

I. PARTIES

1. Made Plaintiff herein is **Glad Tidings Assembly of God Church of Lake Charles**, a Louisiana non-profit religious corporation of the Parish of Calcasieu, Louisiana (hereinafter “the Church”).
2. Made Defendant herein is **Indian Harbor Insurance Company**, a non-Louisiana insurance company authorized to do and doing business in the State of Louisiana and the Parish of Calcasieu, which may be served through the Louisiana Secretary of State.
3. Additional made Defendant herein is **QBE Specialty Insurance Company**, a non-Louisiana insurance company authorized to do and doing business in the State of Louisiana and the Parish of Calcasieu, which may be served through the Louisiana Secretary of State.
4. Additional made Defendant herein is **Steadfast Insurance Company**, a non-Louisiana insurance company authorized to do and doing business in the State of Louisiana and the Parish of Calcasieu, which may be served through the Louisiana Secretary of State.
5. Additional made Defendant herein is **General Security Indemnity Company of Arizona**, a non-Louisiana insurance company authorized to do and doing business in the State of Louisiana and the Parish of Calcasieu, which may be served through the Louisiana Secretary of State.
6. Additional made Defendant herein is **United Specialty Insurance Company**, a non-Louisiana insurance company authorized to do and doing business in the State of Louisiana and the Parish of Calcasieu, which may be served through the Louisiana Secretary of State.
7. Additional made Defendant herein is **Lexington Insurance Company**, a non-Louisiana insurance company authorized to do and doing business in the State of Louisiana and the Parish of Calcasieu, which may be served through the Louisiana Secretary of State.

8. Additional made Defendant herein is **Safety Specialty Insurance Company**, a non-Louisiana insurance company authorized to do and doing business in the State of Louisiana and the Parish of Calcasieu, which may be served through the Louisiana Secretary of State.
9. Additional made Defendant herein is **Old Republic Union Insurance Company**, a non-Louisiana insurance company authorized to do and doing business in the State of Louisiana and the Parish of Calcasieu, which may be served through the Louisiana Secretary of State.
10. Each of these Defendants are domestic insurance companies that subscribe to the policy at issue in various proportions, Account number 632281, which covers damages resulting from named storms and windstorms, *inter alia*. These may not be the entirety of subscribers to this Policy, which may lead to a proportional reduction of amounts owed.

II. JURISDICTION AND VENUE

11. Jurisdiction is proper in this Honorable Court pursuant to 28 U.S.C. § 1332 and 1441 because complete diversity of citizenship exists between the parties and because the amount in controversy is greater than the minimum jurisdictional amount.
12. Venue is proper in this Honorable Court pursuant to 28 U.S.C. § 1391(b) because a substantial part of the events or omissions giving rise to the claim occurred in this District; Complainant resides in this District and the Properties that is subject to the dispute between Complainant and Defendants is located in this District.

III. RELEVANT FACTS

13. At all times relevant hereto, Complainant owned the properties located at 3501 Texas Street, Lake Charles, LA 70607; 3400 A Texas Street, Lake Charles, LA 70607; and 1700 E. College St, Lake Charles, LA 70607 (hereinafter, the “Properties”)

14. The Properties are comprised of the Main Church Building, Daycare, Education Wing, Recreation Center, Food Pantry, and Thrift Store.
15. The Church is a member of the Assemblies of God.
16. The Assemblies of God was founded in 1914 in Hot Springs, Arkansas with 300 people at the founding convention.
17. Today there are nearly 13,000 churches in the US with over 3 million members and adherents.
18. There are more than 69 million Assemblies of God members worldwide, making the Assemblies of God the world's largest Pentecostal denomination.
19. From the beginning, evangelism and missions have been central to the identity of the Assemblies of God.
20. One of their stated missions is to show compassion.
21. Consistent with this mission, the Church operates a thrift store, a food pantry, a school, and a daycare.
22. Notably, the Church was able to pivot during the height of COVID-19 to keep its daycare operational so first responders and teachers could continue to work during COVID-19 without fear of lack of arrangements for their children.
23. The Church has a long history of supporting the community.
24. Realizing that the ability to continue its humanitarian and religious operations hinges, at least in part, on its ability to keep its buildings safe, the Church took out a policy of insurance to protect from any such perils.
25. Hurricane Laura made landfall in Southwest Louisiana dealing massive damage across the region.

