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FOR IMMEDIATE RELEASE

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DALE NEGOTIATES SETTLEMENT WITH STATE FARM

(Jackson)-Commissioner of Insurance George Dale announced today that based upon preliminary findings of the Mississippi Insurance Department's (MID's) examination of State Farm's handling of Hurricane Katrina claims, and the recent withdrawal of a proposed class action settlement, he has convinced the company it is in the best interests of Mississippi policyholders that it agree to begin an accelerated process to reopen and readjust all Hurricane Katrina claims upon request in the Mississippi coastal counties. State Farm has agreed and informed Commissioner Dale that it intends to make millions of dollars available for additional payments to policyholders in Hancock, Harrison, and Jackson counties.

On March 6, 2007, Commissioner Dale reached an agreement with State Farm to reopen "slab cases" on the coast and have them reviewed by a new team of claim representatives. This new agreement takes that a step further by expanding the review beyond "slab" claims. This process could entail the re-examination, upon policyholder request, of more than 35,000 homeowner, renters and commercial claims, including those that are or were in mediation. If the claim is already in litigation the insured's attorney will need to ask that the claim be readjusted. As a starting point State Farm will use the settlement numbers under the proposed class action. However, we believe that in a lot of cases there is a strong possibility the insured will be receiving more than what was offered in the class action settlement based on our findings.

"When I learned that the proposed class action settlement had stalled I felt it presented an opportunity to negotiate with State Farm to bring closure for coastal policyholders. My department opened negotiations with State Farm immediately, working virtually around the clock, to come to this agreement. This plan presents a consumer-friendly way to resolve these disputes and quickly put substantial amounts of money into the hands of those waiting to rebuild their homes and lives on the coast. Combined with the recently passed Wind Pool legislation that was presented by my office, this is another big step toward a more stable insurance environment," said Commissioner Dale.

State Farm will work with MID to identify eligible claims, assess what claims payments have already been made or offered, and then follow mutually agreed upon guidelines to determine the amount of additional claim payments. Participation by State Farm policyholders is totally voluntary. State Farm will review claims, make payment offers, and, if requested, rely upon the

MID's established and successful Hurricane Katrina Mediation Program to resolve differences on offer amounts. Representatives from the MID will monitor the claim review and payment offers.

"This is a no lose proposal for coastal policyholders. It's a free process and presents them with the opportunity to have their claim looked at again, by different eyes, under the supervision of the MID, with the strong probability of receiving additional payment," Commissioner Dale said.

Each State Farm policyholder in the lower three counties will receive written notification of their eligibility to participate in this re-examination. The company has indicated that it hopes to have all claims re-adjusted within 60 to 150 days following notification from the policyholder. The company will also set up special toll-free number to answer any questions about this process or for policyholders to notify the company of their intent to participate. While this voluntary plan may not work for everyone, it is another step in getting claims resolved and allowing Mississippi to continue our recovery/rebuilding process. In addition, Commissioner Dale is continuing to have discussions with State Farm about reopening their Mississippi markets.

Commissioner Dale added that the MID is also in serious discussions with other companies on expediting their claim handling practices as well and that further announcements that will aid in stabilizing the Mississippi insurance market could come in following weeks.

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