

Insurance Times: Court blasts State Farm aftermarket parts practice
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An Illinois state Appellate Court has upheld most of a lower court's verdict in a nationwide class-action lawsuit against State Farm Mutual Automobile Insurance Co., ruling the country's largest auto insurer acted with ``calculated deception of its policy holders'' in supplying them with auto-body parts that critics claimed were substandard.

The verdict, handed down April 5 in the Fifth Circuit Illinois Court of Appeals in Mount Vernon, upheld most of the \$1.2 billion awarded by a Marion judge and jury to 4.7 million plaintiffs nationwide in October 1999.

The appellate court reduced the award by \$130 million because of damages that had been computed twice by the lower court.

State Farm to Appeal

A spokesman for Bloomington-based State Farm says the company will appeal it to the Illinois Supreme Court.

But lawyers representing the plaintiffs say the language the judges used in the 40-page opinion was unusually strong.

"There is overwhelming evidence of State Farm's calculated deception of its policy holders in a deliberate disregard of its express written promises contained in the policies issued," Judge Gordon E. Maag wrote in the opinion.

"They could take it to the United Nations if they want to, but no court will overturn this opinion," said Lexington, Miss.-based attorney Don Barrett, one of the plaintiff lawyers.

The plaintiffs claim that they had no choice but to repair their cars with so-called aftermarket body parts. Critics say the parts fail to deliver the same level of fit, finish, corrosion resistance and safety, as original parts.

State Farm argued that the cheaper parts held down insurance premiums. They also claimed that no one was forced to accept anything, since any parts used are guaranteed by the company.

"If a problem occurs with a generic replacement part, we're going to replace it until you're satisfied. And we'll pay the bill," said Steve Vogel, a State Farm spokesman. "How is that bad for the consumer?"

Plaintiffs' lawyers also say the decision strengthens several similar lawsuits filed in other states against other large auto insurers.