26. Unfortunately, the Church was not spared from this historical devastation.
27. Notwithstanding, the damage done to the Church and its operations, the Church attempted to continue to operate as best as it was able.
28. Even in the wake of Hurricane Laura, the Church provided with open arms humanitarian services to both members of the community as well as first responders, thereby facilitating the first responders' ability to provide even more humanitarian efforts than the Church would be able with its own resources.
29. By way of illustrative example, the Church became home to Convoy of Hope where large trucks were constantly bringing supplies for humanitarian relief.
30. Numerous volunteers then distributed these supplies to residents in need.
31. The Church had to pivot and use whatever space it possibly could to house volunteers and support these operations and others.
32. At all times relevant hereto, Defendants provided a policy of insurance bearing Account Number 632281 (hereinafter, the "Policy") to Complainant which covered the Properties against perils including wind, hail, and water.
33. On August 26, 2020 Hurricane Laura damaged the Properties' roofs, allowing water to infiltrate the interiors of the Properties as a direct result of that damage and otherwise causing significant damage to and throughout the Properties.
34. Further damage was done to the exterior and interior of the building as a result of the high winds and water.
35. This caused massive damage that was absolutely devastating.
36. On or about August 29, 2020, Complainant reported its loss to Defendants.

37. Upon notification of the loss, Defendants retained Sedgwick Delegated Authority (hereinafter, “Sedgwick”) to adjust the claim.
38. At all times, Sedgwick acted as the Defendants’ agent in fact and in law.
39. The week following Hurricane Laura, Sedgwick sent out Mike Fanelli to the properties to assess the extent of the Properties’ damages from the hurricane.
40. At this inspection, Defendants agreed to send a \$1,500,000.00 advance while it adjusted the claim.
41. On or about September 14, 2020, Sedgwick actually prepared a Rough Order of Magnitude for the Properties, which indicated from the very beginning of this claim that a minimum of \$13,147,419.92 would be needed to repair the Properties summarized by Sedgwick as follows:

Line #	Item/Area	Draft Rough Order Of Magnitude (ROM)	Repair Budget*	Comments*
1	Main Churchg	Mitigation (Labor & Materials)	\$ 5,994,645.83	
2	DayCare	Temp Roofing (Labor & Materials)	\$ 3,872,360.73	
3	Education Wing	Temp Walls (Labor & Materials)	\$ 1,740,092.03	
4	Rec Center	Roof Repalcement - Metal (Labor & Material)	\$ 1,440,321.34	
5	Food Pantry	Exterior Finishes (Labor & Material)	\$ 25,000.00	Gross Estimate of Minor Damages
6	Thrift Store	HVAC (Labor & Material)	\$ 75,000.00	Gross Estimate of roofing and min. exterior
			\$ -	
	Subtotal			
	Total Repair Budget With Contingency		\$ 13,147,419.92	

42. In his email transmission of the ROM to Sedgwick National General Adjuster, Michael Fanelli, Sedgwick Principal Building Consultant, Justin White, stated: “The church will need an advance payment very soon in the neighborhood of 1-2 Million Dollars with a follow up payment of 1.5 To follow within a month. This is reasonable given the cost of roofing and remediation that are already underway.”
43. Notably, even this ROM is grossly insufficient because it does not discuss the massive permanent damage to the Daycare and the Education Wing, but rather only addresses temporary repairs.

