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Dale Announces State Farm Market Conduct Exam

Jackson-Insurance Commissioner George Dale announced today that the Mississippi Insurance Department (MID) is conducting a market conduct exam of State Farm Insurance Company regarding Hurricane Katrina insurance claims. This is just the first of several market conduct exams that MID will be executing on property insurance companies that wrote business on the Mississippi Gulf Coast. State Farm, having the largest market share of those companies, was selected for the first exam.

“We have been working on claims since Katrina made landfall. Through these efforts and our mediation programs we have been able to settle over 5000 mediation cases or property claims for Mississippians. However, there are still claims that have not been resolved. I have a statutory obligation to gather the truth on the conduct of any insurance company doing business in Mississippi. These exams will be looking at how Mississippians’ claims were handled. We will be interviewing many individuals and reviewing thousands of claim files,” said Dale.

He added that MID does not know how long the process will take, but once the State Farm and other examinations are completed, the department will be providing public reports in addition to taking whatever corrective actions are deemed necessary.

“We have to get to the bottom of this and we will, so Mississippi can move forward,” Dale said.

The main purposes of a market conduct exam are to address consumer related issues, detect inappropriate practices and non-compliance with insurance laws, and to verify that insurers are fulfilling their contractual obligations. The MID has a history of conducting extensive exams, for example, it was just such an exam that unraveled the Martin Frankel case, which at the time, was one of the largest insurance scams in United States history. MID will be using some of the same examiners that broke the “Frankel” case to assist in the market conduct examinations.

The State Insurance Commissioner has the authority to order market conduct exams. The Commissioner also is required to do financial examinations of all domestic insurance companies doing business in the state every three years.

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