

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS

NOV 29 2021

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
CENTRAL DIVISION

TAMMY H. DOWNS, CLERK
By: [Signature] DEP CLERK

ROSE CHADWICK, on behalf of herself
and all others similarly situated,

PLAINTIFF

VS.

Case No. 4:21-cv-1161-DPM

STATE FARM MUTUAL
AUTOMOBILE INSURANCE
COMPANY,

DEFENDANT

CLASS ACTION COMPLAINT

Plaintiff Rose Chadwick ("Plaintiff"), brings this class action on behalf of herself and all others similarly situated, by and through undersigned counsel, and for her Complaint against Defendant State Farm Mutual Automobile Insurance Company ("State Farm" or "Defendant") states and alleges as follows:

This case assigned to District Judge Marshall
and to Magistrate Judge Ray

INTRODUCTION

1. This is a class action in which Plaintiff seeks to represent State Farm insureds in Arkansas who received a payment for the loss of a totaled vehicle where State Farm used valuation reports prepared by Audatex North America, Inc. ("Audatex") to determine the actual cash value of the loss vehicles. Under the terms of its insurance policies, State Farm has a duty to pay, and represents that it does pay, the actual cash value of a loss vehicle when adjusting total loss claims. By using Audatex valuation reports, State Farm systemically thumbs the scale against its insureds when calculating the actual cash value of their loss vehicles by applying so-called "Typical Negotiation Adjustments."

2. Instead of using the internet list price of comparable vehicles, State Farm improperly reduces that price, and in turn the valuation amount, by applying Typical Negotiation

Adjustments without any documentation that the assumed discount was available. These adjustments are based on the factually erroneous assumption that, during the Class period, insureds would be able to negotiate a reduction in the list price of comparable used automobiles, which during the Class period would be highly atypical and contrary to the modern used car industry's market pricing and inventory management practices.

3. The adjustments also are contrary to appraisal standards and methodologies that do not permit arbitrary adjustments not based on observed and verifiable data. The impropriety and arbitrariness of State Farm's Typical Negotiation Adjustments are further demonstrated by the fact that: (a) they are not applied by the major competitor of State Farm's vendor Audatex; and (b) not applied by State Farm to insureds in other states, including California.

4. This pattern and practice of undervaluing comparable and total loss vehicles when paying automobile total loss claims through the systemic use of these factually erroneous adjustments, which benefits the insurer at the expense of the insured, violates State Farm's policies with their insureds.

JURISDICTION AND VENUE

5. Minimal diversity exists under the Class Action Fairness Act ("CAFA"), 28 U.S.C. §§ 1332(d), 1441(a)-(b), and 1453. Plaintiff and the proposed class members are citizens of the State of Arkansas. Defendant is an Illinois Corporation that has its corporate headquarters in Bloomington, IL 61710, and, at all relevant times hereto, was engaged in the business of providing automobile valuation services and software to companies in the State of Arkansas.

6. Plaintiff estimates that there are more than 100 putative class members, and the aggregate compensatory damages (in the amount of the Typical Negotiation Adjustments that were

deceptively deducted) claimed by Plaintiff and the Class are estimated in good faith to exceed \$5,000,000.

7. Venue is proper in this District under 28 U.S.C. § 1391, as a substantial portion of the conduct giving rise to Plaintiff's claims occurred in this District. Defendant transacts business and resides in this District.

PARTIES

8. Plaintiff Rose Chadwick resides in Pulaski County and is a citizen of the State of Arkansas. At all relevant times hereto, Plaintiff Chadwick was contracted with State Farm for automobile insurance. On or about December 5, 2020, Plaintiff Chadwick's insured vehicle was deemed a total loss.

9. Defendant State Farm Mutual Automobile Insurance Company is an automobile insurance company that owns numerous offices throughout the United States, including the State of Arkansas. Defendant State Farm's corporate headquarters are located at One State Farm Plaza, Bloomington, IL 61710. Defendant State Farm conducts business in Arkansas through insurance agents and other company personnel.

