

# *Clients Have Wins Against Two Major Car Insurers*

**W**ith the help of two other firms serving as co-counsel, attorneys Jack Scarola and Sean Domnick made substantial recoveries against two of the nation's leading car insurers. The claims took less than six months to resolve.

In October 2001, a Federal District Court in Miami approved a multi-million dollar settlement against Colonial Penn Insurance Company, headquartered in Valley Forge, Pa. Under the terms of the settlement, approximately 275,000 class members nationwide became eligible to receive a portion of settlement proceeds estimated at \$6 million. The suit alleged that Colonial Penn used inferior replacement parts, produced by companies other than original equipment manufacturers ("non-OEM" parts), in estimating repair costs and repairing damaged vehicles. The plaintiffs alleged that Colonial Penn's use of such parts breached the company's contractual obligation to repair their policyholders' damaged cars with parts of "like kind and quality." The suit also alleged that the carrier's failure to use OEM parts raised safety concerns for vehicle drivers and passengers, decreased the values of some of the cars repaired, and in some cases voided auto manufacturers' warranties. Colonial Penn settled the suit without an admission of liability.

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In February of this year, the Fourth District Court of Appeal in Palm Beach County ruled that a class action lawsuit, similar to the case against Colonial Penn, can proceed against Integon General Insurance Corporation, headquartered in Winston-Salem, N.C. Furthermore, the Colonial Penn case and the ruling against Integon form the basis for claims against 14 other insurers engaging in the same or similar practices, including Progressive Express Insurance, Geico Casualty Corporation, Allstate Insurance Company, United Services Automobile Association, State Farm Mutual Automobile Insurance Company, Security National Insurance Company, Underwriters Guarantee Insurance Company, Nationwide Mutual Fire Insurance Company, Gateway Insurance Company, American Home Assurance Company, Merchants and Business Men's Mutual Insurance Company, American Skyhawk Insurance Company, Amstar Insurance Company, and Federated National Insurance Company.

Scott Sheftall and Brian Torres of the firm Sheftall & Torres in Miami, along with Jeffrey Orseck and David Sherry of the Law Offices of Jeffrey Orseck in Ft. Lauderdale, serve as co-counsel in all of the non-OEM parts cases. ■