



## Hagens Berman: Allstate and First National Accused of Cheating Consumers out of Thousands on Wrecked Vehicles

*Lawsuit uncovers “systematic” and “flagrant” undervaluation of totaled vehicles*

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SEATTLE--(BUSINESS WIRE)--Two new class-action lawsuits accuse Allstate Insurance Company and First National Insurance Company of America (a Safeco company), of deliberately reducing the value of vehicles in total loss insurance claims, using phony data to reduce the claim payments to consumers “by hundreds or thousands of dollars,” according to Hagens Berman. Attorneys say other auto insurance providers are likely engaging in the same fraud.

If you wrecked your car and your insurer bought it from you, your insurer may have underpaid you by thousands. [Find out more about the lawsuit and sign up here.](#)

The lawsuits accuse Allstate and First National of underpaying consumers by manipulating the data used to value the cars. The suits were filed Apr. 18, 2018, in the U.S. District Court for the Western District of Washington, and say the two auto insurance companies flagrantly violated state laws regulating the handling of these claims and making it even tougher for vulnerable insureds whose cars were destroyed. Plaintiffs Cecilia Palao-Vargas and Jeff Olberg allege that Allstate underpaid them by at least \$684 and \$775 for their wrecked Hyundai Sonata and Ford Fusion. Cameron Lundquist alleges that after he totaled his Dodge Ram, First National shaved almost \$1000 off his claim.

Specifically, the lawsuits say Allstate and First National use what they call “condition adjustments” to reduce the value of comparable vehicles without itemizing or explaining the basis for the adjustment as required by Washington law. The complaints describe a “uniform ‘condition adjustment’ to multiple comparable vehicles involved in a valuation without even distinguishing one vehicle from the next.” The suit also accuses Allstate of valuing the wrecked cars by comparing them to “gray market” vehicles—vehicles manufactured for use in foreign countries and often worth less than those produced for the U.S.

“These arbitrary and unjustified condition adjustments artificially and improperly reduce claim payments by hundreds or thousands of dollars,” the suit reads.

“Consumers who just had their car wrecked in a major accident are in a tough spot—they need their insurance money to get back on the road and get back to their lives. When insurance companies work to shortchange them instead of protecting them, that’s just wrong,” said Steve Berman, managing partner of Hagens Berman. “Other insurance companies are doing it too,” he added.

Both auto insurance companies promise their customers they will pay the “actual cash value” of the vehicle or a comparable vehicle, according to the lawsuits.

Berman, a nationally renowned lawyer for the three named plaintiffs, seeks to represent anyone who is insured under automobile insurance policies issued in Washington whose claim valuations were based upon the values of comparable vehicles reduced by artificial, unexplained “condition adjustments,” or didn’t get paid in full for the sales tax, registration fees, or license plate charges that would arise if they bought a new car.

[Find out more about the class-action lawsuit](#) on behalf of those who have suffered a total loss collision and had their claims undervalued.

### About Hagens Berman

Hagens Berman Sobol Shapiro LLP is a consumer-rights class-action law firm with 11 offices across the country. The firm has been named to the National Law Journal’s Plaintiffs’ Hot List eight times. More about the law firm and its successes can be found at <https://www.hbsslaw.com>. Follow the firm for updates and news at [@ClassActionLaw](#).

### Contacts

Hagens Berman Sobol Shapiro LLP  
Ashley Klann, 206-268-9363  
[ashleyk@hbsslaw.com](mailto:ashleyk@hbsslaw.com)

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