FACTUAL ALLEGATIONS

10. Plaintiff Chadwick owned a 2011 Hyundai Elantra that was deemed a total loss on or around December 5, 2020.

11. Like all members of the Class, Plaintiff Chadwick made a first-party property damage claim with State Farm.

12. Like all members of the Class, State Farm declared Plaintiff Chadwick's vehicle to be a total loss.

13. Pursuant to the terms of her contract, which are, and have been, substantively identical for all members of the putative Class during the Class period, State Farm elected to pay Plaintiff the actual cash value of her insured vehicle.

14. When calculating its valuations and claims payments, State Farm systemically employs a routine “total loss settlement process.” The process has no material differences relevant to this action.

15. This process involves obtaining a “Market-Driven Valuation” report from Audatex (in which State Farm chooses to apply Typical Negotiation Adjustments), and then using and relying upon the valuation provided to determine the benefit payment under the insured’s policy.

16. State Farm provided a Market-Driven Valuation to Plaintiff on or around December 9, 2020. *See* Exhibit 1.

17. State Farm valued Plaintiff Chadwick’s total loss claim at \$4,121.00¹ and paid Plaintiff Chadwick \$1,383.47 as the net claim amount. *See* Exhibit 2

18. To arrive at that valuation, the Market-Driven Valuation report provided the prices of four different comparable vehicles advertised for sale online and applied a Typical Negotiation Adjustment of approximately 9% to each one. Exhibit 1 at pp. 5-6.

19. The use of the Typical Negotiation Adjustment to adjust Plaintiff’s total loss claims downward violates the applicable insurance policy, in that these adjustments are unfounded, are factually erroneous, and result in State Farm paying Plaintiff less than the actual cash value of her total loss vehicle that she was entitled to by contract.

20. In truth, State Farm’s Typical Negotiation Adjustments do not reflect market realities and run contrary to customary automobile dealer practices and inventory management,

¹ This amount is not inclusive of tax, title, and transfer fees.

where list prices are priced to market to reflect the intense competition brought about by consumers' ability to comparison shop for used vehicles online. During the Class period, a negotiated price discount would be highly atypical and therefore is not proper to include in determining actual cash value. The inclusion of this significant downward adjustment simply because "the selling price *may* be substantially less than the asking price" is particularly improper in the context of this action. Insureds who have suffered a total loss of their vehicle and need to procure a replacement have limited time to search out the illusory opportunity to obtain the below-market deal State Farm assumes, wrongly, to always exist. Exhibit 1 at p. 5 (emphasis added).

21. Moreover, State Farm's Typical Negotiation Adjustments are contrary to appraisal standards. There are multiple generally-recognized and acceptable methodologies for determining actual cash value, including use of comparable vehicles. State Farm begins the process of valuing loss vehicles using a comparative methodology but improperly deviates from that process by thumbing the scales against their insureds. State Farm documents the loss vehicle's and each comparable vehicle's mileage, options, and trim, which are compared in the report, and makes dollar adjustments accordingly. Plaintiff does not challenge these documented adjustments. At this stage of the process, State Farm abandons the comparative methodology and applies adjustments that are contrary to proper appraisal methodologies for determining actual cash value. Appraisers use advertised prices and only make adjustments based on observed and verifiable data; appraisal standards do not permit arbitrary adjustments from the advertised price based upon undocumented and unverifiable projections and assumptions.

22. The impropriety and arbitrariness of State Farm's Typical Negotiation Adjustments are further demonstrated by the fact that Audatex's primary competitor in providing valuation

reports to insurance companies—CCC Intelligent Solutions—does not apply these adjustments. Instead, CCC Intelligent Solutions uses list prices.

23. The impropriety and arbitrariness of State Farm’s Typical Negotiation Adjustments are further demonstrated by the fact that it does not apply these adjustments when valuing total losses in California. There is no justification for applying these adjustments when valuing total losses in Arkansas while not subjecting California claimants to the same negative adjustments.

24. Plaintiff Chadwick and each member of the putative Class were damaged by State Farm’s application of these Typical Negotiation Adjustments because they were not paid the actual cash value they would have received had State Farm applied proper methodologies and appraisal standards consistent with their contractual obligations and representations.

