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Attorney General files lawsuit against State Farm over cheap repairs

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By WAFB Staff -



The Attorney General's Office has determined that certain business practices led by State Farm Insurance amount to violations of Louisiana's Unfair Trade Practices and Consumer Protection Law. (Source: WAFB)

BATON ROUGE, LA (WAFB) -Louisiana Attorney General Buddy Caldwell is suing State Farm Insurance saying the company deceives customers who have been in a car crash by steering them to use cheaper **or used auto parts** and steering customers to specific repair shops.

The Attorney General's Office has determined that certain business practices led by State Farm Insurance amount to violations of Louisiana's Unfair Trade Practices and Consumer Protection Law. The suit, which is the first of its kind nationally, seeks to change current practices that pose dangers to Louisiana drivers and passengers.

"..the nationwide insurer has engaged in a pattern of unfair and fraudulent business practices aimed at controlling the auto repair industry and forcing unsafe repairs on vehicles without the knowledge or consent of Louisiana consumers," Caldwell says.

Caldwell also says State Farm uses "scare tactics" to steer Louisiana consumers to State Farm's preferred repair shops and forcing the repair shops to perform vehicle repairs "cheaply and quickly."

The lawsuit alleges that State Farm steers consumers to direct repair providers that have signed agreements with the insurance company. As part of the terms of the agreement, those repair shops must comply with the standards for repair laid

out by State Farm. The insurance company, not the repair shop, dictates how long the repair should take, what types of repairs are made and the quality of replacement parts. In many cases, the repairs are completed with sub-standard parts without the consent of the policy holder.

"In some cases, we've found that these parts are nothing more than used junk yard parts. In others, we've found them to be foreign knock-off parts of questionable quality," said Caldwell. "Auto repair is not an industry where you can cut corners to save a little money," he said. "It could be a matter of life and death."

"State Farm has created a culture of unsafe business practices in which consumer vehicle repairs are performed with cost-savings as the primary goal rather than safety and reliability," said Caldwell.

Meanwhile Phil Supple, State Farm's director of public affairs, says they are reviewing the lawsuit, but "the description in this lawsuit is not in line with state farm's mission to serve the needs of its customers, and our long, proud history of achievements in advancing vehicle safety."

Chris and Dominica Medine own Medines Collision Center off of Choctaw Drive. They said several years ago they were a part of State Farm's repair shop program. Dominica explained it was not only bad for customers, but them too. Sometimes they would eat up the cost of some repair jobs because some insurance agencies didn't want to pay their fair share.

"The insurance agency keeps on saying that's a part of doing business," said Dominica. "But it's not. We should get paid for what we do."

Chris said they have a long tradition of making sure their customers are happy and satisfied, and we want to keep it that way.

"I want to keep the insurance companies out of my business," he said. "I want to be able to be able to fix the customers vehicle and say 'I have your car fixed to the best of my human ability and here is the bill.'"

State Farm currently holds the largest share of auto insurance policies in Louisiana. In 2012, State Farm wrote one third of all auto insurance policies in the state totaling over \$1 billion in premiums.

"Each month Louisiana consumers give their hard earned money to State Farm under the assumption that the insurer will take care of them if an accident occurs. This simply isn't happening. Quite frankly, State Farm has been there for State Farm, not the Louisiana consumer," Caldwell stated.

Caldwell says hopefully this lawsuit will change the culture for the auto insurance and repair industry. He will also seek restitution for policy holders.

To see a full copy of the lawsuit, [click here](#).