

Insurance news from MS, LA, FL

Scruggs v. State Farm goes nuclear;

Mississippi Insurance Commissioner decides he will not have State Farm pay for all his department's legal expenses;

Travelers' claims practices and new rates are questioned in Louisiana;

Allstate settles the punitive damage dispute in the Weiss case (in which Allstate added upstairs contents to the downstairs flood claim, and in which a Rimkus Consulting Group engineer who had not seen the property changed the observations and conclusions of the engineer who had conducted the on-site damage assessment);

and, another day, another naysayer in Florida.

Racket suit filed against State Farm - Anita Lee, Biloxi Sun Herald

State Farm companies engaged in a criminal enterprise with two vendors to cheat policyholders out of nearly \$4 million for Katrina damage, the Scruggs Katrina Group claims in a lawsuit filed Wednesday.

The lawsuit accuses State Farm of using the independent vendors to produce falsified inspection reports that blamed water rather than wind for property damage, depriving policyholders of rightful payments. Some policyholders had no idea more than one report had been completed on their property when they negotiated settlements with State Farm through a mediation program sponsored by the Mississippi Department of Insurance.

State Farm wants Scruggs disqualified from policyholder lawsuit - Anita Lee, Biloxi Sun Herald

Attorney Richard "Dickie" Scruggs should be disqualified from

representing policyholders who have sued State Farm Fire & Casualty Co. because he has "repeatedly" violated state and national ethics rules that govern attorneys, the insurance company argues in a motion filed in U.S. District Court in Gulfport.

Scruggs responded: "It's a public relations offensive where (State Farm is) just throwing everything against the wall that they can. We've been kicking their fannies for two or three months now. It tells you you're being effective when they try these sorts of shenanigans."

Who will pay Insurance Department's legal bills? - Anita Lee, Biloxi Sun Herald

The Mississippi Department of Insurance had planned to bill State Farm Fire and Casualty Co. for Deputy Commissioner Lee Harrell's legal fees for testimony in a policyholders' lawsuit, but has backed off that position.

Instead, Harrell said Monday that State Farm will cover only the portions of his testimony about the department's ongoing market-conduct examination of the company. State law allows the Department of Insurance to bill insurance companies for fees associated with such examinations.

Insurer's claims conduct criticized - Rebecca Mowbray, New Orleans Times-Picayune

A market conduct examination of Travelers' handling of insurance claims after Katrina has found that some claims were not paid in a timely manner and the company didn't always have complete documentation of claims in its files.

The state Insurance Department's review of the company was prompted by a high volume of complaints to Travelers' amount of business in the state. Travelers is the seventh largest residential insurer in Louisiana.

Insurance rate increase delayed - Rebecca Mowbray, New Orleans Times-Picayune

A controversial hurricane model recently banned from use in

Louisiana found its way into Tuesday's meeting of the Louisiana Insurance Rating Commission as a proposed 26.6 percent rate increase for the Travelers group of insurance companies was delayed while the company and the Louisiana Department of Insurance figure out an appropriate rate proposal that does not rely on the model.

The proposed rate increase for Travelers has been tabled for several months in a row now because the filing relied on the RMS 6 model, a software program for predicting hurricane risk that uses a novel method of turning up the frequency of historical storm data and projecting it forward on a rolling five-year basis. In April, Insurance Commissioner Jim Donelon put the use of the model on hold, a move that was made permanent in May after the company that makes it, Risk Management Solutions Inc., withdrew the model from consideration in Florida amid signals that it might be rejected.

Settlement Ends Katrina Insurance Case - Michael Kunzelman, Associated Press

Allstate Insurance settled a post-trial legal dispute with a policyholder who was awarded more than \$2.8 million by a federal jury over Hurricane Katrina damage, a company spokesman and a lawyer for the homeowner said Thursday.

Fla. Carriers In Reinsurance Bind, Says Lawmaker - Steve Tuckey, National Underwriter News

A Florida lawmaker, who has opposed the state's expanded role as a reinsurer, said regulators will probably not allow insurers to pass through the cost of additional reinsurance coverage beyond the state-subsidized catastrophe limits.

Rep. Don Brown, R-DeFuniak Springs, told NU Online News Service the current situation is "pathetic" in that primary insurance companies are forced to rely on what he termed the questionable capacity of the Florida Hurricane Catastrophe Fund to bail them out in the event of catastrophic losses this hurricane season.