25. Were it not for this improper, factually erroneous adjustment, the “Market Value” in each valuation report would have been higher, resulting in a higher payment to insureds for actual cash value. Specifically, were it not for this unfounded, factually erroneous adjustment, State Farm’s payment of actual cash value to Plaintiff Chadwick would have been \$566 higher,² before adding the related increase in payments for applicable sales taxes.

CLASS ACTION ALLEGATIONS

26. This action is brought by Plaintiff as a class action, on her own behalf and on behalf of all others similarly situated, under the provisions of Rule 23 of the Federal Rules of Civil Procedure, for damages, plus interest, costs, and attorney’s fees. Plaintiff seeks certification of this action as a class action on behalf of the following class (the “Class”):

All persons insured by a contract of automobile insurance issued by State Farm Mutual Automobile Insurance Company to an Arkansas resident, and who, from the earliest allowable time through the date of resolution of this action, received a

² \$566 is the average of the Typical Negotiation Adjustments applied to each of the four comparable vehicles in Plaintiff Chadwick’s valuation report.

first-party total loss valuation and payment that included a downward adjustment premised on a “Typical Negotiation Adjustment” or similar adjustment.

27. Excluded from the Class is Defendant, any parent, subsidiary, affiliate, or controlled person of Defendant, as well as the officers and directors of Defendant and the immediate family members of any such person. Also excluded is any judge who may preside over this cause of action.

28. **Numerosity (Rule 23(a)(1)).** The exact number of members of the Class, as herein identified and described, is not known, but it is estimated to be over ten thousand. Accordingly, the Class is so numerous that joinder of individual members herein is impracticable.

29. **Commonality (Rule 23(a)(2)).** There are common questions of law and fact in the action that relate to and affect the rights of each member of the Class, and the relief sought is common to the entire Class. In particular, the common questions of law and fact include:

- a. Whether State Farm systemically applied Typical Negotiation Adjustments or substantially similar adjustments to calculate the value of total loss vehicles;
- b. Whether, through the above referenced practice, State Farm failed to pay its insureds the actual cash value of their loss vehicles;
- c. Whether, through the above referenced practice, State Farm breached its contracts with its insureds;
- d. Whether Plaintiff and members of the Class are entitled to compensatory damages in the amount of the invalid adjustment applied to Plaintiff’s and each Class member’s valuation.
- e. Whether Plaintiff and members of the Class are entitled to twelve percent (12%) penalty pursuant to Ark. Code Ann. § 23-89-208(f).

30. **Typicality (Rule 23(a)(3)).** The claims of the Plaintiff, who is representative of the Class herein, are typical of the claims of the proposed Class in that the claims of all members of the proposed Class, including the Plaintiff, depend on a showing of the same acts of State Farm, giving rise to the right of Plaintiff to the relief sought herein. There is no conflict between the individually named Plaintiff and other members of the proposed Class with respect to this action, or with respect to the claims for relief set forth herein.

31. **Adequacy (Rule 23(a)(4)).** The named Plaintiff is a representative party for the Class, and is able to, and will fairly and adequately, protect the interests of the Class. The attorneys for Plaintiff and the Class are experienced and capable in complex civil litigation, insurance litigation, and class actions.

32. **Predominance & Superiority (Rule 23(b)(3)).** Class certification is appropriate under Rule 23 because the common questions of law and fact in this case predominate over questions affecting only individual members of the Class, and a class action is the superior method for fair and efficient adjudication of the controversy. The likelihood that individual members of the Class will prosecute separate actions is remote due to the time and expense necessary to conduct such litigation. The class action procedure would permit a large number of injured persons to prosecute their common claims in a single forum simultaneously, efficiently, and without unnecessary duplication of evidence and effort. Class treatment also would permit the adjudication of claims by Class members whose claims are too small and complex to individually litigate against a large corporate defendant.

33. **Particular Issues (Rule 23(c)(4)).** Plaintiff also satisfies the requirements for maintaining a class action under Rule 23(c)(4). Her claim consists of particular issues that are

common to all members of the Class and are capable of class-wide resolution that will significantly advance the litigation.

FIRST CAUSE OF ACTION
BREACH OF CONTRACT

34. Plaintiff hereby repeats and realleges all preceding paragraphs contained herein.

35. State Farm's insurance contract with its insureds provides coverage for the total loss of a vehicle on the basis of actual cash value or replacement with another of like kind and quality. Moreover, in determining the actual cash value of a total loss vehicle, State Farm must consider the vehicle's fair market value at the time of loss.

