10**
	*	**2,875.00**
		3,680.00
		4,730.00
	***	**6,200.00**
		3,935.30
	*	**1,773.00**
Total		**$240,372.78**

Average Overpayment for 59 claims is $4,074.11.

Staff Handled Claims (10 claims)
****Billed using the Expedited Fee Schedule (7 claims)***
*****Claims listed in report with specific issues (1 claim)***

The Expedited versus Standard Fee Schedule is the major issue in the reports that would require any reimbursement to NFIP. This will be discussed with NFIP management.

Ninety-eight of the one hundred reports stated the settlement was proper. The two claims with payment issues are listed below.

WH-Confidential

Payment was made for the replacement of crown molding throughout the house and painting of the ceilings. There was less than 6 inches of water in the house. The file documented extensive damage to the CMU piers under the house due to surge debris and erosion. Photos show cracks in the detailed crown molding and the claim representative concluded they were caused by shifting of the house due to the foundation damage. The walls would be painted due to the water damage. The proper repair would be to caulk and paint the crown mold. This would make it necessary to paint the ceilings. Reimbursement would be proper for the replacement of the crown moldings. The claim was paid on an ACV basis. The ACV amount plus O&P is $WH-Confidential.

The other issue on this claim was the insured was paid on an ACV basis when they were eligible for RC. No additional payment should be made due to the overpayment on the crown molding.

WH-Confidential

The contents limit on this policy is $WH-Confidential. We paid $WH-Confidential for the ACV amount less the $[redacted] deductible. The claim representative depreciated 13 items on the contents inventory 100% with no payment made for these items. This shows in the reinspection report. The claim is being reopened and assigned to Customer Service in Mobile to revise the inventory to show the actual value of these items. A supplemental payment will be made.

Other issues noted but not affecting the results of the settlement were lack of copies of APDA forms in the file, no ICC letters even though ICC

was discussed with the insured and documented in the log and depreciation taken was did not reflect the actual age of buildings. The depreciation issue did not affect the outcome of any of the claims since the ACV exceeded the policy limits.

NFIP GA Glen Terry noted on every reinspection file that the file did not contain a Preliminary Report, Final Report or Narrative. He was advised by State Farm Trainer David Haddock that these reports were not required of State Farm. This was done on 21 files but would not require any reimbursement.

The need for Underwriting Reviews was addressed on a small number of reports. Some had documentation in the log that reformations had been submitted. Others were total losses and the claim representatives were following the practice in place at the time that no Reformation would be needed.

Summary

Over all the written and verbal comments made by the GA's were positive.