

Statement of Fact from Complaint filed as Hood v State Farm on June 11, 2007

<p>September 15, 2005</p>	<p>The Attorney General filed suit on September 15, 2005, against State Farm and other similarly situated defendants in the Chancery Court of the First Judicial District of Hinds County, Mississippi (hereinafter "state court litigation") seeking to have certain provisions in the said insurance policies declared void as being against public policy and/or ambiguous and/or unconscionable and/or in violation of the Mississippi Consumer Protection Act and to enjoin the enforcement of such provisions.</p>
<p>January 23, 2007</p>	<p>State Farm and the Attorney General entered into a Settlement Agreement of the state court litigation for good and valuable considerations, which Agreement is attached hereto, marked "Exhibit B," and made a part hereof the same as if fully copied herein in words and figures, requiring, <i>inter alia</i>, State Farm to establish an administrative procedure to re-evaluate claims of the affected State Farm policyholders in Hancock, Harrison, and Jackson Counties with policies in effect on August 29, 2005, which (a) would "... establish an orderly, fair, and prompt resolution of claims" and (b) would be submitted to the United States District Court for the Southern District of Mississippi for approval based upon criteria and guidelines approved by the said Federal Court.</p> <p>In connection with said Agreement, State Farm further agreed that in the reevaluation process it would make initial offers on claims for foundation or pier-only sites ("slab" claims), that would be no less than fifty percent (50%) of the structural policy limits and to pay not less than fifty million dollars (\$50,000,000.00) in the aggregate to those participating in the settlement process.</p> <p>The Attorney General, in consideration of the contractual undertakings of State Farm, dismissed with prejudice on January 23, 2007, the claims against State Farm asserted in the state court litigation. A true and correct copy of the Final Order of Dismissal as to State Farm Fire and Casualty Company is attached hereto, marked "Exhibit C," and made a part hereof the same as if fully copied herein in words and figures.</p>
<p>January 24, 2007</p>	<p>...Pursuant to the state court Settlement Agreement, State Farm presented to the United States District Court for the Southern District of Mississippi, a proposed Class Action Settlement Agreement which purported to establish the administrative re-evaluation procedure, criteria, and guidelines called for in the Settlement Agreement with the Attorney General for review and approval by the Federal Court. A true and correct copy of State Farm's proposed Class Action Settlement Agreement is attached hereto, marked "Exhibit D," and made a part hereof by reference.</p> <p>The proposal submitted, however, failed to comply with the terms of State Farm's contractual undertaking in the Agreement it entered into with the Attorney General in that, while it did propose an administrative procedure for the re-evaluation of claims, the procedure proposed was not fair to policyholders, was ambiguous, confusing and did not offer a realistic prospect of bringing a fair, orderly or prompt resolution of claims.</p>
<p>January 26, 2007</p>	<p>The United States District Court for the Southern District of Mississippi entered an Order rejecting the proposed Class Action Settlement Agreement for reasons specifically enumerated and set out in its Order. A true and correct copy of said Order is attached hereto, marked "Exhibit E," and made a part hereof by reference the same as if fully copied herein.</p>

<p>February 22, 2007</p>	<p>In a good faith effort to aid State Farm in the establishment of an orderly, fair, and prompt resolution of claims which would meet the concerns of the United States District Court for the Southern District of Mississippi, the Attorney General sought, on February 22, 2007, to intervene in the proposed Class Action Settlement action for the limited purpose of enforcing his state court Settlement Agreement with State Farm. A true and correct copy of said Motion is attached hereto, marked "Exhibit F," and made a part hereof by reference the same as if fully copied herein in words and figures.</p>
	<p>Rather than supporting the Attorney General's effort to intervene in the federal court litigation in order to aid in the establishment of an orderly, fair, and prompt resolution of claims which could be approved by the federal court, State Farm opposed the Attorney General's Motion to Intervene, thereby further breaching the tenus of the State Farm - Attorney General Agreement. A true and correct copy of State Farm's Response to the Attorney General's Motion to Intervene is attached hereto, marked "Exhibit G," and made a part hereof the same as if fully copied herein in words and figures.</p>
<p>February 28,2007</p>	<p>The Federal District Court, in an effort to resolve the concerns expressed in its denial of certification Order, convened and conducted... a hearing on the unresolved status of the Petition for a Class Action Settlement Agreement. The District Court permitted the Attorney General to appear and address the Court at this hearing prior to ruling on the Attorney General's Motion to Intervene. State Farm, by and through its attorneys, filed and presented to the District Court at said hearing, its Supplemental Memorandum in response to the rejection of certification of the Class Action Settlement Agreement.</p> <p>The substance of State Farm's presentation was a reiteration of its Petition for a Class Action Settlement Agreement previously rejected by the District Court. The February 28, 2007, hearing concluded with the District Court taking the issue of the grant of Class Action Settlement certification under advisement.</p>
	<p>Subsequent to the adjournment of the February 28,2007, hearing, the Attorney General filed a Revised Motion to Intervene in the Class Action, seeking specific performance by State Farm of its contractual duty to present the District Court with a fair, balanced, and reasonable class action settlement. A true and correct copy of the Attorney General's Revised Motion to Intervene is attached hereto, marked "Exhibit H," and made a part hereof the same as if fully copied herein in words and figures.</p>
	<p>While the District Court was still holding the issue of class certification (as well as the Attorney General's Motion to Intervene) under advisement, State Farm settled with the putative class plaintiffs and sought dismissal of the underlying suit seeking Class Action Settlement status which (a) killed the effort of the Attorney General to seek intervention for enforcement of the state court settlement agreement and (b) breached the State Farm - Attorney General Agreement by willfully and knowingly violating the tenus of the Agreement requiring it to establish an orderly, fair, and prompt resolution- of claims to e submitted to and approved by the United States District Court for the Southern District of Mississippi based upon criteria and guidelines approved by that Court. In so doing, StateFarm breached the Agreement it entered into with the Attorney General.</p> <p>A true and correct copy of the district court's Memorandum Opinion and Order of Dismissal dated April 16, 2007, is attached hereto, marked "Exhibit I," and made a part hereof the same as if fully copied herein in words and figures.</p>

	<p>As a result of the request for dismissal by State Farm, the District Court denied the Attorney General's Motion to Intervene in the Class Action, thereby effectively terminating the Attorney General's efforts to enforce the Settlement Agreement entered into on January 23, 2007, with State Farm.</p> <p>The actions of State Farm in refusing to establish an administrative procedure for the orderly, fair, and prompt resolution of claims based upon criteria and guidelines approved by the United States District Court for the Southern District of Mississippi constitutes a willful and deliberate breach of its Settlement Agreement with the Attorney General and was done without any arguable, legitimate, or justifiable basis or reason.</p>
June 11, 2007	Hood files suit in Hinds Country Circuit Court