36. Through the use of improper and unfounded Typical Negotiation Adjustments in Audatex Market-Driven Valuation reports, State Farm handled, adjusted, and paid Plaintiff Chadwick's claim, and the claims of the members of the Class, in an amount less than the actual cash value required by State Farm's insurance contracts.

37. State Farm's breaches have resulted in a systemic failure to pay the actual cash value of total loss vehicles as required under the contract.

38. In addition to the express terms of the contract, the law implies a promise between the parties that they will act in good faith and deal fairly with one another in performing their obligations under the contract and that they will not do anything to prevent or hinder or delay the performance of the contract. Through the use of improper and unfounded Typical Negotiation Adjustments in Audatex Market-Driven Valuation reports, State Farm failed to act in good faith and did not deal fairly, but instead paid Plaintiff Chadwick's claim, and the claims of the members of the Class, in an amount less than the actual cash value required by State Farm's insurance contracts.

39. State Farm's breaches of contract and violations of law have caused damages to Plaintiff Chadwick and members of the Class. Plaintiff Chadwick and proposed Class members' damages include the amounts improperly deducted by State Farm from the insureds' payments on the basis of a Typical Negotiation Adjustment. Specifically, Plaintiff Chadwick's compensatory damages are \$566, exclusive of the taxes and fees owed on that amount.

40. Pursuant to Ark. Code Ann. § 23-89-208(f), Plaintiff and other members of the Class are entitled to recover the benefits denied to them, attorney's fees, twelve percent (12%) penalty, plus pre-judgment and post-judgment interest.

SECOND CAUSE OF ACTION
DECLARATORY JUDGMENT

41. An actual case and controversy within the meaning of 28 U.S. Code § 2201, which may be adjudicated by this Court, exists between Plaintiff and proposed Class members, and the Defendant. Specifically, a dispute between Plaintiff and the proposed Class and State Farm is before this Court concerning the construction of the auto insurance policies issued by Defendant and the rights arising under that policy.

42. Plaintiff, for herself and on behalf of the Class, seeks a declaration of rights and liabilities of the parties herein. Specifically, Plaintiff is seeking a declaration that in paying total loss claims with first-party insureds, it is a breach of the insurance contract with State Farm for State Farm to base the valuation and payment of claims on values of comparable vehicles that have been reduced by Typical Negotiation Adjustments that are based on the factually erroneous assumptions and contrary to appraisal standards and methodologies.

43. State Farm's unlawful common policy and general business practice as described herein are ongoing. Accordingly, State Farm has breached, and continues to breach, the express

terms of its contracts of insurance with Plaintiff and members of the Class requiring it to settle total loss claims on the basis of the total loss vehicle's actual cash value.

44. As a result of these breaches of contract, Plaintiff and the proposed Class members have been injured. Plaintiff's and proposed Class members' damages include the amounts illegally and improperly deducted by State Farm from the insureds' payments.

WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated, respectfully requests that this Court:

- a) determine that this action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, appoint Plaintiff as class representative, and appoint undersigned counsel as Class Counsel;
- b) enter an order finding that State Farm's actions described herein constitute a breach of contract;
- c) enter a declaratory judgment that in paying total loss claims with first-party insureds, it is a breach of the insurance contract with State Farm for State Farm to base the valuation and payment of claims on values of comparable vehicles that have been reduced by Typical Negotiation Adjustments;
- d) enter an order enjoining State Farm from basing the valuation and payment of claims on values of comparable vehicles that have been reduced by Typical Negotiation Adjustments;
- e) enter an order requiring State Farm to pay compensatory damages to Plaintiff and all members of the putative Class in the amount of 100% of the proceeds that State Farm wrongfully deducted from their insureds' payments in the form of Typical Negotiation Adjustments and related underpayment of taxes;

- f) award twelve (12) percent penalty pursuant to Ark. Code Ann. § 23-89-208(f);
- g) award pre-judgment and post-judgment interest at the maximum rate permitted by applicable law;
- h) award reasonable attorneys' fees and costs pursuant to applicable law; and
- i) grant such other legal and equitable relief as the Court may deem appropriate.