44. After Mr. Fanelli inspected the Properties, he promised representatives of Glad Tidings a \$1,500,000.00 advance on their policy to begin repairs and mitigation efforts to the properties.
45. After promising the advance, Sedgewick sent out a slew of consultants and engineers within two weeks of the loss.
46. Instead of adhering to its word, on October 13, 2020, Sedgewick tendered only one-third of the advance it had previously guaranteed to Glad Tidings, \$500,000.
47. In direct reliance on the promise of the full advance, Glad Tidings entered contracts for with Servpro and RRCA for water mitigation and temporary roofing services, respectively.
48. Had the representation of the \$1,500,000.00 advance not been made to Glad Tidings, it would not have entered into contracts with Servpro and RRCA. These contracts are in excess of \$5,000,000.00 – funds the church simply does not possess.
49. As a result of the broken promise, Complainant hired undersigned counsel and public adjuster, Mario Barrilleaux of Complete Adjusting Services LLC to inspect the Properties and document their findings.
50. In September 2020, Mr. Barrilleaux inspected the Properties and created a report indicating that they had been damaged by Hurricane Laura and an estimate indicating that it would cost \$17,504,725.64 (RCV) to repair the damages resulting from the hurricane.
51. Complete Adjusting Service's findings were presented to Defendants.
52. Numerous pleas were made by the Church to Defendants to meet their obligations under the policy of insurance and even just to fulfill its initial promise of \$1,500,000.00 with another million to follow within a month.

53. It should be noted that the Church was very concerned about the daycare and wished to get the building operational as fast as possible so it could continue providing childcare to children of first responders – a need that was staggering in the community after Hurricane Laura.
54. Upon information and belief, Sedgwick actually suggested that policy limits be tendered almost immediately, but Defendants ignored that plea.
55. Similarly, Defendants went silent when asked for the advance.
56. Complainant submitted a complaint to the Louisiana Department of Insurance.
57. Only after the complaint was lodged and Defendants notified, Defendants released another \$3,000,000.00, several weeks after its ROM indicated it should.
58. The Church facilitated both pre- and post-storm humanitarian efforts at the significant cost of both human and facility resources.
59. Despite the Church's sacrifices, Defendants fell silent on the Church's needs until the undersigned filed a complaint with the Louisiana Department of Insurance.
60. In September 2020, at Sedgwick's direction, J.S. Held, LLC inspected and provided estimates for the Properties, totaling \$7,103,114.06.
61. Notably, Servpro submitted invoices for its mitigation in November of 2020 and again in January of 2021 for approximately \$5,100,000.00 with backup documentation.
62. Defendants, through Sedgwick, specifically observed Servpro's mitigation efforts yet still have not paid those invoices, thereby exposing the Church to massive financial liability.
63. Of course, during this time, Hurricane Delta also made landfall and did further damage to the Properties.
64. Yet, Defendants continued their pattern of delay.

65. J.S. Held, LLC's pre-Delta estimate is summarized as follows: Main Sanctuary \$3,356,529.46, Preschool \$2,902,916.10, Thrift Store \$61,122.47, Kid's Church \$747,512.19, Food Pantry \$5,103.22, and Building Annex \$29,930.62.
66. Of course, the estimate from J.S. Held is incomplete and fails to properly account for the Servpro invoice.
67. Defendants are aware of this, because J.S. Held is a carrier "expert" that is often hired by carriers to minimize the amount of claims.
68. Further, the initial engineer that Sedgwick sent to inspect the Properties was not licensed in the State of Louisiana.
69. Instead of paying on these estimates that are biased to be low and in favor of the insurer, however, Defendants continue to delay the fair and equitable adjustment of this claim.
70. On January 18, 2021, Sedgwick specifically represented that another payment of \$2,642,191.84 was forthcoming.
71. The payment was finally issued on February 9, 2021 and eventually received on February 12, 2021.
72. This payment was still untimely given that it was based on Defendants' own estimates from October and November.
73. Notably, the estimates provided by Defendants appear to be conducted in Xactimate, a software that is known to favor the carrier.
74. The pricing is inaccurate for the region as it artificially suppresses the material and labor cost of repairs below market value.
75. Defendants know or should have known that the pricing is inaccurate.

