Mississippi Oral History Project

Hurricane Katrina Oral History Project

An Oral History

with

Teri Eaton

Interviewer: James Pat Smith

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Biography

Mrs. Teri Eaton was born March 26, 1953, in Louisville, Kentucky. She lived her preschool years in Hattiesburg, Mississippi, while her father, Kenneth Haag, studied for the ministry at William Carey College. After her school days in Atlanta at Forrest Park High School, she returned to William Carey College where she earned her bachelor’s degree in humanities. Mrs. Eaton taught high school English at St. John High School and D’Iberville High School before beginning her career with State Farm in 1980. She is married to John Eaton.

Mrs. Eaton has balanced her career with State Farm, her husband John, two sons Jonathan and Jason, and two grandchildren while continuing her career education, completing the Chartered Life Underwriter designation. Active in her community, she works with Louisiana Cystic Fibrosis Chapter and the Archie Manning Mississippi Gulf Coast State Farm Agents Charity Golf Tournament to raise almost nine hundred thousand dollars for Sixty-five Roses, a charity named for a cystic fibrosis child’s pronunciation of cystic fibrosis.

Mrs. Eaton, “the insurance lady,” found herself in the unlikely position of president of the Great Southern Club in 2005, 2006, just in time for Hurricane Katrina to blow that longtime dining tradition right off the top of the Hancock Bank. Her love of her high school teaching days has never been far away. She takes every opportunity to speak to driver’s training classes, business classes, and on career days, encouraging young people in driving safety and being the best they can be: educated about important issues involving insurance, career issues, and financial literacy. Mrs. Eaton and her husband John are active in the choir and other areas of service at Grace Memorial Baptist Church. Her personal mission is to help educate families, and especially women, to become financially secure.
Table of Contents

Childhood.................................................................................................................... 2
Civic and religious activities........................................................................................... 2
Personal impact of Hurricane Katrina...................................................................... 4
Jim Cantore at Treasure Bay Casino............................................................ 4
Personal preparations for Katrina ........................................................................ 4
Katrina comes ashore ......................................................................................... 5
Surveying Katrina’s aftermath ........................................................................ 6
Returning to her State Farm office................................................................. 7
Survivors make insurance claims, tell their Katrina stories.............................. 8
Damage at Eagle Point, recovering the dead .................................................... 9
State Farm gas, ice, food provisions .................................................................. 9
Hurricane Georges ............................................................................................. 10
Sharing food......................................................................................................... 10
Hand-washing clothes, bathing in lake ........................................................... 10
Interdependence of survivors after the storm..................................................... 10
Community grief ............................................................................................... 12
Figuring amounts of insurance claims ............................................................ 13
Wind versus water damage ............................................................................... 13
Claims adjustors ............................................................................................... 13
Lawsuits ............................................................................................................ 15
One hundred thousand claims ........................................................................ 15
Flood zone issues ............................................................................................. 15
Congress and National Flood Insurance ............................................................ 16
Necessity of armed guard at State Farm office ................................................. 17
Necessity of opening State Farm call centers throughout the country .......... 17
Loss of historical markers ................................................................................ 18
Claims process .................................................................................................. 18
Insurance issues ................................................................................................ 19
Corporate compassion of State Farm ................................................................. 26
Wind coverage and personal accountability ....................................................... 27
Delayed fatalities after Hurricane Katrina .......................................................... 27
AN ORAL HISTORY

with

TERI EATON

This is an interview for the Mississippi Oral History Program of The University of Southern Mississippi. The interview is with Teri Eaton and is taking place on March 12, 2008. The interviewer is James Pat Smith.

Smith: This is an interview with State Farm agent Mrs. Teri Eaton of Gulfport, Mississippi. The interview is conducted on March 12, 2008, in Mrs. Eaton’s office on Dedeaux Road in Gulfport, Mississippi. Mrs. Eaton has been a State Farm agent for many years, and her recollections of Hurricane Katrina will be a central part of the interview. Now, could you state your name and today’s date?

Eaton: I’m Teri Eaton, and today’s date is March 12, 2008.

Smith: And can you tell me your date of birth?

Eaton: I was born March 26, 1953, in Louisville, Kentucky.

Smith: And your spouse’s name?

Eaton: My husband is John, thirty-five years, and we have two sons, Jonathan and Jason.

Smith: And what’s your spouse’s date of birth?

Eaton: John’s birthday is June 24, 1954. And our children were born in—Jonathan was August 4, 1978, and Jason is November 3, 1984.

Smith: And you’ve been a State Farm agent for as long as I know.

Eaton: Twenty-eight years. September 1, 1980, I started my agency.

Smith: Twenty-eight years. OK. Did you do any other kind of work before you started at State Farm?

Eaton: I taught school, first of all at St. John High School when Lanny Acosta was the principal the first year. I started there and taught there two years and then went to D’Iberville High School and was there the first year Lester Denley was the principal there, and taught English, and I loved it. Some of my policyholders are former...
students. And I loved teaching, and I just traded teaching English for teaching insurance.

**Smith:** Where did you go to high school?

**Eaton:** I went to high school in Forest Park, Georgia, and grew up in Atlanta. My dad was a pastor, and when he was doing his ministerial studies, he went to William Carey, a Baptist school in Hattiesburg, so he grew up in Kentucky, moved here. When I was three, he was pastoring over outside of McComb in two little, bitty churches, New Hope Community and Thompson Community Churches; pastoring usually at the same time, because they’re always so small. And so when he got finished with his pastoral studies, he moved to Atlanta where I grew up, and I came back to William Carey, because it was a small school, and that’s where my dad went.

**Smith:** So you graduated from William Carey College.

**Eaton:** It is now university, I’ll just tell you.

**Smith:** William Carey University.

**Eaton:** So we’re proud to know that. As a matter of fact, I graduated in [19]75, and not many years, probably one or two years before that was when William Carey opened its campus here on the Coast that happened to have been destroyed with Hurricane Katrina, and I understand they’re going to be rebuilding up in the northern part of the county. So I’m pleased to have my alma mater back down here, at some point.

**Smith:** Do you have any civic activities that you would like noted on the record?

**Eaton:** I am—

**Smith:** Do you own your business?

**Eaton:** —active and a Sunday school teacher and choir member at Grace Memorial Baptist for all those twenty-eight years or so. I’m a member of Rotary, and I have always been involved in the Adopt-a-School Programs at Harrison Central High School and the youth sports programs and support those. I [support] community involvement with things like cystic fibrosis. Our State Farm agents, for fifteen years, and almost a million dollars raised for the cystic fibrosis charity, and that was real important to us. That was prior to the storm. Since the storm, we haven’t done much but storm (laughter) and that, in itself, is civic duty. But, let me think.

**Smith:** Let me ask you your father’s name. You told me he was a Baptist minister.

**Eaton:** He is. His name is Kenneth Haag, and he started his ministry a year before I was born. He started preaching when he was eighteen. So fifty-six years he’s been a
pastor and continues to do interim work even though he has retired from the full-time pastoring.

Smith: What was his family background? Do you know his parents’ occupations?

Eaton: They, you know, my grandmother, I don’t remember. My grandmother and his father divorced early, early in his life. I don’t know what his dad did. My grandmother was a bridal consultant for years in a department store in Kentucky in Louisville. And he was raised by his grandparents, but they were retired for so long I don’t recall what they did. And then my grandfather on my mother’s side worked.

Smith: What’s your mother’s maiden name?

Eaton: My mother’s maiden name was Trabue, T-R-A-B-U-E. Let me spell my maiden name, because it’s Haag, H-A-A-G, and that sometimes is an interesting thing. I’ve been hag and hog and any number of pronunciations. And my mother was a Trabue, T-R-A-B-U-E, from there in Jefferson County, Kentucky. And my grandfather worked for the railroad. His father had been an engineer. And my great-grandmother says how he would toot the horn as he was coming into the station so that she’d know he was on his way home. And my grandparents lived just across the street from Churchill Downs for fifty years, had the race track on one side of their house and Victory Memorial Baptist Church on the other side of Southern Parkway in front of their house, and that’s where my dad and Mother met, married, and he surrendered to the ministry, so. Anyway, Louisville has always been an active part of my life and, as well, connected us here in Mississippi.

Smith: Well, very good.

Eaton: I might—

Smith: Anything else about your family?

Eaton: I might say that as a result of coming back to Mississippi, I met John at William Carey, my husband, at William Carey, and I tease that had I not been late, I probably wouldn’t have married him, because the last vacant seat in the first class I ever attended happened to be right next to him, and I sat down and said, “Well, hi, I’m Teri. Who are you?” (laughter) And we met there at William Carey and married the next year, and that’s the rest of my story here in Mississippi.

Smith: Well, twenty-eight years as a State Farm agent and maybe twenty-six years, twenty-five, twenty-six years when Hurricane Katrina hit in 2005.

