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POLITICS | Tue May 31, 2016 | 12:27pm EDT

Supreme Court to hear State Farm case over Hurricane Katrina fraud claim



Houses remain surrounded by floodwaters from Hurricane Katrina in New Orleans, Louisiana September 4, 2005. REUTERS/David J. Phillip/Pool

By **Lawrence Hurley** | WASHINGTON

The U.S. Supreme Court on Tuesday agreed to hear an appeal by State Farm contesting a jury finding that the insurance company defrauded the federal government when assessing damage caused by Hurricane Katrina in 2005 along the Gulf of Mexico coast.

The court will review a 2015 ruling by the New Orleans-based 5th U.S. Circuit Court of Appeals upholding the verdict in a suit brought under the federal False Claims Act, which lets people sue over allegations that the government has been defrauded.

The court will consider a lawsuit brought by sisters Cori and Kerri Rigsby, former claims adjusters who worked with State Farm after the hurricane. People win a portion of the damages if such a False Claims Act suit is successful.

The jury found that the U.S. government had been defrauded of \$250,000 over a house that had sustained Katrina-related damage in Biloxi, Mississippi.

The Rigsbys said the damage was caused by wind, which would be covered by the owners' policy with State Farm. But State Farm concluded that the damage was flood-related, which was covered by the federal government's flood insurance program.

The court said State Farm would have to pay \$758,000 in damages. The Rigsbys were awarded \$227,000 under the False Claims Act.

State Farm argued in part that the lawsuit should have been thrown out because the Rigsbys' former lawyer, Dickie Scruggs, had distributed information about the lawsuit to members of the media. False Claims Act lawsuits are required to be filed under seal and remain private for 60 days.

In 2008, Scruggs was convicted of conspiring to bribe a judge in a different case. He was sentenced to five years in prison.

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The court will hear oral arguments and issue a ruling in the case during its next term, which begins in October and ends in June 2017.

(Reporting by Lawrence Hurley; Editing by Will Dunham)

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NEW YORK U.S. society is uncomfortable with powerful women and that is why the United States has not yet elected a woman president, President Barack Obama said on Sunday.

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WHITE PLAINS, N.Y. An adviser to U.S. Republican presidential nominee Donald Trump's campaign said on Sunday that Trump will meet with Egyptian President Abdel Fattah al-Sisi on Monday during the United Nations General Assembly, just as Hillary Clinton, the Democratic presidential nominee, is also scheduled to do.

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