

STATE OF MISSISSIPPI



JIM HOOD
ATTORNEY GENERAL

ATTORNEY GENERAL JIM HOOD CALLS ON ALLSTATE, NATIONWIDE, MISSISSIPPI FARM BUREAU, USAA, AND OTHER INSURANCE COMPANIES TO PARTICIPATE IN CLASS SETTLEMENT

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Jackson, MS—It has been 1 ½ years since Hurricane Katrina devastated the Mississippi Gulf Coast. Still, thousands of people are hurting and trying to put their lives back together. Attorney General Jim Hood believes a settlement agreement with State Farm this week is a first step to recovery for many. Today, he is urging Allstate, Nationwide, Mississippi Farm Bureau, USAA, and other insurance companies to do the right thing like State Farm and settle the litigation on the Mississippi Gulf Coast. Hood said:

Although the class settlement is not perfect, State Farm, a leader in the insurance industry, did the right thing in agreeing to settle the litigation. State Farm has set an example for other insurance companies to do their part in rebuilding the lives of our families on our Gulf Coast.

The American Taxpayers have paid their fair share, and they will be watching to see if the insurance companies pay theirs. I have been advised by our Congressional leaders that the United States Congress will also be watching.

The insurance companies made a mistake in failing to specifically and expressly exclude the most destructive event from a hurricane—storm surge. The four major scientific events in a hurricane are wind, torrential rain, flooding, and storm surge. Storm surge causes 80% of the damage in a hurricane, and yet the policies do not use the term “storm surge.” I hope our Congress will pass an Insurance Bill of Rights requiring insurance companies to clearly, and in bold print, warn their policy holders that a policy excludes a peril that could, for example, cause 80% of the damage to their property. Certainly, taking away 80% of the value of a policy in fine print merits a clear warning to the American insurance consumer. It is time for the other insurance companies to admit their mistake and join State Farm in covering the risk they failed to expressly exclude.

In order to stabilize our Coastal insurance market and rebuilding efforts, it is crucial that we quickly settle the pending litigation. It would be much better for the stockholders and policyholders of these companies to settle, rather than have a state court decision declaring their anti-concurrent causation clauses and water exclusions void. A ruling to that effect could spawn more litigation in other states and cause tremendous instability in insurance stock prices and in the insurance industry along all of the hurricane prone coastal areas of America.

I respectfully request all policyholders and stockholders of Allstate, Nationwide, Mississippi Farm Bureau, and USAA to contact their insurers and ask them to be fair to our Mississippi Katrina victims. These companies should show the nation that they in fact are “good hands people,” “on our side,” “helping you,” and “know what it means to serve.” **We do not need more litigation; we need reconciliation.**

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