Eaton: As a matter of fact, I spent my twenty-fifth anniversary right here in this office taking Katrina claims, the first of September.
Smith: Well, let’s talk for a little bit about your personal, the personal impact of Katrina. When did you become aware of it? When did you realize what a mess it was? Take a step back to that weekend that Hurricane Katrina hit.

Eaton: The weekend I was in Panama City—excuse me, I was in Pensacola. My sister lives in Panama City and our plan, I was in a State Farm meeting, and it was like an educational, motivational type meeting. And my plan was, I’d gone over by myself. John and the boys were here, and my plan was to go to the meeting, and then that evening my sister was going to come over and meet me, and us just have a sister’s Saturday night and come back on Sunday. And I got finished with my—I knew that there was, you know, some weather. And anytime that there’s something brewing, I got my weather underground and different things that I kind of watch. And so I had my eye to it, and so did the people there at our meeting. And we finished, and I got back up to the room, and I turned on The Weather Channel and Jim Cantore was standing in front of Treasure Bay. At that time, Treasure Bay was a big boat, looked like a pirate ship, right down on the front of, in front of, you know, on the water in the beach area, and it was a casino. And Jim Cantore, the famous weatherman at the time with The Weather Channel, because any time Jim Cantore was anywhere, it was usually going to be where they projected the path of the big, bad one to hit. And I called my sister, and I said, “Oh, my word, Jim Cantore’s at my house. I have got to go home. I will see you later.” And I decided that I needed to go back down because at that moment I realized if The Weather Channel thinks Jim Cantore needs to be in Biloxi, they must think that’s going to be where it’s going to hit. And so I went back down Highway 90 across Destin over to that direction, rather than going back up to the interstate so that I could get to a Home Depot. And at that point I picked up a, you know, some things that I knew people—anytime there’s a storm, people would just swarm and rush the grocery stores here, and I knew if I waited till I got home I would not be in a good place; I’d be standing in line longer than I wanted to be. So I hit the Sam’s, Home Depot, got some batteries, picked up, you know, some—matter of fact, I was looking for and found the clips that you can clip in the windows so that I could push the plywood up in the windows and just clip it because I knew that our house did not have shutters to be able to nail the plywood to. And so I wanted to protect the windows, and so I picked up those little clippie things because I knew they’d be gone, too, by the time I got here. And so I picked up the clips, picked up batteries, picked up some water, bottled water, and those basic essentials that I knew that I would have and headed on back to the house. I think I also stopped at a grocery store before I started back so that I could get some of the nonperishable things. And so on my way, then I headed back on up to the interstate. Well, that was Saturday. Got home and Sunday morning I normally go to church, and this particular Sunday morning I was going to stop at the Home Depot, and my precious husband decided that he thought he’d go ahead and play golf, and normally he doesn’t. But this particular morning I think he did. Anyway, I ended up going to the Home Depot and began then my trek for finding plywood, and decided on generators. And I bought two generators, called my son to come down and bring his truck so that we could put the generators up in his truck, and I’m thankful that we did. Got back to—and what normally would be a thirty-, forty-five-minute thing took all morning. And we got back to the house and began
preparations for protecting our property. I felt very strongly that we needed to plywood—we have a pretty good expanse of glass, and so John did board up the front windows that had glass, did not board up the double front door, did not board the front door, and we boarded one exposed area in the back. And I proceeded to go around with the pantyhose wrapping our French doors, and they had these handles that come out to the side rather than just doorknobs, and so I took my pantyhose and wrapped them around the doors and tied them real tight to hold the doors closed, and that kind of thing. We’re ready. We’re ready. We always, on Friday afternoon—I don’t think we had done that Friday afternoon. I think that I had talked to my staff about making sure that we had things secured here at the office, because we had things in place: if this, then this. So we pretty much felt everything was ready. I had teased folks over the years that no, I wasn’t native to the Gulf Coast, but that Hurricane Frederick—I wasn’t an agent. My first hurricane as an agent was five years after I became an agent, Hurricane Elena, and we had several skirmishes in between there, and then I had Hurricane Georges in 1998. And I said, “After three hurricanes, you can be a native. We’ll let you be a native.” So I feel very close to, and I still have a peach tree at the bottom of my heart, but the magnolia overshadows that. And once you get sand in your shoes, it’s real hard to leave the Gulf Coast. And so I felt at home. I feel like the Gulf Coast is home. And so as I watched that storm come through—we live on the lake at Windance, so country club about five miles to the west of us here on Highway 49. My office is not quite on [Highway] 49. I’m about a half a mile off of [Highway] 49. And my home is about five miles to the west of Highway 49, and I’m about, oh, three miles north of I-10. And then I-10 is about—I say we’re about seven miles from the actual Gulf. And so the storm was blowing from—oh, dear, I’m terribly bad—the east side first, the southeast up against our house, and then it turned around, and it came from the other direction. And I’m not good at directions. I apologize for not being able to tell you better, but to begin with, you’re sitting there, and in many other storms you’re used to the wind, you’re used to the water, to the rain. And during Hurricane Frederick, the eye came right over our house and our area, and I knew to be looking for that still, quiet, beautiful sunshine time in the middle of the storm, and it never came because my estimation—I mean, we had satellite, and my computer was up the entire time, and I had Weather Underground on, and I was able to watch the buoys in the reports from there; I was able to. And at one point, one of the buoys south of Gulfport registered fifty-, I guess it’s, foot waves out there in the Gulf. And I was watching it on the satellite. My television never went out with the satellite, and my computer didn’t go off. My power didn’t go off until eleven o’clock on Monday morning, and I was talking to my sister and Dad, intermittently, and when I hung up, it seems that I was talking to her on the phone when it went out, and she then knew, “Well, all right, here we are.” Let’s see what happens then. And so at one point after the—it’s amazing the adrenaline that you have in the midst of this storm, because we heard a loud noise. And you know I told you I had tied the doors together with pantyhose to hold them together, and when we heard this noise, my husband and I went upstairs to a bedroom that was in the direct storm. The French doors are under a porch, and they had absolutely broken the tri astragal, and the middle of the two doors; [wind] had not only blown the doors open, but it had broken the tri astragal in the middle of the two doors and blown them open. And I’m thankful we were there. I’ve
never left after the storms. And I got tickled. My youngest son had somebody say something to him about storms and leaving, and he said, “Oh, you don’t understand. We don’t leave. Storms are what we do. We have to be here because my mom has to be back to her office.” And it was an interesting experience, because we had a terribly heavy couch that we moved down about three small stairs to get them against this door to hold the doors together, and then back downstairs, because the storm moved around. The front doors then became, started being buffeted by this strong wind, and it took all four of us. And I got tickled that say well, how tall am I? Well, men are six feet; I’m five feet, twelve inches. (laughter) And my sons are, you know, six feet, four inches and six feet, seven inches, and my husband’s six feet, six inches, and we’re all around two hundred pounds. And we’re all, three at least, are against the door trying to hold the two doors together, and finally I said, “John, you’re just going to have to go get the two-by-four out of the garage.” And we ended up nailing two-by-fours against the door, and finally, just nailing the two doors together to keep the doors closed. And I really am thankful we were there, if for no other reason, it kept us from having—we had some leaking from the—it’s interesting, the houses in my neighborhood whose roofs were over seven years old, and I know this because I insured so many of them. I had three houses in my neighborhood that had tremendous damage. They were all twelve years old or older, and most of them had roofs that were that old. I found that the roofs that were less than seven years old held, everywhere. The roofs that were older roofs or not well-constructed houses were the ones that went. And I truly understand. I mean those people who were not there to be able to protect their property from further damage got more damage because they weren’t there. A friend of mine had been in the Cayman Islands, and they couldn’t even get home, and for a week, because the storm hit, and they weren’t able to get back in, and it just continued to be like it was. So anyway, the point I’m making is I found, from my own insurance perspective, the building codes and maintenance situations were critical to whether or not there was a lot of damage or a little damage. So back to my deal, it was interesting because I had lots of food in the freezer. We had food. I wasn’t worried about that. And the next morning it didn’t stop blowing significantly until around six o’clock. Now, it started significantly—I mean, it was blowing a lot around ten o’clock on Sunday night. You were able to lay down and at least—well, I mean, I didn’t lay down, but it just seemed like you could at least rest. I started feeling tremendous distress around five or six that morning, Monday morning. Throughout the rest of the afternoon it then began to be a prayer of mine, “Dear Lord, when is it going to quit? When is it going to quit?” Because most of the time you at least get to take a deep breath if you’re in the middle of the thing where the eye is. In my opinion, that’s also part of the reason for a lot of the damage that we had, because with the eye being so large, and we were on the eye wall, which meant that we got so much more of the continuous beating of the wind. However, the curiosity of the thing, I’ll come back to the curiosity of the eye wall and the wind in my own professional statement in just a minute. But the next morning, we rest. You go to sleep. It’s dark. You don’t get out and get around. You’re just beat. The next morning, I got up and started in to the office, and I can remember looking around in total disbelief at the damage. And you begin to survey and in some ways, you can’t get out because there are trees down; you have to go around trees in the road. You’re
just not even sure how far you can go and what you’re going to find when you get there. I didn’t know if my office was still standing. You just don’t know what you’ve got to look at. And so I started in, and as I looked around, I thought, “Oh, Lord, what are we going to do?” Because everywhere you looked trees were broken, trees were down; things were just a mess everywhere. And then I have to tell you, James, as I drove down the road, I sat up a little straighter in my seat, and I thought, “We’re just going to roll up our sleeves, because this is what I do, and we’re going to pay to get this fixed.” And there’s never been a prouder moment in my career than to know that what I had been doing for all these years was what was going to be what took care of my neighbors and my family and my friends. When I got here, there was already a line of people out there in front of my office.

