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## State Farm Ordered to Pay Fees and Damages Katrina Whistleblower Case

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A federal judge has ordered State Farm Fire and Casualty Co. to pay legal fees and damages of \$3 million in a whistleblower lawsuit after a jury found the insurer defrauded the government in a policyholder claim after Hurricane Katrina.

However, the judge refused to allow sisters Cori and Kerri Rigsby of Ocean Springs, Miss., to broaden their case to claims on other properties insured by State Farm.

The Rigsbys worked for an Alabama contractor hired by State Farm to provide damage assessments after the August 2005 hurricane. Their lawsuit was filed in 2006.

The judge ruled the whistleblower law limits a lawsuit to a claim for which the Rigsbys were able to offer independent, personal knowledge, The Sun Herald reported. The Rigsbys are appealing that ruling to the 5th U.S. Circuit Court of Appeals in New Orleans.

The jury found in 2013 that State Farm avoided covering a policyholder's wind losses by blaming damage on storm surge, which is covered by federal flood insurance.

The Rigsbys allege State Farm's fraud against the National Flood Insurance Program was widespread along the Mississippi Coast after Katrina.

While the sisters had pursued cases for a number of policyholders, a federal judge took to trial only one State Farm claim – that of Thomas and Pamela McIntosh whose Biloxi, Miss., home was lost to the storm – because the sisters have firsthand knowledge of how the claim was handled.

The sisters alleged documents showed the insurer defrauded policyholders by manipulating engineers' reports so claims could be denied.

State Farm said it assessed the damage correctly and never instructed its adjusters to wrongly process claims as

flood damage, nor did it withhold a report that showed the home had been destroyed by wind as the Rigbys alleged.

At State Farm's direction, NFIP paid the McIntoshes policy limits of \$250,000. State Farm initially paid the couple \$36,000 for wind damage on a policy that provided more than \$500,000 in coverage, according to court documents.

State Farm has denied any wrongdoing. The Illinois-based company told The Sun Herald that it has not decided whether to appeal the verdict.

On the issue of damages, Ozerden ordered State Farm to pay \$750,000 in damages to the government. The Rigbys will each receive 15 percent of the \$750,000 awarded the government.

Ozerden also awarded \$2.6 million to the Rigbys' attorneys plus expenses in the amount of \$303,078.

A counterclaim State Farm filed against the Rigbys is pending. State Farm alleges they violated federal fraud laws by taking company computer and paper files while employed as independent adjusters.

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