JURY DEMAND

Plaintiff and members of the Class hereby request a trial by jury.

Respectfully submitted,



Joseph Henry (Hank) Bates, III (ABN 98063)

Tiffany Wyatt Oldham (ABN 2001287)

Jake G. Windley (ABN 2018187)

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Counsel for Plaintiff and the Proposed Class

EXHIBIT 1

Report Date 12/09/20

2011 Hyundai Elantra GLS 4D Sedan

Sotera Audatex

Autosource

Market-Driven Valuation™

State Farm Insurance is dedicated to delivering exceptional service to you in reference to your claim 04-14H5-81M01 from loss date 12/05/2020 on a 2011 Hyundai Elantra GLS 4D Sedan. State Farm Insurance has selected Audatex, an independent vehicle valuation company, to prepare a comprehensive vehicle valuation for your vehicle. This valuation report was prepared specifically for your vehicle and represents a fair and accurate value driven by the retail used vehicle market.

In these pages, you will find:

- => [Vehicle Inspection](#)
- => [Market Overview](#)
- => [Valuation Detail](#)

Market Value

\$4,121



The Valuation Process

The breadth and depth of the Audatex used vehicle database makes Autosource the most comprehensive market-driven valuation process available. Audatex has been determining locally sensitive, fair, and accurate market values for vehicles since 1985, with more than 30 million vehicles valued. The Autosource Market Value includes vehicles for sale at dealerships and private party sellers, starting right in the local market.

Valuation Detail

1. 2011 Hyundai Elantra GLS 4D Sedan

	Comparable 1	Your Vehicle	Adjustments
Price	Alexandria, La		\$4,611
Odometer	199,644 Mi(Actual)	266,863 Mi(Actual)	-1,010
Equipment		Floor Mats	15
		Remote Starter	60
		Tinted Windows (car)	50
		iPod Capability	5
Packages		Popular Equipment Package	165

Comparable 1 Adjusted Price **\$3,896**

2. 2011 Hyundai Elantra GLS 4D Sedan

	Comparable 2	Your Vehicle	Adjustments
Price	Alexandria, La		\$5,633

Report Date 12/09/20

2011 Hyundai Elantra GLS 4D Sedan

Odometer	151,734 Mi(Actual)	266,863 Mi(Actual)	-1,725
		Floor Mats	15
		Remote Starter	60
		Tinted Windows (car)	50
	Steel Wheels	Aluminum/Alloy Wheels	70
Packages		iPod Capability	5
		Preferred Equip Pkg	75

Comparable 2 Adjusted Price	\$4,183
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3. 2011 Hyundai Elantra GLS 4D Sedan

	Comparable 3	Your Vehicle	Adjustments
Price	Tulsa, Ok		\$6,369
Odometer	126,000 Mi(Actual)	266,863 Mi(Actual)	-2,115
		Floor Mats	15
		Remote Starter	60
		Tinted Windows (car)	50
Packages		iPod Capability	5

Comparable 3 Adjusted Price	\$4,384
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4. 2011 Hyundai Elantra GLS 4D Sedan

	Comparable 4	Your Vehicle	Adjustments
Price	Plano, Tx		\$6,279
Odometer	94,999 Mi(Actual)	266,863 Mi(Actual)	-2,510
		Floor Mats	15
		Remote Starter	60
		Tinted Windows (car)	50
Packages		iPod Capability	5

Comparable 4 Adjusted Price	\$3,899
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Final Market Value Calculation

1.2011 Hyundai Elantra GLS 4D Sedan	\$3,896
2.2011 Hyundai Elantra GLS 4D Sedan	\$4,183
3.2011 Hyundai Elantra GLS 4D Sedan	\$4,384
4.2011 Hyundai Elantra GLS 4D Sedan	\$3,899

Average Price	\$4,091
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Condition

Category	Typical Condition	Loss Vehicle Condition	
Glass Condition	Good	Minor Wear	-50
Front Tires Condition	Good	New	40
Rear Tires Condition	Good	New	40

Total Condition Adjusted Market Value	\$4,121
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Deductible	-250.00
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Net Adjusted Value	\$3,871.00
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This valuation was processed using our Multiple Comparable valuation methodology.