Smith: This is on Tuesday morning?

Eaton: Tuesday morning.

Smith: After the storm.

Eaton: After the storm. And I opened my doors, opened my windows, and I have a front and a back door, opened them all. And people just sort of started, I guess as they realized and as they got to kind of getting out and getting around, all of a sudden, people just sort of started congregating in here. And for two weeks we had people everywhere. It wasn’t mass hysteria. It was quiet sorrow, and it was like there was this disbelief. It was a shock, a community shock. People were coming in the office and sitting down. I was the only person at my office Tuesday and Wednesday. Kitty got back Thursday afternoon, and she and I handled it through till the next Monday when the rest of my staff got here.

Smith: How many employees?

Eaton: I had two employees at the time, three employees. Gosh, right this moment, I’m not even sure I can remember. I believe I had three employees. Anyhow—

Smith: For those employees, what was your customer base, the number of policyholders that you got left totally in your agency here?

Eaton: I had probably fifteen hundred families.

Smith: Fifteen hundred families.

Eaton: Um-hm. And so the thing that was interesting is not just my customers came to that door. There were people from everywhere. And it didn’t matter whose agency they belonged to; we could take their claim. It was like, “I just want to touch somebody who has some authority to tell me it’s going to be OK.” And so I found that people just came in and quietly lined up around the walls, sat down, and they were so patient and so respectful. I was the only one there; they knew I was the only one
there. They sat down there. I had water; I had whatever. And they sat there, and that person would sit down in front of me, and the first thing I’d say to them is, “Tell me your story. What happened?” And they told me what went on at their house, and they told me what went on with them, and everybody was—it was like a prayer service, almost, because everybody was either quietly communicating with the person next to them or listening. It was the most amazing thing because, yes, we were taking claims as fast as I could write them down, and we were having to do it manually because we didn’t have any computers, obviously, and nothing that you planned worked, because we had a plan. I can remember; a lady came in. I’d had her insured for a long time. I took her claim on Tuesday. State Farm was ready; they knew where to come. On Friday, they had their eighteen-wheelers with office-in-a-box on the eighteen-wheelers. They were able to finally get through and get the mobile claims operations set up, and it became operational on Saturday morning. Well, on Tuesday, my policyholder is here, and she makes her claim. On Thursday, she’s back and wants to know where is somebody. And I said, “They haven’t even been able to get down [Highway] 49 yet. It’ll be a little bit just because of the logistics of things.” And on Monday morning she was back and was furious with me, because I didn’t have somebody at her house yet. And I said, “But you don’t understand. People haven’t even been able to get to our area. They got it set up on Saturday. They will be there. I promise you they’ll be there.” But people in our area were so used to immediacy that even though we were there and set up and ready to go on Saturday, it was still a question of trying to assess where everybody was to get adjustors even in here. We had four thousand adjustors that came into this area, and they got here so quickly, and there were so many of them, but when you’re sitting there and that same person becomes so upset with me because she had an ill husband, and we were doing everything we could to help, and sometimes it just wasn’t enough, because it just wasn’t enough, but you did everything you could. Another lady came in on Tuesday afternoon, and I had brought my tuna fish, cans of tuna fish and some mandarin oranges and a couple of sleeves of crackers and some Pepsi, and she came in. And she was the very last person that came in that afternoon, and I could smell the alcohol on her breath. And she was furious with me because she had—I had asked her during the year to change her roof; it was terribly, terribly in need of maintenance. And I knew that if she had a leak or something, I wouldn’t be able to pay for the roof because of the maintenance on it. And it’s not unusual for us to ask somebody to take care of a maintenance problem. She was so angry with me because she had lost her roof, and it was a brand-new roof, and I had made her replace that roof. And she was just so distraught that she had slept in her car, and that she had sheetrock everywhere, and I finally just had to firmly say, “Get a hold of yourself. You’re going to go home, and you’re going to pick it up one piece of sheetrock at a time. It will be OK. Now, just get a hold of yourself.” And I went back to my kitchen, and I hadn’t even gotten to eat or go to the bathroom that day; it had been so busy. And I got my two cans of tuna fish, and I got my two cans of—because it was she and her boyfriend—got my two cans of mandarin oranges, gave her my sleeve and two Pepsis. And I said, “Here’s supper. Go rest, and let’s just get going.” So I found that there was a certain amount of couch time that you ended up giving. And then during that week—you see, Eagle Point is a place over there by the power company, Jack Watson, across the bay where
no one ever believed the devastation would be as bad as it was. And one of the first responders came into my office to take care of his information. And this time our whole office is quiet as this man breaks down in tears because he’s been over there and has been not rescuing, but recovering the dead. And so that morning, I’m on my knees beside him, and we’re praying together. And the people in my office—you know, it’s amazing; at that time it was OK to ask God’s help and his protection, like in 9/11. In a lot of ways, I saw God’s hand do some remarkable things, not only from protecting me, but for example, on Saturday of that week, the very first week, State Farm had taken care of providing tankers with gas for the claims people to be able to get out, because we didn’t have access to gas, or there were just lines, and if we had to wait in lines, we couldn’t help policyholders. Same way about ice. And they also brought in from the claims office food, and they just really and truly thought of everything. At that time, we had forty-two agents from Picayune to Greene County and Lucedale over there. I believe it’s Greene County.

Smith: George County.

Eaton: George County, excuse me.

Smith: (Inaudible)

