

State Farm Class Action Filed Over Undervalued Homes Burned in Wildfire

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By Laura Pennington October 12, 2018 2018/10/12

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Numerous homeowners have come together in the wake of California wildfires alleging that State Farm purposefully underinsured homes at the time that the original insurance policy was issued and then again following a disaster loss claim.



The specific disaster that prompted this State Farm class action lawsuit was the wildfires that began in Northern California in the fall of 2017, ultimately leading to a two-week evacuation from the burn areas. Nearly 9,000 structures were destroyed through those fires.

The State Farm insurance class action says that many of these homeowners returned back to their houses to discover that they'd lost everything, but that these same people suffered additional losses in filing an insurance claim when it was discovered that their properties were undervalued.

The plaintiffs in the lawsuit against State Farm argue that most of those consumers were not able to rebuild their homes or restore their property and that some people have received a payout amount so limited that they couldn't pay off their mortgage.

The State Farm class action seeks to hold the insurance carrier responsible for engaging in unfair business practices that harmed consumers.

The plaintiffs allege that the carrier uses policies with replacement caps that could not address the underinsured nature of those policies.

According to the plaintiffs in the State Farm insurance class action lawsuit, the combination of these practices has made it impossible for people who suffered losses due to natural disasters to recover anything close to what they expected or needed.

The State Farm insurance class action also argues on behalf of the plaintiffs that the insurance carrier conspired with a company called Insurance Services Office Inc. and related organizations for the process of conducting underwriting real estate valuations and construction estimates.

The plaintiffs claim that this has led to an illegal monopoly due to the use of a software program that calculates what claimants are owed post-disaster.

The class action lawsuit against State Farm says that none of those estimating companies are licensed as general contractors or real estate professionals and that this collusion has damaged the lives of policyholders.

The State Farm insurance class action lawsuit says that the use of a calculator based on zip codes was used to determine property values and that this calculator produced highly variable results.

The State Farm class action lawsuit says that State Farm also protects themselves from liability following a disaster or a claim due to the use of the software that uses manufactured housing data.

Many of the plaintiffs say that they were never interviewed specifically regarding their dwellings when the insurance carrier put together the policy amounts for their homes using the software program, but that what they were offered under the policy post-disaster came in well below an actual construction estimate.

The plaintiffs are seeking injunctive relief, an order compelling State Farm to provide better training to adjusters and agents, punitive damages, and actual damages.

The plaintiffs are represented by Julia Donoho of Policyholder Pros.

The **State Farm Insurance Class Action Lawsuit** is *Brian and Alison Sheahan, et al. v. State Farm General Insurance Company Inc., et al.*, Case No. 3:18-cv-06186, in the U.S. District Court for the Northern District of California.
