

## Text of letters regarding wind policy coverage

The following is the text of letters to State Farm and from the state Insurance Commission and the reply from State Farm Fire and Casualty Company:

**March 24, 2006**

Mr. Allen McGlynn

State Farm Fire and Casualty Company

285 Peachtree Center Ave., Suite 1200

Atlanta, Ga. 30303

### **Re: Interpretation Of Concurrent Causation Provision As Applied To Hurricane Katrina Claims**

**Dear Mr. McGlynn:**

The Mississippi Department of Insurance ("Department") is continuing to receive complaints from insureds of State Farm Fire and Casualty Company ("State Farm" or "Company") concerning the Company's interpretation and application of the concurrent causation provision found in Section I 2. of State Farm's standard Homeowner's Policy. More specifically, we are hearing from your insureds who have slab claims as a result of Hurricane Katrina who complain that **State Farm is supposedly taking the position that even if a dwelling suffered wind damage prior to the arrival of storm surge, no claim payment for wind damage is due since the water would have washed the structure away anyway, notwithstanding the damage caused by wind. If this is State Farm's position, it is contradictory to representations made by State Farm to Department representatives.**

**The operative provision in Section I 2. of your policy provides in pertinent part, as follows:**

**We do not insure under any coverage for any loss which would not have occurred in the absence of one or more of the following excluded events. We do not insure for such loss regardless of: (a) the cause of the excluded event; or (b) other causes of the loss; or © whether other causes acted concurrently or in any sequence with the excluded event to produce the loss; or (d) whether the event occurs suddenly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:**

**c. Water Damage, meaning:**

**(1) flood, surface water, waves, tidal water, tsunami, seiche, overflow of a body of water, or spray from any of these, all whether driven by wind or not;**

**It is the Department's interpretation of the foregoing provision that while loss subject to the water damage exclusion generally is not covered, loss resulting from any damage caused by wind is clearly covered. Thus, the loss must be apportioned and any wind damage claim paid regardless of whether tidal surge/water subsequently washed the structure away or caused other damage.**

**In an attempt to alleviate any further confusion, you are hereby directed to furnish to this Department a detailed written explanation concerning State Farm's interpretation and application of the concurrent causation policy provision discussed above as same is being applied to Hurricane Katrina victims, particularly those with slab claims. Your written explanation must be furnished within seven working days from the date of this letter.**