



Cristina Pierson, left, with Kelley Uustal in Fort Lauderdale, FL. and Daren Stabinski, P.A., right. Courtesy photos

State Farm Faces Class Action for Allegedly Shortchanging Owners of Luxury Cars

"This is one of those cases where you just you just hear what's happening, and it shouts to you that something needs to be done," Cristina Pierson, partner Kelly Uustal in Fort Lauderdale said.

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Insurance Litigation



Lisa Willis ➞

Fort Lauderdale attorney Cristina Pierson and her co-counsel Daren Stabinski, P.A., have planted their heels into a battle with State Farm Automobile Insurance Co. over alleged breach of contract for insurance coverage of luxury vehicles, going back as far as five years.

If successful, the recovery will be well into the millions, attorneys said.

“This is one of those cases where you just you just hear what’s happening, and it shouts to you that something needs to be done,” said Cristina Pierson, partner with Kelley|Uustal.

The plaintiff lawyer and her co-counsel decided to take on the proposed class action when Stabinski was representing Assaf and Ada Sasson as plaintiffs in a lawsuit against State Farm Mutual Automobile Insurance Co. last year. Their clients, the Sassons, had paid out of pocket to fix a Porsche, even though the Sassons had full insurance coverage with the insurer.

The Sassons took their vehicle to a Porsche-certified repair shop in Fort Lauderdale, but State Farm only pay a specified lower hourly rate of reimbursement, the complaint said.

“It’s not right,” Pierson said. “You look at your insurance contracts, and it specifically says you can take your car to whatever repair facility. People pay more for insuring their expensive cars. Just because you have a Porsche you pay \$100,000 for, you don’t want to go to just any body shop that doesn’t necessarily have the expertise to make repairs properly, per manufacturer’s specifications.”

State Farm, unlike other insurers in the state of Florida, “refuses to pay the prevailing competitive price for the hourly labor rates at these certified repair facilities,” the suit alleged.

When contacted, Florida State Farm Public Affairs representative Roszell Gadson said, “The filing of a lawsuit does not substantiate the allegations within the complaint. We’ve recently learned of the filing, therefore it’s premature to comment at this time.”

Carlton Fields attorneys representing State Farm in the pending lawsuit are Johanna W. Clark and Miguel A. Rodriguez, of the Orlando office. They did not return emails for comment.

‘Battle Lines Are Going to Be Drawn’

A South Florida attorney not affiliated with this trial, but who has battled State Farm and won, said this class action has a very sound and logical argument.

“If you look carefully at the language of the State Farm policy that’s cited in the third amended complaint, State Farm is clearly going to be arguing that contractually, they are not required to use a Porsche- or a Maserati- or Ferrari-certified repair shop, that they’re only required to repair the vehicle in a quality manner,” said Blake V. Dolman at Krupnick Campbell Malone. “I think that’s where the battle lines are going to be drawn here.”

Dolman said the plaintiffs are likely going to argue that a proper repair means that it has to be done by a certified repair shop to maintain the warranty, and that maintaining the warranty is inherent in the definition of a quality repair.

“I would venture to guess that the vast majority of consumers with insurance have no idea that some of these manufacturers have that requirement in the warranty that it has to be repaired to the certified facility,” Dolman said. “I bet 98% of consumers have no idea that their warranty may be invalid.”

But there is a flipside, he said.

“Likewise, I don’t know if the manufacturers have actually invalidated warranties based on work not having been done at certified shops. ... I’ve never heard of anybody having their warranty invalidated or cancelled for that reason,” Dolman said. “But that doesn’t mean it hasn’t happened.”

Prevailing competitive price for a Porsche-certified facility to perform body and paint labor [in South Florida] is \$105 per hour, yet State Farm has uniformly rejected repair estimates that exceed \$47 per hour, Pierson said.

[AAA report](#) said auto repair labor rates vary widely across the country, and even within the same city. The latest published statistics show auto repair shops in the AAA-Approved Auto Repair network charged between \$47 and \$215 per hour, based primarily on the shop’s cost of doing business.

“The hourly rates for labor accepted by State Farm generally do not distinguish between models or types of cars,” said Stabinski. “State Farm uses only one rate, whether it is a Porsche or a Pinto.”

Other insurance companies in Florida have allegedly accepted the rates charged by certified Porsche and other luxury brand repair facilities, but not State Farm, the suit claimed.

In the Sassons’ suit, Stabinski took depositions of the repair shop representative and a State Farm representative, the complaint said, and at that point learned what the insurer was allegedly doing: not honoring the certified repair facility labor rates, the plaintiffs claim.

“He [Stabinski] took the deposition of the State Farm representative and found out that this has been their practice for quite some time. ... This is their standard general practice” Pierson said.

‘Substantial’ Damages

Pierson interprets the insurance contract as specifically stating the insured has a choice of repair facility.

“Just because you have a Porsche you pay \$100,000 for, you don’t want to take your car to just any body shop that doesn’t necessarily have the expertise to repair it properly per manufacturer’s specifications,” she said.

Pierson said these certified facilities have all gone through training on how to reset the computers that deal with the safety systems done per manufacturer’s specifications.

“We’ve made a list of some of the manufacturers that are very particular about this and as a result of that, when you don’t follow those specifications and you don’t get your vehicle repaired the manufacturer says ‘hey, our warranty could be voided,” Pierson said.

The complaint alleged State Farm is one of the nation’s largest automobile insurance companies, and consistently ranks as one the three largest automobile insurers in Florida. In Florida alone, State Farm generates approximately \$2.8 billion in premiums written annually, and comprises approximately 16% of the market share of automobile policies, according to the complaint.

State Farm sells collision coverage as part of its standard automobile insurance policies throughout Florida, and its practices relating to the payment of hourly rates for collision repairs have been uniform and consistent over at least the last five years, the complaint said.

Pierson said her team intends to prove the allegations of the complaint, certify a class, recover damages and obtain a practice change from State Farm going forward.

“They keep records ... so to the extent that insured pay out of pocket, that’s their damage, but to those people that got their vehicle repaired in a non-certified facility, there’s a value lost in their vehicle and that would need to be assessed,” Pierson said. “With the thousands of collisions for high-value vehicles at State Farm Insurance, year after year, we expect the damages to be substantial to the class.”