76. Moreover, the estimate does not appear to take into account the increased cost as a result of COVID-19 protocols.
77. This is hypocritical at best given that many of Defendants representatives insisted on taking COVID-19 precautions while inspecting the Properties.
78. By way of example, the engineer (unlicensed) who inspected the Properties actually yelled at a church member for coming too close to him while trying to answer his questions about identification of the properties on a map.
79. To date, Defendants have not paid the estimate proffered by the public adjusters or even its own estimates.
80. Defendants have also been able to observe significant contents damages as well and are aware of significant business interruption. All of this is certain to place the entirety of the claim at well above policy limits.
81. Further, Sedgwick is a company that is frequently used by insurers and has a policy and pattern of underreporting losses. This permits insurance companies such as Defendants to underpay claims.
82. This relationship is symbiotic because Sedgwick depends on insurance companies to stay in business, so Sedgwick constantly has an incentive to underestimate claims.
83. Moreover, Defendants employed a strategy of changing adjusters on the claim multiple times.
84. This was designed to cause delay and prevent payment on the claim while manufacturing an excuse for doing so.
85. Moreover, some of these newly assigned adjusters cannot be verified as being licensed to adjust claims in the State of Louisiana.

86. Of course, the problem is that insurance companies are aware of Sedgwick's practice and therefore cannot claim they were unaware that the claims are underreported.
87. Complainant attempted to recover the remaining amount of their damages from Defendants to no avail.
88. Defendants' failure to comply with the terms of its own Policy caused and continues to cause significant delay to the repair of Complainant's Properties.
89. Upon information and belief, Defendants purposely and/or negligently failed to timely tender proceeds due Complainant after having received satisfactory proof of loss.
90. Upon information and belief, Defendants purposely and/or negligently misrepresented to Complainant the terms and conditions of the Policy.
91. Upon information and belief, Defendants conducted the investigation and claims handling for Complainant's claims in bad faith.
92. Upon information and belief, Defendants manipulated its pricing software to artificially suppress the cost of repairs below market value.
93. Complainant has incurred additional expenses in making repairs because Defendants failed to timely compensate it for its losses under the Policy.
94. Complainant incurred professional expenses, including expert and/or attorney's fees, to determine that Defendants wrongfully failed to adequately/timely pay on their claims under the Policy.
95. Moreover, Hurricane Delta further damaged the property and Defendants have not yet compensated Petitioners for that loss.

III. CAUSES OF ACTION

A. Breach of Insurance Contract

96. Complainant realleges and re-avers the allegations contained in the preceding paragraphs above, as if restated herein.
97. Despite having adequate proof of loss, Defendants failed to timely tender adequate funds under the Policy.
98. An insurance contract, the Policy, exists between Complainant and Defendants.
99. By purposely and/or negligently failing to timely tender undisputed insurance proceeds, Defendants breached the insurance contract.
100. By purposely and/or negligently misrepresenting to Complainant the terms and conditions of the relevant Policy, Defendants breached the insurance contract.
101. By conducting the investigation and claims handling in bad faith, Defendants breached the insurance contract.
102. By manipulating its pricing software to artificially suppress the cost of repairs below market value, Defendants breached the insurance contract.
103. By failing to adequately compensate Complainant for the damages to the Properties, as required by the Policy, Defendants breached the insurance contract.
104. Complainant has suffered and continue to suffer damages as a result of these breaches of the insurance contract.

B. Bad Faith

105. Complainant realleges and re-avers the allegations contained in the preceding paragraphs above, as if restated herein.
106. The actions and/or inactions of Defendants in failing to adequately compensate Complainant for the covered losses under the Policy were arbitrary, capricious, and without

probable cause – as those terms are used in conjunction with La. R.S. §§ 22:1892 and 22:1973, making Defendants liable for statutory bad faith penalties.

