

BEFORE ALLAN L. MCVEY, INSURANCE COMMISSIONER
OF THE STATE OF WEST VIRGINIA

CHARLENE MEDLEY,

Complainant,

v.

Administrative Proceeding No. 24-IC-158968

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY,

Respondent.

FINDINGS OF FACT, CONCLUSIONS OF LAW AND
ORDER DENYING REQUEST FOR A HEARING

This matter came before the Insurance Commissioner of West Virginia (hereinafter, “Commissioner”), on Complainant Charlene Medley’s (hereinafter, “Complainant”) request for a hearing on her third-party administrative complaint filed against State Farm Mutual Automobile Insurance Company, (hereinafter, “Respondent”). After consideration of Complainant’s hearing request, the undersigned Commissioner did proceed to make the following findings of fact, conclusions of law, and order.

FINDINGS OF FACT

1. On November 5, 2022, Complainant was involved in a two-vehicle automobile accident in Charleston, West Virginia, with a vehicle insured by Respondent.
2. After timely investigating the accident, Respondent accepted 100% liability on the part of their insured.
3. Complainant chose to have her car repaired at Bodyworks Collision Center located in Smithers, West Virginia (hereinafter, “Bodyworks”). Bodyworks is a “non-program” body shop with Respondent and not in their list of preferred auto repair shops.

4. Bodyworks submitted an estimate for the repairs of Complainant's vehicle to Respondent in the amount of \$7,777.06. Bodyworks submitted the estimate through a third-party vendor website named Shops.Snapsheet.ma. Respondent paid the full amount of the estimate by electronic fund transfer on December 2, 2022.

5. After receiving the payment, Bodyworks advised Respondent that they were switching banks and requested Respondent to reissue the payment to a different account. Bodyworks advised Respondent they would return the initial payment to them.

6. On December 8, 2022, Respondent reissued the full estimated payment to the new account Bodyworks gave Respondent. However, Bodyworks did not return the initial payment to Respondent.

7. Respondent later learned that the estimate submitted by Bodyworks through Shops.Snapsheet.ma was for a different vehicle than the one owned by Complainant. Bodyworks submitted the correct make and model of Complainant's vehicle but listed the incorrect VIN and year.

8. After discovering the mistake, Respondent attempted several times to contact Bodyworks to obtain a status of the repairs to Complainant's vehicle, and to obtain a refund of one of the two payments it had made to Bodyworks. Bodyworks promised to repair and return Complainant's vehicle several times. Bodyworks did not refund the initial payment made by Respondent.

9. Respondent continued to pay for a rental for Complainant from November 16, 2022, until May 1, 2023, in the amount of \$5,511.99.

10. Complainant has attempted several times to contact Bodyworks by phone and in person regarding the status of her repairs. All attempts have been unsuccessful. The

complainant states that her car is still at Bodyworks, and she cannot obtain any information from them regarding her car.

11. On November 6, 2023, Complainant filed her third-party administrative complaint against Respondent alleging failure of Respondent to get the repairs made to her car. Her complaint alleged she is “stuck in the middle” of Bodyworks and Respondent.

12. Complainant’s third-party administrative complaint was fully investigated by Commissioner. It was determined that no violations of the West Virginia insurance laws had occurred, nor were there any unfair claims settlement practices violations found in the handling of her claim by Respondent. Complaint was mailed a “no-merit” by letter dated February 7, 2024.

13. On March 7, 2024, Commissioner received Complainant’s Request for a Hearing on the merits of her third-party administrative complaint. In her request, Complainant states that Bodyworks still has not returned her car and no settlement offer has been made to her “after the fact.”

CONCLUSIONS OF LAW

1. Regarding third-party complaints, the Commissioner does not have the general authority to adjudicate the merits of an underlying claim involving a good faith dispute over liability pursuant to W.Va. Code §§33-11-4a. The Commissioner is tasked with resolving third-party complaints regarding unfair claims settlement practices against an insurance company. However, W.Va. §§33-11-4a. does not give the Commissioner the authority to order an insurance company to pay a third-party claimant’s underlying damages.

2. A disagreement regarding liability or value for an underlying claim does not alone signal an unfair claims settlement practice. “So long as the insurer acts in good faith, the insurer is not held to standards of omniscience or perfection; it has leeway to use and should consistently employ its honest business judgment.” *Jackson v. State Farm Mut. Auto. Ins. Co.*, 215 W.Va. 634, 600 SE2d 346 (2004), quoting *Peckham v. Continental Cas. Ins. Co.*, 895 F2d 830, 835 (1st Cir. 1990). Respondent simply must show that its investigation was done in good faith given its own knowledge at the time of the relevant facts and claim concerning the underlying claim. See *Jackson supra*, at 642, quoting *Bolden v. O’Connor Café of Worchester, Inc.*, 50 Mass App 577; 34 N.E.2d 726 (2000).

3. Respondent timely paid the full estimate for the repairs to Complainant’s vehicle. No issue has been raised as to the estimate to repair Complainant's vehicle being unfair.

4. The failure to repair and return Complainant's vehicle is not the result of any violations of the part of Respondent. The shop chosen by Complainant is a “non-program” body shop not in the list of approved shops used by Respondent. Although Complainant is free to select the repair shop of her choosing, Respondent has no control over the actions of Bodyshop.

5. The dispute between the parties over the value and liability of the repairs to Complainant’s vehicle is one of good faith.

6. W. Va. Code §33-2-13 states, in pertinent part, “the commissioner may call and hold hearings for any purpose deemed necessary by him for the performance of his duties.” Further, W.Va. Code R. § 114-13-3.3 states:

3.3 Hearing on written demand ~ When the commissioner is presented with a demand for a hearing as described in subsections 3.1 and 3.2 of this section, he or she shall conduct a hearing within forty-five (45) days of receipt by him or her of such written demand, unless postponed to a later date by mutual agreement. However, if the commissioner shall determine that the hearing demanded:

a. Would involve an exercise of authority in excess of that available to him or her under the law; or


b. Would serve no useful purpose, the commissioner shall, within forty-five (45) days of receipt of such demand, enter an order refusing to grant the hearing as requested, incorporating therein his or her reasons for such refusal. Appeal may be taken from such order as provided in W.Va. Code §33-2-14.

7. W.Va. Code §33-2-13 and W.Va. R §114-1-3.3 afford the Commissioner discretion in deciding whether a hearing would serve a useful purpose. Holding a hearing in this matter would involve an exercise of authority in excess of that available to the Commissioner under the law in that it would be asking him to adjudicate a good faith dispute regarding the Complainant's underlying claim. This matter was properly closed pursuant to W.Va. Code § 33-1-4a(g), and a hearing on the matter would serve no useful purpose. Respondent conducted a reasonable investigation and, based upon the information it gathered, determined that the claim was excluded under the policy. There is no evidence that Respondent's decision was improper.

ORDER

Wherefore, since a hearing in this matter would serve no useful purpose and would involve an exercise of authority in excess of that available to the Commissioner under the law, it is **ORDERED** that the Complainant's request for a hearing is **DENIED**. Pursuant to W.Va. Code §33-2-14, the Complainant has the right to appeal this Order of the Insurance Commissioner to the Intermediate Court of Kanawha County within 30 days of receipt.

ENTERED this the 26th day of April, 2024.



Allan L McVey
CPCU, ARM, AAI, AAM, AIS
Insurance Commissioner