Report Date 12/09/20

2011 Hyundai Elantra GLS 4D Sedan

- o **Adjustments of Special Note**

- The loss vehicle was reported to have an aftermarket **Remote Starter**. The date of purchase was not provided.
- The loss vehicle was reported to have an aftermarket **Tinted Windows (car)**. The date of purchase was not provided.

The market area identified has multiple tax jurisdictions. Autosource was unable to identify which county or city was applicable to the total loss vehicle. Upon verification of the correct amount, you will need to select the tax from the possibilities shown below.

County	City	State	Rate	Tax
Saline		AR	0.0000%	\$0.00
Pulaski	Little Rock	AR	0.0000%	\$0.00
Pulaski		AR	0.0000%	\$0.00
Saline	Shannon Hills	AR	0.0000%	\$0.00

Valuation Notes

- o **Loss vehicle description was provided by State Farm Insurance**

- o **Adjustments of Special Note**

- The requested Exception valuation has been processed using one or more Comparables in order to meet state regulatory requirements.
- The following equipment: Aluminum/Alloy Wheels, does not have a manufacture cost associated with it; the adjustment was determined by using the average cost by vehicle year and category.
- An odometer adjustment of 1.50 cents per mile/kilometer has been applied. This adjustment is based on the vehicle year, vehicle category and market area. Odometer adjustments are capped at 40% of the vehicle's starting value.
- Typical miles for this 2011 Hyundai Elantra in Arkansas is 131,040.
- All values are in U.S. dollars.

- o **Autosource Valuation Process**

- Over 8,000,000 vehicles are entered weekly into the database used for researching this value. This database includes dealer inspected, dealer inventory, dealer advertised, phone verified and advertised private party vehicles.
- The originating search area for this valuation was Mabelvale, Arkansas.
- The market area expansion was authorized by Autosource Guidelines.
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- o **Other Adjustments or Comments**

- The market area identified has multiple tax jurisdictions. Autosource was unable to identify which county or city was applicable to the total loss vehicle. Upon verification of the correct amount, you will need to select the tax from the possibilities shown below.

Vehicle Description

VIN: KMHDH4AE1BU082937

2011 Hyundai Elantra GLS 4D Sedan

266,863 Miles Actual

4cyl Gasoline 1.8

6-Speed Automatic



HYUNDAI

Interior

Alarm System

Digital Clock

Center Console

Bucket Seats

Intermittent Wipers

Lighted Entry System

Floor Mats

Overhead Console

Pwr Accessory Outlet(s)

Power Door Locks

Power Windows

Split Folding Rear Seat

Velour/Cloth Seats

Tachometer

Trip Computer

Tilt Steering Wheel

Report Date 12/09/20

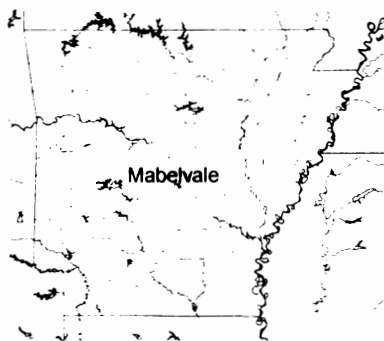
2011 Hyundai Elantra GLS 4D Sedan

Exterior	Rear Window Defroster Rem Trunk-L/Gate Release	Keyless Entry System Compact Spare Tire	Heated Power Mirrors Tinted Glass
Mechanical	Power Brakes	Power Steering	Stability Cntrl Suspensn
Safety	Dual Airbags Head Airbags Traction Control System	Anti-Lock Brakes Halogen Headlights	Daytime Running Lights Side Airbags
Entertainment	Auxiliary Audio Input XM Satellite Radio	MP3 Decoder USB Audio Input(s)	AM/FM CD Player
Aftermarket	Remote Starter	Tinted Windows (car)	
Packages	iPod Capability Popular Equipment Package, Air Conditioning, Cruise Control, Sunscreen Glass, Tilt & Telescopic Steer Preferred Equip Pkg, Aluminum/Alloy Wheels, Illuminated Visor Mirror, Strg Wheel Radio Control, Wireless Phone Connect		
Trim Levels	*GLS, Limited	* Indicates your trim level	

A detailed description of your vehicle was provided to Autosource by a trained appraiser. Through a partnership with Hyundai, Audatex AudaVIN retrieves the individual vehicle specifications to identify the vehicle specifications including equipment, packages, engine and transmission. Contact State Farm Insurance if revisions are necessary. The bold/italic font indicates options reported by the manufacturer.