107. Under La. R.S. § 22:1973, an insurer owes a good faith duty and fair dealing to an insured and has an affirmative duty to adjust claims fairly and promptly; failing to pay a claim in a manner arbitrary, capricious or without probable cause is in violation of La. R.S. § 22:1973.

108. “[F]ailing to pay the amount of any claim due any person insured by the contract within sixty days after receipt of satisfactory proof of loss from the claimant when such failure is arbitrary, capricious, or without probable cause” is considered “bad faith” and is in violation of La. R.S. § 22:1973.

109. La. R.S. § 22:1892 imposes bad faith penalties on insurers who fail to adequately pay claims following satisfactory proof of loss within thirty (30) days.

110. Defendants are in violation of La. R.S. §§ 22:1973 and 22:1892 for failing to provide Complainant adequate payment in connection with its damages, despite having received satisfactory proof of loss following its own inspection(s) of the Properties and after Complainant independently provided documentation of the damages and replacement costs needed.

111. Defendants’ misrepresentation of the terms of the Policy was in bad faith.

112. Defendants’ failure to pay timely for damages Defendants knew, or should have known, existed at the time of the initial adjustment of the relevant claims, was in bad faith.

113. Upon information and belief, further evidence of Defendants’ bad faith will be revealed through the discovery process.

IV. DAMAGES

114. Complainant realleges and re-avers the allegations contained in the preceding paragraphs, above, as if restated herein

115. Defendants are liable to Complainant under the following legal theories:

- a. Breach of contract;
- b. Bad faith claims adjusting practices, including, but not limited to, failing to adequately adjust Complainant's claims; failing to timely initiate loss adjustment; misrepresentation of the terms of the applicable insurance Policy; purposeful or negligent under-scoping of damages leading to a failure to pay the relevant claims; purposeful price manipulation leading to a failure to pay the relevant claims; failure to pay timely for damages Defendants knew, or should have known existed at the time of the original adjustment; failing to timely tender adequate supplemental payment(s), etc.;
- c. Negligent claims adjusting practices leading to the incurrence of professional fees;
- d. Any and all other legal theories of recovery that become apparent during the discovery process and proven at the trial of this matter.

116. As a result of Defendants' breaches of contract, bad faith claims adjusting, and other bad acts, Complainant has incurred the following, non-exclusive damages:

- a. Diminution of the value of the Properties;
- b. Actual repair costs;
- c. Penalties delineated in La. R.S. §§ 22:1892 and 22:1973;
- d. Mental anguish;
- e. Loss of revenue;

- f. Attorney's fees, other professional fees, and litigation costs associated with the bringing of this action; and
 - g. Any and all other damages that are shown through discovery and/or proven at the trial of this matter.
117. Complainant hereby requests a trial by jury.

WHEREFORE, Complainant, Glad Tidings Assembly of God Church of Lake Charles, prays that, Defendants, Indian Harbor Insurance Company, QBE Specialty Insurance Company, Steadfast Insurance Company, General Security Indemnity Company of Arizona, United Specialty Insurance Company, Lexington Insurance Company, Safety Specialty Insurance Company, and Old Republic Union Insurance Company be served with a copy of this Complaint for Damages and be duly cited to appear and answer the allegations contained therein, and that after expiration of all legal delays and proper legal proceedings, there be a judgment entered in favor of Complainant, Glad Tidings Assembly of God Church of Lake Charles and against Defendants, Indian Harbor Insurance Company, QBE Specialty Insurance Company, Steadfast Insurance Company, General Security Indemnity Company of Arizona, United Specialty Insurance Company, Lexington Insurance Company, Safety Specialty Insurance Company, and Old Republic Union Insurance Company, in an amount that will fully and fairly compensate Complainant pursuant to the evidence and in accordance with the law, all sums with legal interest thereon, from the date of judicial demand until fully paid, for all costs of these proceedings, and for all general and equitable relief.

RESPECTFULLY SUBMITTED:

/s/ Madison C. Pitre

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PLEASE SERVE:

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QBE Specialty Insurance Company

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