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## Judge blocks class action vs. State Farm

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A federal judge on Thursday refused to allow a class action against State Farm Insurance Cos. over the insurer's claims on Mississippi's Gulf Coast after Hurricane Katrina.

State Farm policyholder Judy Guice had asked U.S. District Judge L.T. Senter Jr. to permit her to join other policyholders whose homes were reduced to slabs by the August 2005 storm in a class action against the Bloomington, Ill.-based insurer.

But the judge, who heard testimony on the proposal during a Feb. 28 hearing in Gulfport, Miss., ruled Thursday that the class action for "slab cases" is "inconsistent with the requirements of due process."

"While each of the many 'slab cases' has in common the fact that the insured property was totally destroyed during Katrina, the many other factual differences between the cases preclude the relief that Guice is seeking," Senter wrote in a three-page ruling.

In a class action, a court authorizes a single person or a small group of people to represent the interests of a large group of people.

A trial for Guice's individual lawsuit against State Farm is scheduled to start in Gulfport in May.

During last month's hearing, several policyholders pleaded with Senter to find a speedy way to resolve hundreds of lawsuits that have been filed against State Farm and other insurers after Katrina.

The insurers say their policies cover damage from wind but not rising water, including storm surge.

Senter has expressed strong support for using court-ordered mediation to clear a backlog of federal lawsuits over damage. He said last month that a court-ordered mediation program, which has settled at least 47 of 88 cases heard, has exceeded his early expectations.

The judge, however, has solicited ideas on other ways to resolve cases in a "just, speedy and inexpensive" manner.

Richard Phillips, one of Guice's attorneys, argued during the hearing that the facts in each "slab case" against State Farm are essentially the same and should be heard together. State Farm says the cases must be tried separately because the facts in each claim are different.

Senter held a separate hearing Feb. 28 on the terms of a proposed settlement that calls for State Farm to pay at least \$100 million to roughly 35,000 policyholders who didn't sue the company but could have their claims reopened.

After the hearing, a team of lawyers led by Richard "Dickie" Scruggs withdrew their request for Senter to sign off on the settlement, citing a legal "stalemate" and the judge's apparent reluctance to approve the settlement. Senter hasn't approved the earlier request to approve the deal.

Meanwhile, Mississippi Insurance Commissioner George Dale announced Monday that his office has reached a settlement agreement with State Farm that calls for the company to re-evaluate and possibly pay thousands of claims.

In January, Senter presided over the first jury trial for a Katrina insurance lawsuit. He sided with policyholders Norr

Genevieve Broussard in that case, saying State Farm acted in a "grossly negligent way" by denying their claim.

Sender ruled that State Farm has the burden of proving how much damage resulted from flood water.

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