Vehicle Condition

Seats	Minor Wear
Carpets	Minor Wear
Int Trim	Minor Damage
Glass	Minor Wear
Headliner	Good
Body	Minor Damage
Paint	Moderate Damage
Ext Trim	Minor Damage
Engine	Minor Wear
Transmission	Minor Wear
Front Tires	New
Rear Tires	New

Market Overview**What is my Vehicle Market Value based on?**

72103, Mabelvale Arkansas—Research for your vehicle was based on market analysis originating from your zip/postal code.

Fair and accurate market valuations must balance geographic location with comparability of one vehicle to others. Having the largest and most current database of vehicles for sale provides a comprehensive view of your vehicle's market. In addition to the vehicle inventories received directly from dealerships, Autosource finds comparable vehicle information for vehicles in the same places most buyers look for them—local and national internet websites, vehicle guides, publications and partnerships representing more than 10,000 independent vehicle sources.

How did Autosource make adjustments for my vehicle?

The main factors that affect the retail selling price and marketability of a vehicle are **odometer, equipment and condition**. Therefore, Autosource valuations include adjustments that fairly consider the differences between your vehicle and the typical vehicle found in the market.

- o **Odometer**

- Adjustments are made to account for the odometer differences between the loss vehicle and comparable(s).
- The odometer adjustment is based on 1.50 cents per mile specific to the 2011 Hyundai Elantra GLS 4D Sedan in the state of Arkansas. Odometer adjustments are capped at 40% of the vehicle's starting value.

- o **Equipment**

- Adjustments are made to account for the differences in equipment between the loss vehicle and comparable(s).
- Equipment adjustments are based on the manufacturer's retail price, adjusted for depreciation

- o **Condition**

- Typical condition is based on hundreds of inspected vehicles
- Condition adjustments are based on a percentage of the vehicle's value

Comparable Vehicle Details

The following information provides the details for the vehicles used to calculate the Autosource Value. The selling price may be substantially less than the asking price. Where indicated, the asking price has been adjusted to account for typical negotiation according to each comparables price.

1 2011 Hyundai Elantra GLS 4D Sedan	5NPDH4AE4BH036226	\$4,611
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Stock# B20326A. 199644 Miles. 4 Cylinder 1.8 Engine, 6-Speed Automatic, Preferred Equip Pkg, Auxiliary Audio Input, Anti-Lock Brakes, Alarm System, Aluminum/Alloy Wheels, Bucket Seats, AM/FM CD Player, Digital Clock, Compact Spare Tire, Center Console, Dual Airbags, Rear Window Defroster, Heated Power Mirrors, Daytime Running Lights, Head Airbags, Halogen Headlights, Intermittent Wipers, Illuminated Visor Mirror, Keyless Entry System, Lighted Entry System, MP3 Decoder, Overhead Console, Pwr Accessory Outlet(s), Power Brakes, Power Door Locks, Power Steering, Power Windows, Rem Trunk-L/Gate Release, Side Airbags, Stability Cntrl Suspensn, Split Folding Rear Seat, Strg Wheel Radio Control, Tachometer, Trip Computer, Traction Control System, Tinted Glass, Tilt Steering Wheel, USB Audio Input(s), Velour/Cloth Seats, Wireless Phone Connect, XM Satellite Radio, Armrest, Center Armrest.

Offered for sale by Walker Automotive in Alexandria, LA, (318) 445-6681. Vehicle information by Vast on 09/21/20.

The advertised price of \$5,067 was adjusted to account for typical negotiation.