Eaton: I don’t know about all that, but anyway, George County. Half of our agents lost their homes; half of those lost their homes and their offices. Half of our claims people in Biloxi didn’t have homes either, and they weren’t at home boarding up their homes, repairing their homes. They were at the office. I was blessed; not that they weren’t blessed, don’t misunderstand me. The Lord was good to me because he gave me sense enough to buy a house north of I-10, but I’m just saying, those people—this storm was a wealth equalizer, because so many of the people that lost were the wealthier people along the coastlines that had all these really big, pretty houses. And it really equalized a lot of that because there is no respecter at that point. But, back again to the claims office. I was on my way out to the claims office to get gas and ice, and I was about to lock the front door, just for a moment. I mean, we had to. There had been a lull at that point, and a car drove up in the front. And so I went out to greet them, was kind of nice they had the air-conditioning going, and I got in the back seat. And it was kind of funny, in the middle of, I guess it was on Thursday—let me digress just a minute, because on Thursday about four o’clock in the afternoon, Pat, there were times when I don’t think I’ve ever come out of my bathroom looking as bad as I looked during some of the days that week. And it was kind of funny; one of the people walked in my front door, and they said, “Is Teri here?” And I looked up from the desk and raised my hand, and I said, “Yeah. Do you think this ought to be the next billboard picture?” And he just laughed, because you just—I actually had somebody tell me later, “Teri, I appreciate that you look just like the rest of us.” And I think that it didn’t matter that you looked like a haint(?) and were hot as the blazes. Everybody, you know, they shared with you. I had policyholders that brought us things to eat, brought us water, brought us whatever. I can remember the first communication I was able to get out was a text message, and I didn’t even know I could do it, but my
management people from Jackson texted me, and it was his fifteen-year-old daughter that suggested that he try that. And just the feeling that the outside world knew I was here was a comfort because you felt so terribly isolated at that point, during that first week. My husband works at Long Beach Auto Auction, and his company was the company that State Farm had all their salvage stuff taken to, so he was pretty busy after they finally got back up and going. But during this first little bit of time, he was at home taking care of our stuff. And he was worried about some folks that he worked with in New Orleans at Crescent Bank. Now, I just think this is pretty interesting because I’m of the opinion that coincidences don’t occur in a Christian’s life; they are Holy Spirit guided, and I believe that very strongly. Well, this particular day, the people in this car had a policyholder whose sister was in the car with her. The sister was from New Orleans. The sister had evacuated because of the breach of the levees there on Tuesday, which I’d like to make a public statement here. The levees were not a Katrina thing. The levees were a levee thing. And so her sister left because of the levee break. But isn’t it interesting that that particular policyholder came to my office and brought her sister. We made her claim for her for the New Orleans’ loss, here at my office. And as we’re sitting here talking, I say, “Well, tell me what you do normally?” And she said, “I work at Crescent Bank.” I said, “Oh, you’re kidding.” I said, “My husband is worried to death about Eddie Lott and the guys that he works with over there.” She was able to give me phone numbers of where they were in Baton Rouge, so that he could then be able to contact his people and make some type of, “Are-you-OK” thing. And I thought, “She could’ve gone to any other agent’s office on the whole Gulf Coast, but she came to mine, and we were able to be comfortable.” I didn’t worry too much about my food situation. We were feeding some fellows who were cutting trees down in our neighborhood. In Hurricane Georges, we’d lost about seven hundred trees on our golf course, and we lost another seven hundred trees in this storm, so they were out there cutting trees off of houses and everything else. So we were feeding them. We were feeding the neighbors down the street, another agent friend of mine. We had across our back porch, on this lake, I couldn’t decide whether I looked like a cross between the Beverly Hillbillies or Tara, but anyway I had laundry lines strung among the columns on the back porch, and I took the fountain apart and used the bottom part of it as a washboard and washed clothes. And then we went over and took a bath in the lake. And it seemed that the whole neighborhood around the golf course were driving their golf carts over to our backyard, and we’d go have tub time conversation while everybody was taking a dip in the lake. So anyway, we had kind of an interesting situation there. Can you tell that I can’t separate the personal from the business? Now, that’s just kind of like the way we are. I’m talking we State Farm people. There isn’t a difference between what we do during the day and what we do at home; its all the same because it’s a lifestyle for us. It’s kind of like my Christian life; I can’t tell the difference there either. I’m going to talk about the Lord about like I talk about my kids because he’s such an important part of my life. And that is so much a part of all of the picture of the State Farm people that I know, because all of them or most of them are also strong spiritual people. I wasn’t worried about the food situation. And the second week, you understand most every other storm you had power back on, and you had water back on, and you’ve had phones and things back on about three days, and that’s been the
run of the mill for about thirty years since Camille. But this particular time, it is now a week and three days. It’s the Thursday after this—or a week and four days—it’s the Thursday after the storm. I am, Thursday night, at home. We’ve been working from sunup to sundown, get home and fix something to eat, and we were able to run the generator in the evening just to kind of cool it back down and keep the refrigerator going until the next day. But I noted—now do not misunderstand. I did not worry. It occurred to me, “Oh, the pantry’s getting a little bit low.” Now I had been e-mailing, at night, my thoughts about the day to my sister in Panama City. I didn’t know that she had been forwarding my e-mails to friends of hers, and they were pretty much kind of thinking back over what had happened, and what it meant to me. Her friends started bringing her money because lots of people wanted to help, but they said, “We don’t want to just send this money to anybody. We’d rather give it to you, and you take it and do what you think needs to be done to get it to your sister because you know she’ll get it to whoever it needs to be.” And on Saturday, after this thought went through my head—and I hadn’t said anything to her about needing anything. It was more my emotional and philosophical thoughts that I was sending to her. And my brother-in-law and his two boys, his oldest son is a professional baseball player and he’s about six [feet] six [inches] and his brother’s about six [feet] six [inches] also. And they’re in there at 2:30 and that kind of thing. And I say that because that became an important thing because there were looters, and there were people who were hijacking people with gas and water and those kinds of things. Because, here again, when I’m at my office and people come to you at 1:30 or two, and it is apparent to you at that point that the only thing that the—normally, people would come in here, and they’d be on their way to work, on their way home from work, taking the kids to ball practice, on the way to the doctor’s office, on the way to these, all these tremendously important things that everybody does every hour of every day has been replaced by, “I got up at 5:30 this morning and went to get gas, and then I went to get ice.” And it’s 1:30, and that’s all they’d done that day, and it doesn’t even matter that nothing else has gotten done that day. My youngest son, who was not the first bit interested in all these other things before now, one night before we went to bed, he says to his dad, “I’m going to get up in the morning about 5:30, and I’m going to go west because there aren’t as many people out in the county that way as there are in the city going east, and I’m going to go get ice and look for some more gas for the generators.” And he’s twenty-one at the time. And he’s making his man plans to provide for his or to help his father provide for his family. I think this storm did so much for my children in that they realized this is a you-have-to-do-what-you-have-to-do kind of thing. Life is easy until you have to survive. And this storm was a storm, in my opinion, of several different things: accountability is one. Survival in a normally livable world, you know, we all go about it until you have to focus on survival, and that was where this storm brought us. So back to the Saturday, two Saturdays after, my brother-in-law and his two sons bring not only two pickup trucks, but a box van, full of food and supplies and gasoline, in from Panama City, Florida, where people had just voluntarily responded to the emotional discussion of what was happening to neighbors that could’ve easily had happened to them. I found that there were several things that were interesting, to me, as we looked at this storm from a larger perspective. First of all, all of the—there were eleven communities. In any community, if one person has a fire or
a disaster, the community will rally around, the church community, the whatever will rally around that person; they try to help. And when you have eleven separate communities who have such devastation, you then have a community grief and—do we need to—

Smith: No, I’m OK.

Eaton: OK.

Smith: I have to track at about sixty minutes, and that’s OK.

Eaton: OK.

Smith: I’ll catch it.

Eaton: Interesting as you look at—I can see that there was a community grief and that community grief follows the same grief patterns of individual grief, but it’s multiplied. In addition to that, the claims process that I watched was a similar thing. I had already noted that the people with—the most devastation and damage were going to be the most patient, and the most appreciative, and the best and easiest to work with. It always happened that way. The people with the least damage were always impatient and always wanted it first. It was amazing to me. I do know, also, that most everybody that walked in, walked in with, “I’m not the worst; people are worse than me. Don’t put me at the top of the list.” In most cases, that’s the way it was. I had so few people be upset, but I also found that we set the expectation of, “Here’s what we need you help us do. Here’s what we’re expecting to happen. Here’s the timeframe you can expect this to happen.”

Smith: Let me get this cleared. You think there was a kind of a change in behavior. In other storms you might’ve seen the least damaged the most demanding, but there’s a reversal here?

Eaton: No, I knew what to expect.

Smith: OK.

Eaton: I knew what to expect.

Smith: OK, so you—

Eaton: And yet because there was so much damage, I did not find that nearly so bad this time.

Smith: Was this a change?
Eaton: When the damage is extensive and visible to everybody. For example, in Hurricane Georges, it was a aggravation storm. It wasn’t like people could look down the street and, say, see every other house down. This storm, it was easier to work, from some perspectives, because there was so much damage. It wasn’t like you had to say, “Look, figure the guy down the street’s worse off than you are. Let’s give him a break.” I’m just saying that there was so much devastation that it took some of that out of it, because people could look down there and see such horrible—and I mean, you know, I had claims people—I had a claims man that called—you see, the problem where the slabs were concerned where you had to walk in there and say—we, from an insurance perspective, Pat, if you have a damage in some way, I’d say, “Oh, my goodness, what happened?” And you’d tell me, “Well, I had a fire, or I had a water leak, or I had a this or a that.” And I’d say, “Well, what was damaged?” And you could measure two rooms, one room, whatever. Insurance is made based on measuring. I can measure your house, and I can tell you how much it’s going to cost to rebuild it. And if it’s damaged, I can measure the part of it that’s damaged and tell you how much it’s going to take to fix it. When there’s nothing there, you can’t tell me how it went, and you can’t tell me what part of it caused what part to go, and I can’t measure anything. Well, that’s where the frustration came in, because you couldn’t figure out, or you couldn’t figure out what did what. Well, the claims people, I had I don’t know how many claims adjustors that were just distraught, because we aren’t trained to say no to people. We are trained to say, “How much is it going to cost to fix it?” And we are trained to say, “Here’s the check.” And so for these people who had to work the slab claims where we were having to say, “I’m sorry, we can’t pay you for that because it’s flood.” And you know what the most amazing thing to me, because these people had worked other storms. We had national teams, and they had worked the four storms in Florida. If I have a house that I drive by in the country, and you see smoke coming up, and you see these brown charred pieces of wood, and it kind of falling in the middle, and there’s a smokestack over there, I’ll bet every time you’re going to say to me, “Yep, that one burned down.” And once you work them, you know what a burned-out house looks like. Well, once you’ve worked a flood, you know what a flood looks like. And so it then became, “How do we do this so that we’re able to”—you know, because if you had a house that had part of it—it was amazing. Pat, I went over to Ocean Springs, and I saw a house from the distance with the trees, I could see the top of it. There wasn’t even a shingle missing. There wasn’t a piece of tin gone, but the whole bottom floor was, looked like a parking garage. And it was amazing because that’s where the water was. On the top of it there wasn’t any damage. It was amazing to me, because how can you have the same amount of wind? The wind didn’t have a wall someplace, and it stopped. The wind was as strong on the beach as it was at my house, and yet two-hundred-year-old houses were gone, and shanties up Highway 49 that have been in the poor section of town were still there. So what’s the only difference? Where the water quit. Well, anyway, so we were paying above the waterline. If there was a waterline someplace, we looked at what wind damage was above the waterline. And above the waterline, if there was something we could measure, we measured, and we paid on it. But I’m going to tell you something. There was a corporate, gut-wrenching dilemma, because nobody wanted to say no, nobody. Agents were distressed because they wanted to help our people. And
anybody that didn’t get something, everybody was distressed about. But we were looking at it from the contractual point of, it said it was flood, and it said if it’s flood, we can’t pay. And so I don’t know anything that has distressed us corporately and agentwise, because we had some agents who didn’t get paid from State Farm just like we had policyholders that didn’t. And we had agents that got paid on flood because they had flood policies. And then I had some policyholders that didn’t want to buy as much flood as they could’ve bought because of the price issue. So what I’m trying to say is that I see this storm as a storm of accountability. People, before the storm, didn’t believe it would happen because they were depending upon what had happened during Hurricane Camille. I have a policyholder friend who lost a house on Second Street. Further back in Pass Christian on Prince Street, she had flood insurance, but she was sitting on Second Street and could see the water. And I even worried to the point that when I finally talked to her—I had gone back to look at the flood maps almost wishing I had make a mistake, because I wanted to pay her something. And she said, “Teri, you didn’t make a mistake.” And she said the seven most significant words of this storm, “It didn’t get that high in Camille.” And that’s what she made her decision not to buy flood insurance on, because FEMA’s national flood maps used Camille and had her in a B zone, which meant that the mortgage company that she had a mortgage with would not require that she had flood. That was an amazing thing to me. How come the insurance companies got sued when all we did was fill an order that a mortgage company told us to write so that they would loan the money?

