

State Farm Faces 1st Federal Trial in La. Over Katrina Damage

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NEW ORLEANS (AP) — A jury heard opening statements Monday for the first federal trial in Louisiana against State Farm Insurance Cos. for a policyholder's lawsuit over Hurricane Katrina damage.

The eight-member jury will be asked to decide whether Katrina's wind or floodwater was responsible for demolishing the Port Sulphur home of Michael and Judy Kodrin, who sued State Farm for denying their claim after the Aug. 29, 2005, storm.

"That's going to be the main issue in the case," U.S. District Judge Carl Barbier told a 30-member jury pool.

State Farm, which says its homeowner policies cover damage from wind but not rising water, concluded Katrina's storm surge destroyed the Kodrins' house and denied the couple's claim.

The Kodrins, however, argue that hurricane-force winds destroyed their wood-frame home hours before water overtopped a nearby river levee and flooded their Plaquemines Parish neighborhood.

"When the water filled up like that, the game was already over," John Redmann, an attorney for the Kodrins, said in his opening statement.

State Farm attorney Ryan Acomb said there's an "honest dispute" over the cause of damage to the property. He urged jurors to be guided by evidence and not let sympathy for the homeowners cloud their judgment.

"We don't know of any witnesses to what happened to the home during Hurricane Katrina," Acomb said. "All you can go by is the circumstantial evidence."

The wind-versus-water debate at the center of this case also was the central issue in several federal court cases State Farm already has faced in Mississippi.

In January, a federal jury in Gulfport, Miss., awarded \$2.5 million in punitive damages to a couple who sued State Farm for refusing to cover Katrina's storm surge damage to their Biloxi home. A federal judge later reduced the award to \$1 million but said State Farm acted in a "grossly negligent way" by denying the policyholder's claim.

This week's trial, which is expected to last several days, isn't the first Katrina insurance case heard in federal court in New Orleans. In April, a jury awarded more than \$2.8 million in damages and penalties to a Louisiana man who sued Allstate Insurance Co. over storm damage.

Bloomington, Ill.-based State Farm, the nation's largest property insurer, also is Louisiana's largest residential property insurer, writing 32 percent of the policies in the state in 2006.

Louisiana policyholders filed several hundred lawsuits against State Farm after Katrina. Company spokesman Jeff McCollum said four of those cases have been tried in state courts and decided by judges, but the Kodrins' suit is the first to be tried in federal court.

Michael Kodrin, a marina manager before Katrina hit, was expected to testify Monday afternoon. He and his wife moved to Raceland after the storm.

Katrina reduced the Kodrins' home to rubble; only their mailbox and rear steps were left standing. These so-called "slab" cases are among the most contentious of Katrina claims, because experts are left with little physical evidence to help them determine if wind or water caused the damage.

The Kodrins say a State Farm adjuster initially told them that wind apparently caused most of the damage to their home. Later, however, an engineer who inspected the property for the insurer concluded that storm surge destroyed the house.

The Kodrins estimate that Katrina caused a total of \$341,745 in damage to their property. State Farm says the market value of the property is only \$110,000.

A separate flood insurance policy already has paid the couple \$76,000, but they are seeking an additional \$207,086 from State Farm for damage to their home, its contents and their living expenses.