
State Farm settles with 103 Katrina victims

Terms not disclosed in deal with Mississippi policyholders

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NEW ORLEANS - State Farm Insurance Cos. has settled with 103 policyholders in Mississippi who challenged the company's refusal to cover damage to their homes from Hurricane Katrina, a lawyer for the homeowners said Monday.

Terms of the settlement are confidential, said attorney Chip Merlin, whose law firm represents all 103 policyholders who are part of the agreement.

The deal proves that "small individuals can stand up to large insurance companies and still have a resolution that's acceptable to them," Merlin said.

Forty-seven of the 103 policyholders involved in the pact had filed lawsuits against the Bloomington, Ill.-based insurer; the rest had hired Merlin's law firm to represent them but hadn't filed suit yet.

"We're pleased with this settlement in that it spares our customers and our organization from time-consuming and expensive litigation," said State Farm spokesman Phil Supple.

State Farm was Mississippi's largest homeowner insurer when Katrina hit on Aug. 29, 2005, damaging or destroying tens of thousands of homes in the state.

Thousands of property owners in Mississippi and Louisiana have sued State Farm and other insurers for refusing to cover storm damage. The companies, which say their policies cover damage from wind but not rising water, have settled hundreds of the cases over the past two years.

State Farm still faces 1,949 lawsuits over Katrina damage in Louisiana, Mississippi and Alabama, spokesman Fraser Engerman said.

Curtis and Joan Lee, who are among the 103 policyholders settling their claim, said State Farm offered them "30 cents on the dollar" when a mediator heard their case months ago. They rejected that offer but are now "entirely satisfied" with the terms of their settlement, Curtis Lee said.

"It's such a relief not to have to worry about this any more," said Joan Lee, 75, whose "dream" retirement home in Diamondhead, Miss., was demolished by Katrina. "I'm so pleased to just forget about this and know it's over."

State Farm previously settled with homeowners represented by prominent attorney Richard "Dickie" Scruggs, agreeing in January to pay about \$80 million to settle with up to 640 policyholders in Mississippi.

In April, State Farm agreed to pay at least \$50 million after re-evaluating claims for up to 35,000 policyholders in south Mississippi who hadn't sued the company. As of Aug. 13, the company had paid \$29.8 million to hundreds of these policyholders, according to Mississippi Insurance Commissioner George Dale.

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