Smith: I would say that as long as I’ve know you, I’ve know about the anticoncurrent causation clause in my policy. And in fact, the knowledge of it made me redo the drainage, dig some drainage around the house that I had formerly, that I didn’t buy flood insurance for.

Eaton: Right.

Smith: I was in a place where the (inaudible) wasn’t suiting me, and so I think that I have not really looked at that clause, but I understood that clause. How many people did you run into that didn’t understand the anti-concurrent causation clause?

Eaton: That clause didn’t even come about until later because even The Sun Herald—and I understand there’s some legal word that when people are right during a crisis, the real truth comes out of what they think about something before they really had time to position themselves. And so even The Sun Herald said, “Our tsunami.” The only word I was thinking of, at that point, was flood. And it was later that anticoncurrent even bubbled up to the top, I guess you could say, so that really and truly the word “flood” you know, then, yes, it came out, but that wasn’t a word that anybody was even throwing around, to tell you the truth. It was, “How are we going to separate the wind and the water?” But you see what I’m saying. Nobody actually pulled out the label till later. It was also kind of interesting. You know I told you that State Farm had a presence on the Coast by Saturday. Friday we got everything set up, and on Saturday they actually started having cars pull through the little place down there behind, by Hood’s Lumber on 49. We had not yet even been able to get out to
any houses, much less be able to tell anybody no. And it was on that Saturday that Mr. Scruggs had already started planning to sue State Farm, and I don’t want to go any further on that except to say we hadn’t even said no yet, and I think that’s kind of interesting. But—

Smith: How many claims did you have with—you say you had about fifteen hundred customers.

Eaton: Ninety percent.

Smith: Ninety percent of claims. Do you know what percentage? You quoted there was forty-two agents.

Eaton: We had a hundred thousand claims.

Smith: A hundred thousand claims, and that would be about what percent of the customer base made claims? State Farm claims that you—

Eaton: Probably—

Smith: About?

Eaton: —ninety, 95 percent.

Smith: Ninety-five percent across the board.

Eaton: And we had 31 to 34 percent market share. Largest set of claims, largest insurer in the state. We did not have one lawsuit on the auto side. People who had comprehensive coverage had coverage if their car went underwater. People who didn’t have comprehensive—and that’s usually the one that pays the glass breakage and that kind of thing. So if people just had liability, they knew they weren’t going to get paid. Well, it’s interesting, and you mentioned that you had done something about your drainage situation. I go back to the storm that was, in my opinion, a storm of accountability, personal accountability, because it seems that when there’s a major trauma, people start pointing fingers and saying whose fault is this. The problem is not enough people realize that they had a choice and I, for years, have told people, “If you subscribe to the biblical accounts, everybody’s in a flood zone, even Noah, and the mountain could be in an ‘N’ zone.” But people would come to me and say, “Well, am I in a flood zone?” And my pat answer was, “Yes, you are in a flood zone. It may not be a required flood zone, but we’re all in a flood zone.” And surprisingly, I would go on to tell them that “Up here in our area, we’re in a C zone, which means you’re not required to have it.” But there have been more claims paid by the National Flood Insurance Program in a C zone than in an A zone, up until this storm, because of drainage and because of [quote] “progress.” Remember before they built Rayburn’s Plaza up here in that area between Norwood Village Shopping Center, and Northwood Hills was all wooded? When they paved that, that flat branch area started flooding
every time. And so I would encourage people, “Watch your drainage. See what’s happening. Watch the progress around you.” And so I do believe this storm was a personal accountability storm, and I believe that it had—I believe one major thing would have saved lots of money for policyholders and taxpayers, that would’ve been—you see, National Flood Insurance was already in place before Hurricane Camille, but Hurricane Camille was so devastating to the Gulf Coast that during that storm or as a result of that storm, they reworked the National Flood Insurance Program. Now, the point that I think is so important is it’s Congress that said, “Fix it.” And it’s Congress that gave the edict. Congress is the only person who could have fixed this problem, and they could’ve fixed it by first of all having written an insurance policy. They didn’t write an insurance policy, or if they did, they only wrote a basic one, because it didn’t provide for inflation coverage. It didn’t [pay] for a place to stay because your place is muddy, and you can’t get into it, and it didn’t provide for anything but this main structure. You had to buy a separate policy for every structure on the property. Well, every structure on the property got damaged when the water came through because it didn’t pick and choose what structures it would go to or not. Well, in my humble, personal opinion, Trent Lott got wet and so did Gene Taylor. [A portion of the interview has been deleted at the request of the interviewee.]

Smith: Let me make a cut here; just a second.

Eaton: All right.

(brief interruption)

Smith: OK. You were talking about Taylor and Lott got wet.

Eaton: They got wet.

Smith: Could’ve bought more coverage.

Eaton: [A portion of the interview has been deleted at the request of the interviewee.] However, it could also have been if they had said, “You know what,” talking about personal accountability again, “Congress should have realized that $250,000 worth of coverage, forty years ago, was a mansion; today it’s middle of the road. They needed to have increased the ability for people to purchase coverage that they needed because had there been a flood policy that people purchased that was equal to the amount of their homeowner coverage up to a million or however many they had, we would not have had one lawsuit, because the money was the problem. The financial crunch was the problem. I know it sounds so altruistic to say how horrible it affected—three hundred families had, from what I understand, slabs. Or three hundred families had the lawsuits. And what I’m trying to say is that had there been enough money to put them back like they were, through the National Flood Program—those are the people that sued, were the people that had slabs. The rest of them got in on the tail because they figured, “Well, if somebody else is going to get some, I might as well.” But I had
people telling me, “I’m not mad at State Farm, but I figure if they’re going to get some money, I will, too.” I’m saying that had there been enough money in the beginning from the National Flood Insurance Program, which only Congress could’ve solved if Gene and Trent had just come out and said, “Oh, my God, guess what? We didn’t get this done. We should’ve done this,” I think it would’ve been a totally different tenor on the Coast, and it would’ve saved the state, it would’ve saved the taxpayers, it would’ve saved a lot of—policyholders are going to pay the difference in all this premium change; I mean in all these things that have happened. And then there’s the question of, “How are we going to cover wind and water after this?” So I’m saying that I really believe—and I don’t mean to sound like I’m pointing fingers either. We paid eighty million dollars more than the 1.2 billion that we paid to begin with because of the distress and the lawsuits in this kind of thing, in trying to get people whole, mainly because we simply want to get people over it. And over it I mean I don’t—when that’s written down, they’re not going to hear the inflection in my tone. What I’m saying is we want to help people over this, so we can go on and live the rest of our lives. And if we were going to sit there—and I’m of the opinion and State Farm and me and everybody else, nobody wanted any of this negative anything to happen. And I’m of the opinion if we did something we shouldn’t have—and I don’t believe we did—then anybody who does something wrong ought to be held to account for it. But I just know that we tried so hard to take care of people, and we tried so hard to when we found that there was a problem. Pat, I had never, in the other storms that I’ve had—and neither had any other agent that I know of—had an armed guard, but in that second week I had someone so angry with the distress of things, and it was the emotional, “I don’t know what I’m going to do” that drove people to react in ways they would’ve never reacted to the point that I had someone threaten us here at the office. And State Farm was good, sent me an armed guard till I could get my alarm system in. I’ve never had that before. I think that there are two or three other things that I’m finding that are interesting. I mentioned to you that I believe that a couple of stories that have not been covered are things like how hard it was for a lady to change her address from New Orleans over here. The emotional distress of life changes that were not planned, wanted. Families that were dispersed by the storm are that story, families that had lived in the same five miles for generations, probably.

