

## Evidence of Insurance Fraud Submitted to the Oversight and Investigations Subcommittee

### Documents That Suggest Fraud by Insurance Companies in the Handling of Katrina Wind and Water Claims

NFIP Regulations &ndash; 44 CFR 62.23 says that &ldquo;the primary relationship between the WYO Company and the Federal Government will be one of a fiduciary nature, i.e. to assure that any taxpayer funds are accounted for and appropriately expended,&rdquo; and further that &ldquo;the entire responsibility for providing a proper adjustment for both combined wind and water claims and flood-only claims is the responsibility of the WYO Company.&rdquo;

Nationwide Q & A &ndash; Wind versus Flood Q & A&rsquo;s for Alabama and Mississippi, Sept. 4, 2005: Nationwide instructs its adjusters that &ldquo;if loss is caused by both flood and wind there is no coverage.&rdquo;

State Farm Protocol &ndash; Wind/Water Claims Handling Protocol, Sept. 13, 2005: State Farm instructed adjusters that &ldquo;where wind acts concurrently with flooding to cause damage to the insured property, coverage for the loss exists only under flood coverage.&rdquo;

Dale Letter and State Farm Reply &ndash; March 24, 2006 letter from Insurance Commissioner George Dale to State Farm reinforcing that the insurer bears the burden of proving that damage was caused by flooding in order to exclude coverage. The response from State Farm says that &ldquo;State Farm is paying for wind damage that can be substantiated,&rdquo; placing the burden of proof on the insured to prove wind damage rather than on State Farm to prove the exclusion.

Rigsby affidavit &ndash; Affidavit by Cori Rigsby & Kerri Rigsby in McFarland v. State Farm in which the Rigsby sisters described the actions of State Farm officials to manipulate Katrina claims in Mississippi.

Forensic Analysis & Engineering emails &ndash; Emails exchanged by engineers revealing that State Farm fired their firm because two assessments ruled that damage was caused by wind. The emails reveal that State Farm demanded that reports name only the &ldquo;predominant&rdquo; cause of damage rather than estimate what damage was caused by wind and what damage was caused by flooding, and that State Farm instructed the firm to identify all water damage as flood damage. FAEC agreed to reassess the reports in order to keep the State Farm business.

McIntosh A: Oct. 12, 2005 report of on-site damage assessment conducted by engineer Brian Ford of FAEC for State Farm. Ford concluded that damage to the McIntosh home was caused by wind, wind-driven debris, and &ldquo;failure of the windows, walls, and doors due to wind.&rdquo; Cori and Kerri Rigsby photocopied this report with a note attached that read, &ldquo;Put in Wind file &ndash; DO NOT Pay Bill. DO NOT discuss.&rdquo;

McIntosh B: Second on-site damage assessment of the McIntosh claim, conducted by John B. Kelly of FAEC on Oct. 18, the day after FAEC agreed to State Farm&rsquo;s demand for a new assessment. Kelly&rsquo;s assessment, which did not mention the previous assessment by Ford, concluded that &ldquo;damage to the first floor walls and floors appears to be predominantly caused by rising water from the storm surge and waves.&rdquo;

Mullins A: On-site damage assessment conducted by FAEC for State Farm. The engineer concluded that the &ldquo;primary and predominant cause of damage to the subject property was due to hurricane force winds.&rdquo;

Mullins B: Second damage assessment of the Mullins claim after revision by John B. Kelly of FAEC for State Farm. Kelly's revised assessment, which did not mention the previous conclusion of wind damage, blamed the movement of the house on "buoyant force applied to the building by rising water allowing the wind to blow the house northwards until it reached an obstruction."

Nguyen A: On-site damage assessment conducted by engineer John B. Kelly of FAEC for State Farm. Kelly concluded that "the damage to the house was caused predominantly by wind." Kelly also reported evidence of tornado activity.

Nguyen B: Letter from John B. Kelly to State Farm, to "address the concerns raised by the client State Farm Insurance Co. concerning the FAEC conclusions" in the Nguyen claim. Kelly is forced to defend his use of eyewitness accounts and his own observations of possible tornado damage to trees and nearby structures.

Beckham A: On-site damage assessment by engineer Paul Monie of Rimkus Consulting Group for State Farm. Monie concluded that there was "insufficient physical evidence to determine the proportion of wind versus storm surge that destroyed the residence."

Beckham B: Paul Monie's damage assessment after revision without his knowledge or consent. Monie's conclusion of "insufficient physical evidence" was changed to "storm surge from Hurricane Katrina destroyed the residential building." Monie's name was signed to the revised report without his knowledge.

Gaspard A: On-site damage assessment by engineer James Overstreet of Rimkus Consulting Group for State Farm. Overstreet concluded that the home was destroyed by the combination of wind and storm surge, and reported "a large number of trees snapped in two by what appeared to have been tornadoes."

Gaspard B: James Overstreet's damage assessment after revision without his knowledge or consent by Rimkus staff who never visited the site. Overstreet's on-site conclusion of a combination of wind and surge damage with the possibility of tornadoes was changed to "the residence was destroyed as a result of the rising waters and wave action associated with the storm surge." James Overstreet's name was signed to the revised report without his knowledge.

Kuntzman A: On-site damage assessment by engineer Jerome Quintero of Rimkus Consulting Group for Allstate. Quintero concluded that there was "insufficient physical evidence to determine the proportion of wind versus storm surge that destroyed the structure."

Kuntzman B: Jerome Quintero's damage assessment after revision by Rimkus staff who never visited the site. Quintero's conclusion of "insufficient physical evidence" was changed to "storm surge and waves destroyed the residence." Quintero's name was signed to the revised report without his knowledge.

Ray A: On-site damage assessment by engineer James Overstreet of Rimkus Consulting Group for CGI Insurance. Overstreet concluded that the home was destroyed by the combination of "wind gusts, tornadoes, and wind-driven storm surge." Overstreet also reported eyewitness accounts and "snapped and uprooted trees" to support the possibility of a tornado.

Ray B: James Overstreet's damage assessment after revision by Rimkus staff who never visited the site.

Overstreet's conclusion of a combination of wind and surge damage with the possibility of a tornado was changed to a conclusion that "the storm surge associated with Hurricane Katrina destroyed the portion of the residence above the concrete foundation slab." Overstreet's name was signed to the revised report without his knowledge.

Smith A: On-site damage assessment by engineer James Overstreet of Rimkus Consulting Group for CGI Adjusters. Overstreet concluded that the home was destroyed by the combination of "wind gusts, tornadoes, and wind-driven storm surge." Overstreet also reported eyewitness accounts and "snapped and uprooted trees" to support the possibility of a tornado.

Smith B: James Overstreet's damage assessment after revision by Rimkus staff who never visited the site. Overstreet's conclusion of a combination of wind and surge damage with the possibility of a tornado was changed to a conclusion that "the storm surge associated with Hurricane Katrina destroyed the portion of the residence above the concrete foundation slab." Overstreet's name was signed to the revised report without his knowledge.

Rimkus Engineering Manual excerpts &ndash; Excerpts from the Rimkus Consulting Group Hurricane Damage Evaluation Manual including guidance for determining wind vs. water, and policy for coordination between a field engineer and a professional engineer providing the field engineer would be involved in any modifications to his report.