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In response to a landmark court decision, Georgia's insurance commissioner said Thursday he will direct all auto insurers --- not just State Farm --- to reimburse policyholders for the diminished value of cars damaged in collisions.

A day earlier, the state Supreme Court agreed with two State Farm policyholders who contended that wrecked cars are worth less on the open market, no matter how well they are repaired, and that insurance companies are liable to pay the difference.

"We view the Supreme Court decision to be the law of the state of Georgia, and it applies to all insurance companies, not just State Farm," said Insurance Commissioner John Oxendine.

Representatives of Progressive and Allstate, two insurance companies that face a lawsuit similar to State Farm's, declined to comment.

David J. Colmans of the Georgia Insurance Information Service, which represents State Farm and many other insurance providers that operate in the state, said the cost of diminished value claims could end up being passed on to consumers.

"If insurance companies are paying considerably more money, it stands to reason they would have to look at their rate structures," he said.

As insurance commissioner, Oxendine would have to approve any rate increases. Cathey Steinberg, the state consumers' insurance advocate who reviews all rate increase requests under authority of the governor, said companies would have to prove they were spending more on diminished value claims before they could pass on the costs.

Oxendine said he intends to issue the diminished value directive next week. Insurance companies that fail to comply could face everything from fines to expulsion from the state.

Left to be determined is exactly how insurance companies would calculate the diminished values.

Lawyers for State Farm and the policyholders who brought the lawsuit will argue the issue next week in Muscogee County Superior Court, where the case originated nearly two years ago.

The first to be paid would be State Farm policyholders whose claims date back to last Dec. 1, when a lower court judge first ordered State Farm to pay diminished value claims, said C. Neal Pope, the Columbus lawyer who filed the case against State Farm.

State Farm put \$10 million into an account to cover the claims in case it loses its appeal. Now that the Supreme Court has weighed in, the Muscogee judge will have to order the money released from the account. Pope said he will make that request at next week's hearing.

Once the money is released, the first wave of policyholders affected by the class-action suit could receive information by early next year telling them how to collect.

Payouts could range from a few dollars to thousands, Pope estimated. Those who filed claims before Dec. 1, will have to wait longer. A separate case granting that group relief is still on appeal with the state Supreme Court, which isn't expected to rule until April, Pope said.

Eligible policyholders would have had to have filed a claim after Dec. 23, 1993.

State Farm has set aside \$50 million for those back claims.

The two lawsuits affect as many as 500,000 claims, Pope said.

State Farm insures more than 20 percent of the state's drivers.

Similar lawsuits seeking back claims are pending in Muscogee County against eight other insurance companies, including Allstate and Progressive.

Together, the lawsuits affect about 70 percent of Georgia's drivers.