Smith: You’re talking about a specific person?

Eaton: Yes.

Smith: One that you came to know about.

Eaton: My policyholder transferred over here because she lost her home in New Orleans in the flood situation, and in Slidell because of the storm there, that she and her family had to move to other places. And this storm, just from the people that left either from New Orleans or from here, we had never had a storm where we opened every one of our call centers throughout the entire country. And this storm didn’t just affect agents here in Mississippi, but there were agents all over the country who were writing the additional-living-expense checks so that policyholders had money to be
able to do what they needed to do. So it was a storm that affected every agent throughout the country, which was a totally different thing. It never had happened that way before. But the emotional trauma that this lady experienced, just in the finality of changing her mailing address and her residence address from New Orleans back to Mississippi where she had to move on her mother’s slab where the old home place had also gone in the storm, it was just, that was an emotionally draining thing. People’s patterns of living were affected to the point that we lost every one of our historical markers except for the lighthouse. Vrazel’s is a fairly new, twenty-year-old-marker on the beach, but it came back and looks kind of like it did. Mary Mahoney’s is still there; the old French house since the 1700s, but it and Beauvoir—Jefferson Davis’ home—while Beauvoir was damaged and Mary Mahoney’s was damaged and the lighthouse—four areas, four places, of all these two or three hundred antebellum homes that had been here forever, were the only places that survived. And that’s hard for a community because everybody’s looking for something that looks familiar and something that feels like it used to. I’m thinking that when you figure that before the storm, I could go to two or three different places to eat lunch, and I’d run into two or three different folks, and after the storm you didn’t see anybody on a regular basis that you normally saw, because churches were—there was a communal isolation because the areas of communal gathering, whether it was grocery stores—I mean you can go to Wal-Mart on a Friday afternoon and meet half your neighborhood—not possible because they just weren’t there. The restaurants were gone. The community centers were gone. Churches were gone. My church, Grace Memorial, was the only church in town that still stood because you had the Episcopal Church on the beach, and the Baptist Church on the beach, and the Presbyterian Church on the beach, and United Methodist just off the beach, and they’re all gone. I even think that when you figure it out, that was as much—I noticed, like I said, this grief process that we alluded to earlier, in the claims process everybody, when you have something happen, they come report the claim; you tell them what to expect, when that happens. Then there are all these different little steps that you take. And then when you begin the next major section, you know, you’ve got the reporting the claim first, and then you’ve got the adjusting of the claim. Well, then when the adjusting is—and then you’ve got different areas of panic, and it’s like the steps in the grief process. Well, you’ve got the steps in the claims process, and you’ve got 1500 people that are coming that you’re explaining this to, and as long as they know what to expect, everything’s fine. But if there’s one thing that doesn’t happen exactly like they think it does, well, then we go over it again. Well, in the same way this community grief process follows—am I rambling here?

Smith: No.

Eaton: Do you know what I’m saying? It’s just the most amazing thing to watch the group do what the individual would do in a very similar way.

Smith: Where do you think we are, based on you’re seeing people all the time now, two and a half years after the storm? What’s the mood you see?
Eaton: The mood that I see is the most amazing thing. They don’t buy what the media is telling them, in that people say, “All I know is State Farm took care of me.” And the one thing, other than an exercise program that I’ve been on for the last year that has taken me through the emotion of all of this, is that regardless of what the media has said, my policyholders come in day after day after day and saying, like medicine to me, like penicillin, “Teri’s State Farm took care of me. I don’t care what they said, State Farm took care of me. State Farm took care of me.”

Smith: Is your customer base about the same as before and after the storm now? Has your business suffered any?

Eaton: My business after the storm, State Farm wrote business longer than anybody else did, with wind included, for a year and two months, or a year and a month after the storm. And I’m finding that I have not—we’ve lost people because of moving and people going to other states, and that kind of thing—my customer base is about the same as it was. Maybe, maybe it’s grown to about 1800 [households], and maybe I’m not exactly sure how many I had to begin with. I can’t tell you the exact. I know that we have not been able to write business, so that we have not been able to grow over the last year, and I know I’ve lost some houses by attrition, but people have—and people have left, in some cases, because they had their house with another company that if they took their cars to them, then they would not lose their wind, that kind of thing, so that we’ve lost some people in that regard. But I can’t say that, in my opinion, the ability to not write house insurance, State Farm looked at it like if we got people suing us because of our contract. We did what we did based upon a contract. And I told people from the beginning, “This isn’t an insurance problem; this is a contractual problem.” And I don’t care whose contract it is, today it’s the insurance company’s contract; tomorrow it could be [an] oil company’s contract, or the next day it could be any other contract that any person would have any place in the world. It is a contractual thing; if it says this, it means this, and you have to do it whether you like to do it or not. It’s a contractual thing. And so I’m saying it’s a business issue, not an insurance issue. But, by the same token, if you can’t write insurance, you can’t build something because you can’t get financing, and as a result, the economy on the Gulf Coast has pretty well come to a halt, which in my opinion is the economy of the entire state, because so much of what happens on the Gulf Coast goes back up to Jackson in the form of taxes. And you figure insurance premiums are a tax, also. We’re taxed on those, as well. So it is a terribly important economic thing that is happening here, and in my opinion, it comes back down to a couple of people that have made that happen.

Smith: Do you have any feelings about this multiperil insurance proposal that’s before Congress?

Eaton: I do. I feel like that it sounds real good, and politicians are real good at doing things that sound real good. But the reality of it is that I don’t believe, with the National Flood Insurance Program being seventeen—oh, I don’t even know what the amount is, but the National Flood Insurance Program is not soluble (laughter) or solvent is the word, I guess, and if you add earthquake and wind onto that, I don’t see
any way that you can make somebody able to pay for that. And if you consider that, yes—I understand that there are people everywhere that have some kind of something, there are people that don’t. You know, Phoenix, Arizona, what are they going to have? And if they have to pay for that, also, in their policy, I don’t believe—you know, I’m saying if they say it’s national and they talk about it being everybody do it, I just don’t think it will work, because I don’t think that it’ll be financially feasible.

Smith: What would your, just from where you sit, what would your solution be to the problem of companies pulling out of the writing of wind insurance? I’m trying to hire somebody; they’re going to commit to a market where they’re probably going to, if they try to buy a house or even an apartment, they’re going to be with somebody that isn’t in the state wind pool, which is basically the people on the Coast of Mississippi sort of pulling together.

Eaton: Well, let’s put it this way. The first problem that we have is that we’ve got over 50 percent of the people in the entire United States live within fifty miles of a coast, and not just the Gulf Coast of Mississippi, but any coast. And while I don’t know—I know everybody has a different situation, whether its Georgia or South Carolina or Florida or California, my solution—and I made this recommendation to Mike Cheney, our new insurance commissioner back when he was running—this storm, and let me say, let me go back to what I really believe about this storm. Emotionally, people think one thing happened; the reality is without the water piece, this storm would not have been as huge. And I’ll give this example. I had a house in Bay St. Louis, or in Waveland, that is not much different than the house you’re sitting in that’s my office. It took me $4500 to replace the roof on this place, and it had to be because there were pieces off generally around. When I went to that house, because I was required to write flood on it for a small business or a grant or some kind of something, I looked at it. The windows were still boarded. There was no structural damage that I could see, except for some shingles off on all the slopes, but not even down to the—

Smith: Tar paper?

Eaton: Tar paper, not even to the tar paper, certainly not to the plywood. There were houses in my neighborhood that the wind, when you have old roofs and they, one of the tabs start to pull, it kind of zips it. Or if you have the ridge vent come off, it pulls it, or it goes in through the ridge vent, so there was more damage on three houses in my neighborhood that I had insured, because of old roofs or older roofs than what I saw there in that Waveland house, Bay St. Louis, whichever one it was, and yet thirty-six feet of water went over it. And so what I’m saying is, without the water piece, because we ended up paying $63,000 on a $90,000 policy on a house that had flood, and flood’s excluded. And so I’m saying that without the water piece, this storm would not have been nearly as significant in the devastation. And I’m not sure why I was telling you that. Oh, so what would I do? Well, first of all, there’s no insurance policy that pays—it is against public policy for you to be able to pay, be paid two times on the same something, and so I don’t see—if Blue Cross/Blue Shield Health
Insurance isn’t going to pay, if State Farm Automobile paid medical under an automobile policy, why should a house policy have to be paid? Of if you have a bumper and you get hit once here and once here, we’re not going to pay for two bumpers; we’re going to pay for one bumper. And so I don’t see why it’s so hard to be able to say, “We’re only going to pay this amount of money because you can only recover as much.” There were people that recovered two and three times for the same damage, and I’m thinking how is this, except you got a grant here, you got an insurance here, and you got flood here, and you got this and that and the other, and it just is amazing to me. But what I suggested to Mike Cheney was something that some of us agents had talked about, and it would be—you see, I don’t want National Flood or a multiperil policy, or more particularly the federal government handling a claim for me on it just came up a storm in the middle of a summer afternoon, and I lost some shingles. But when you exclude wind, that’s exactly what happens. So you want FEMA to handle your roof claim for a tornado or a anything else or a couple of singles here and there? I just think that it—

Smith: Right now we’re not writing new wind policies, generally, though.

Eaton: What I’m saying is that I would prefer—and I don’t know that this will ever happen, but I would say let the insurance companies write wind for most anything. I mean, write wind, but have a high hurricane deductible, have a high deductible for a hurricane. Now, you also are going to have to rewrite that policy in some way it says if, first of all, we have to raise the flood coverage to whatever, and charge appropriately—$317 for $250,000 worth of coverage and $100,000 on the structure—it’s just not enough premium. So charge higher on the flood part, and the people who choose to live in a flood area bite the bullet. You got to buy it. And you have to buy as much as you’ve got wind coverage on your house. If you’ve got 100,000 wind, you’ve got to buy 100,000 flood. If you’ve got a million in wind, you’ve got to buy a million in flood, because one or the other is going to cover if it’s totally gone; not both. If it’s not totally gone, we’re going to do it like we did because, see, the concurrent causation actually says that if two things happened that caused this same damage, but that’s not what happened. Actually you had two things caused different damage, and we actually did not deny any claims based on anticoncurrent causation, because the roof went here because of the wind, but the sheetrock went because of the water. The problem wasn’t at that point, because we could measure the wind and the sheetrock from the water and the shingles from the wind, where we had the problem was when it was slick and you could not determine, and that’s when it came in. And if that were to be the case, the most likely would be—because personally if you look up the road, the wind didn’t stop. Those houses are still there, and there aren’t even any shingles gone. So I’m saying that, to me, you clarify the language of how you’re going to handle that part, and you devise it in some way so that you can have a high deductible for hurricane-named storms by the National Hurricane Service. We’ve got a named storm; we’re going to do a high deductible. Let’s say it’s 10 percent, 5 percent, we’ll have somebody choose, but then you have the wind pool. If you chose to write a $10,000 deductible, the insurance companies know what they’re going to have to pay. The wind pool also knows how much it’s going to have to pay, and the
policyholder then is able to afford to write the wind coverage or make sure he’s got $10,000 in the bank or 10 percent, or whatever it is, in the bank or make sure—in other words, he would have a choice then of how he would fund his deductible. But each party, the insured, the insurance company, and the wind pool would know, because the problem is not being able to predict. And if you can’t predict, you can’t prepare a premium. And making it available and affordable are the two things. The affordable part, the policyholder’s got to be able to pay for it, and if he’s not going to be able to pay for a national catastrophe, all-peril policy, there won’t be, actuarially, a way for him to pay for that if they truly do it without subsidizing it. If they subsidize it, then the federal government’s going to have even more to pay out. But the main problem, to me, is that policyholders now have a precedent that says, “Why should I pay for flood insurance or anything else if the federal government’s going to bail me out?” And that bothers me.

**Smith:** So your belief is—let me just clarify. Your belief is that if the Flood Insurance Program were run soundly so that they’re constantly adjusting premiums—

**Eaton:** And coverage.

**Smith:** When my insurance policy, my homeowner’s insurance policy comes to me every year, there’s a section in there that estimates the value, the reconstruction value of the house and any other buildings on the property. Is that changed every year? State Farm is recalculating that every year, and what you’re telling me is the Flood Insurance Program does not. So you’re indicating—

**Eaton:** That’s correct; it does not.

**Smith:** The flood insurance does not. So your belief is that most of this insurance issue would be gone had they run that part of the program—

**Eaton:** More effective.

**Smith:** —more effectively.

**Eaton:** More effectively.

**Smith:** Let me ask you this real quick. Did you have any apartment buildings as customers, any owners of apartment—

**Eaton:** No, I didn’t.

**Smith:** —complexes? Because they have another problem with flood insurance.

**Eaton:** I did have a person that was in The Legacy, which is a condominium unit down on the beach, and the wind loading into that was that it was wind resistive. Interestingly, it’s right smack dab on the beach, north side of Highway 90, curiously.
Let me go back once more. I never could write, ever, a piece of property within a thousand feet of the south side of Highway 90; that was an area that was off limits. The only way, once you got the wind pool, the only way you could write down there was to write a wind policy because it was excluded. Already, the curious thing about the slabs is that if you follow that slab line, it’s about a thousand feet. We already were there. We didn’t have people written in there that were less than a thousand feet because that was the rule. But Legacy, because it was wind resistive and all, we wrote a wind policy on it; we wrote a condo-unit-owner policy on it, and it got, maybe, five feet of damage on the wall around the windows. The windows didn’t break. It came in around there, got some things wet, you know, the carpet wet, but the place was livable. The policyholder was able to come live in it, and they were fussing at me because they said that I had sold them the wrong policy. I said, “No, sir, I sold you the only policy. There wasn’t any other way to get another kind of policy besides what we’d given you, and what we provided for you, and you had this based on this.” The reason that we could not pay him additional living expenses had to do with the fact that, the reason he couldn’t rent it had nothing to do with the condition of the structure; it had to do with the fact that the people that owned the building left the elevators on the bottom floor instead of—that’s something that I would suggest to everybody who has an elevator; when you get out, punch the up and get it back up to the other part of the house, because I’m not sure how I could’ve even written flood insurance for these people because what would I’ve written on, an eleven-story house? You know, you’re on the eleventh floor. Do I write the flood based on an elevation certificate based on the bottom floor of this condo unit? So then you deceived me, because I charged you for something you—you know, I’m just saying, there were so many things that nobody could’ve even figured. Who would’ve thought an eleventh-story house would have needed flood insurance, but the flood is what caused them to keep from being able to rent that out.

Smith: Because of the elevator. Well, a very special category on flood insurance anyway, but—

Eaton: True.

Smith: —the way that, how that works. Let me ask you a question, again, about that bigger policy. A lot’s been made of the insurance companies not filing in the Federal Anti Trust Legislation. Have you ever thought about that? Is it too big for your world?

Eaton: The Federal Anti Trust stuff, the way I understand it and my world—

Smith: Discussions between them and—

Eaton: But here’s, here’s the thing. I don’t need to know what another company does. State Farm Insurance has more documentations and more numbers and—in other words, it actually is bad on the little people. State Farm has more information than the Library of Congress about the—I mean we have forty million automobile
customers, and we know how old they are; we know all about these things only because seventeen thousand agents have asked everybody everything we need to know to write a quote. We don’t even have to ask anybody about what they’re charging because we don’t care. What we need to know, to know what we need to charge, we can get from our policyholder base of information that we already have internal, so we don’t have to ask that from anybody else. And we’re not going to ask that. Where that hurts people is the little, bitty companies who don’t have enough information, so as far as I’m concerned, Anti Trust is not even applicable, because we didn’t go ask anybody what they were paying.

Smith: Will State Farm sell their—

Eaton: No.

Smith: —knowledge of—

Eaton: No, we do not.

Smith: —that, the customer base to anybody else?

Eaton: As a matter of fact, every one of us—well, there was a statement at some point about a shredder in one of these lawsuit things, a shredder being seen at the claims office. I guess so. You want me to do that. There’s not one piece of information that comes out of my office that isn’t put in the shredder, and the shredder people give me a certificate telling me that Pat Smith and Jeanette Smith’s stuff isn’t going to get out from my office. And it’s because we are so aware of the knowledge that we have.

Smith: As far as you know the corporate level, the small company that can’t do all of the actuarial calculations that State Farm does, State Farm isn’t helping them estimate.

Eaton: No, sir, we don’t. And what I’m saying is, is that we don’t have to do that and it’s not, it’s—no, we don’t have to do that, and to my knowledge, no we don’t.

Smith: Do you have any observations or comments about the controversy of whether the engineering reports got changed, got redone, got changed properly or improperly?

Eaton: I do, and let me say that I have read, for myself; this is Teri reading the notes that were on the Internet, not provided to me by State Farm. David Rossmiller in insurancecoverageblog.com linked to anything he printed in his blog; he linked to the document so that you could go to the document, and I did. And I read every word of it. And I read every word of the Rigsby girl’s deposition, and I read every word of Zack Scruggs, and so what I’m telling you is what Teri believes. And it’s kind of like when folks are slapping your mama around, and I don’t think my baby’s pretty just because it’s my baby, so it was important to me to read what was written as far as what the courts, you know, court documents and that kind of thing. So what I’m
telling you is not propaganda that somebody has fed to me and just poured in my brain. And I’m interested in the fact that, first of all, I have a fellow insured who looked at the property that USAA had a lawsuit on in Bay St. Louis, and you will remember if you ever went to Front Street in Bay St. Louis, the house; you know the house I’m talking about. It had the pretty front porch, and it was Victorian, and it had a screened porch and all this. That gentleman came to my office, and he was hired by the insured to do an engineering report, and his engineering report said, “Water caused this damage, and it came up underneath, and it swirled up underneath there.” He said when he walked to the back of the building, there was nothing wrong with the building, but you couldn’t get in from the front. And his engineering report said it was water damage. They didn’t like his engineering report, and they went to court and did not call him as a witness, and USAA may not have realized it, and I didn’t know either, but I’m just saying they may not have realized that he ever had an engineering report, or they could have called him, I guess, as an adverse witness. But my point is the emotional jury held that it was wind despite everything else that showed it differently. Now, let’s go back to my original assessment of a burned-out house. And from what anybody can look at, and you can look at it, and you can see; here’s this. From the notes of the engineer who wrote the report, and I’m telling you exactly what I read which makes me have this opinion. What I read was that the first—Miss Rigsby had already paid the flood damage and paid a flood check, and it was at that point that they asked about getting an engineering report. The flood had already been paid. The engineering report was obtained, and Mr. Ford wrote the engineering report ignoring—in other words, when he wrote the engineering report, he wrote it based on only a portion of the claim, and he totally ignored the wind section because the wind section was about $60,000. He was so focused on one part that he ignored another part. And forgive me; it’s been a while since I’ve read it, and I’m telling you the basis of why there was another report gotten. His report, he forgot to talk about that section. Like I said, the claim had already been handled and the flood had already been paid. Whatever it was that he wrote, he forgot to talk about the other side, the rest of the claim damage, and so he would then—there was another report requested, because his had an error in it. But when you see something and it says one thing, and you don’t know the rest of the story or all the facts surrounding the story, and then you spread it out this way—if I said to you—I can’t even think of a way to say a sentence, but there are ways that people can say things so that it sounds as though something’s wrong when it’s really not. And I have to say that it was a question in my mind, “Why would we have done this?” But I have to tell you that I believe so strongly in the corporate morality that I know of State Farm, they always err on the side of the policyholder, they always made a decision based on what is this going to do to the policyholder, to where I knew, in my heart of hearts, that if there was something here, there had to be more to this. And when I read the notes that were a part of all this, I mean this is the engineer’s notes, and then I understood more, it became more apparent to me that they were asking—it’s kind of like a second opinion. We weren’t asking them to change what they thought—from the way I read what I’ve read—he made an error and we were asking for a correction or look at this again. And that’s my understanding based on what I’ve read of the situation.
Smith: I told you I wouldn’t take more than a couple of hours of your time; it’s getting kind of close on that time. You’ve managed to cover most of my questions. Can you think of anything that we need to add, the saddest thing you saw, the most inspiring thing you saw? You’ve talked about some things maybe like that. Anything else comes to mind?

Eaton: I think what I wish the world would know is the compassion of my coworkers and my company, because that has been lost in the translation. The corporate compassion, our company has donated lots, and I can’t even tell you how much, but I’m just saying they, from a corporate standpoint, the compassion that my coworkers, my co-agents, the compassion of my—and actually, I guess you could say the passion that my agent buddies and I had for making sure that people got what they needed, and they—you know, I had friends from all over the company that came to our aid and were—there was nothing that was any better than having another agent here in the office with me who could at least answer the questions, that helped handle policyholder concerns and helped to ease my—I had an agent friend from North Mississippi that came down, and she said, “Teri, I came down to take care of you.” And she made sure that, not only answering questions of policyholders, but she was the one who would pull back and make sure that we stopped, or at least fixed a peanut butter and jelly sandwich, or whatever you needed to do. And for eight weeks I had an agent from different parts of the country leave their own businesses and come down here to help me take care of my people.

Smith: How many hours a day was your office open during that time, hours a day, days a week?

Eaton: Seven days, twelve hours; as long as somebody was here.

Smith: At least two months?

Eaton: At least, at least. And the interesting thing is, State Farm had a good number of our claims handled by Christmas; that’s not to say that they were completed, but they had been inspected and people were in the process of doing what they needed to do, in whatever way, but it just—

Smith: Fifty years from now, what do you want to be sure that somebody gets out of all this from your perspective as an insurance agent dealing with 1500 [families]?

Eaton: Dealing with 100,000 claims. I hope that by that time State Farm’s a hero again because there were so many people—when you figure 100,000 people, 100,000 families and only 300 were mad at you, but it gave the public perception that you were the bad guy, and that hurts my heart so badly, because I know that what my policyholders echo to me every day is that State Farm took care of the Gulf Coast of Mississippi. And State Farm helped to rebuild the Gulf Coast of Mississippi—a billion point two, plus another eighty million.
Smith: Let me ask you real quickly, do you believe that there is a regulatory solution to getting the wind coverage back at the insurance commissioner’s office? Do you think there’s actually a regulatory solution that could work as a matter of regulation? From your perspective, that’s a hang-up there, or is it—

Eaton: I think—

Smith: —a general market risk, an incalculable issue?

Eaton: I think that the market risk is—I don’t think you can—first of all, you can’t mandate or dictate responsibility. And I think, first of all, personal responsibility has got to come back somehow. Personal accountability has got to come back. I don’t mean corporate accountability; I mean you being responsible for your stuff and not expecting somebody else to do it for you has got to, somehow or another, play into this. Because the year after the storm, we wrote a bushel of flood insurance policies, and this is not quite two years later, we’ve had a bushel of them not renew. There we are. You know, I don’t know that—I think that, probably, what we may find is that in most of this coastal area, you may find that you’ve got the wealthy that live along the Coast, because they can afford to pay the price. I had a fellow that asked me why it cost so much for his condo at Diamondhead, that he’s got a condo up in Wisconsin that’s much nicer than the ones he’s got at Diamondhead, and it’s bigger, and he’s got all of his expensive stuff in it, and it doesn’t cost nearly as much as it does for the one there at Diamondhead. And I said, “Mr. So-and-so, how long does it take you to get to the Gulf of Mexico from your condo in Wisconsin?” And he said, “Oh, about thirteen hours.” And I said, “Then how long does it take you to get to the Gulf of Mexico from your condo at Diamondhead?” He said, “I understand.” I said, “We live on the front porch of America and we have a, normally, a very nice breeze, but every now and then we get a blow. And sometimes you just can’t fathom what’s going to happen when it blows.” I wish I could answer that question. I don’t think that there is a quick fix for any of it. I don’t think that the rest of the country is going to want to, with a small—like I said, over 50 percent of the people in the United States living this close to the Coast, I don’t think that the rest of the 50 percent are going to want to pay the price. And they’re going to simply say like some people do to the people that are in the middle of Africa, “Send suitcases; you can move.” And that might be something we want to edit out. (laughter) But one more little thing, the patterns. I believe another person you may want to talk to is Bubba Lang. This experience his daddy had. His daddy was used to getting up and going to play cards over at the Elks Lodge, and he’d go down to one of the restaurants in town, and he’d eat his breakfast, and then he’d go to the Elks Lodge. Or he’d go eat breakfast, he’d go buy breakfast, go to the funeral home to see what had happened during the night, I guess, and he’d go over to the Elks Lodge. When his pattern was interrupted, he, within the first year after that storm, went to the long-term care nursing home and ultimately died. And so I’m thinking, you know, it just seems like that people’s social congregations ceased, and I think that if anybody did a doctoral thesis, it would be something about those kinds of social dynamics. Social dynamics that were dysfunctional after that storm.
Smith: Anything that I didn’t ask you that I should have asked you?

Eaton: I can’t think of anything. I don’t think. Let me look at my little note here. I hope I didn’t bore you to death telling you things everybody else had told you.

Smith: No, I got a different perspective.

Eaton: Did you?

Smith: Um-hm.

Eaton: Didn’t stop to consider physical limitations in our instant-microwave-speed society.

Smith: We all waited in line, didn’t we?

Eaton: Um-hm, we sure did. Time took on a different—

Smith: That’s right.

Eaton: And I’ll tell you; I still keep a case of bottled water in my car, and I still carry a snack with me. You never knew when you were going to—you know, we did not understand the survival mechanism in our bodies and our brains, but I I feel you never know when you’re going to get something to eat, or when you’re not. I also found that on the Gulf Coast, people that have an arm cut off, they still have that memory of that arm. When I go to the beach and drive the beach, if I’m looking out to the water, my brain still has this memory of what’s going on over here, but then when you look over there, it’s not there. I don’t know what that’s called, but I’ve noticed that just so very much that you still have like that feeling that that limb is still there from a brain standpoint.

Smith: Very good. Thank you.

Eaton: Well, you’re very welcome.

(end of interview)