2 2011 Hyundai Elantra GLS 4D Sedan	KMHDH4AE5BU135803	\$5,633
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Stock# 135803. 151734 Miles. 4 Cylinder 1.8 Engine, 6-Speed Automatic, Popular Equipment Package, Auxiliary Audio Input, Anti-Lock Brakes, Air Conditioning, Alarm System, Bucket Seats, Cruise Control, AM/FM CD Player, Digital Clock, Compact Spare Tire, Center Console, Dual Airbags, Rear Window Defroster, Heated Power Mirrors, Daytime Running Lights, Head Airbags, Halogen Headlights, Intermittent Wipers, Keyless Entry System, Lighted Entry System, MP3 Decoder, Overhead Console, Pwr

Report Date 12/09/20

2011 Hyundai Elantra GLS 4D Sedan

Accessory Outlet(s), Power Brakes, Power Door Locks, Power Steering, Power Windows, Rem Trunk-L/Gate Release, Side Airbags, Stability Cntrl Suspensn, Split Folding Rear Seat, Sunscreen Glass, Steel Wheels, Tachometer, Trip Computer, Traction Control System, Tinted Glass, Tilt & Telescopic Steer, Tilt Steering Wheel, USB Audio Input(s), Velour/Cloth Seats, XM Satellite Radio, Seat Belts.

Offered for sale by Joel's Auto Sales in Alexandria, LA, (318) 442-3448. Vehicle information by Vast on 10/19/20.

The advertised price of \$6,190 was adjusted to account for typical negotiation.

3 2011 Hyundai Elantra GLS 4D Sedan**KMH4A4E3BU140126****\$6,369**

Stock# 140126. 126000 Miles. 4 Cylinder 1.8 Engine, 6-Speed Automatic, Popular Equipment Package, Preferred Equip Pkg, Auxiliary Audio Input, Anti-Lock Brakes, Air Conditioning, Alarm System, Aluminum/Alloy Wheels, Bucket Seats, Cruise Control, AM/FM CD Player, Digital Clock, Compact Spare Tire, Center Console, Dual Airbags, Rear Window Defroster, Heated Power Mirrors, Daytime Running Lights, Head Airbags, Halogen Headlights, Intermittent Wipers, Illuminated Visor Mirror, Keyless Entry System, Lighted Entry System, MP3 Decoder, Overhead Console, Pwr Accessory Outlet(s), Power Brakes, Power Door Locks, Power Steering, Power Windows, Rem Trunk-L/Gate Release, Side Airbags, Stability Cntrl Suspensn, Split Folding Rear Seat, Sunscreen Glass, Strg Wheel Radio Control, Tachometer, Trip Computer, Traction Control System, Tinted Glass, Tilt & Telescopic Steer, Tilt Steering Wheel, USB Audio Input(s), Velour/Cloth Seats, Wireless Phone Connect, XM Satellite Radio, Child Safety Locks, Blue Tooth Communications, Side Curtain Airbags.

Offered for sale by Nick&Paul's Quality Car Corner in Tulsa, OK, (918) 933-4000. Vehicle information by Vast on 11/02/20.

The advertised price of \$6,999 was adjusted to account for typical negotiation.

4 2011 Hyundai Elantra GLS 4D Sedan**KMH4A4E3BU156047****\$6,279**

Stock# TR604727. 94999 Miles. 4 Cylinder 1.8 Engine, 6-Speed Automatic, Popular Equipment Package, Preferred Equip Pkg, Anti-Lock Brakes, Air Conditioning, Alarm System, Aluminum/Alloy Wheels, Bucket Seats, Cruise Control, AM/FM CD Player, Digital Clock, Compact Spare Tire, Center Console, Dual Airbags, Rear Window Defroster, Heated Power Mirrors, Daytime Running Lights, Head Airbags, Halogen Headlights, Intermittent Wipers, Illuminated Visor Mirror, Keyless Entry System, Lighted Entry System, MP3 Decoder, Overhead Console, Power Brakes, Power Door Locks, Power Steering, Power Windows, Rem Trunk-L/Gate Release, Side Airbags, Stability Cntrl Suspensn, Split Folding Rear Seat, Sunscreen Glass, Strg Wheel Radio Control, Tachometer, Trip Computer, Traction Control System, Tinted Glass, Tilt & Telescopic Steer, Tilt Steering Wheel, Velour/Cloth Seats, Wireless Phone Connect, XM Satellite Radio.

Offered for sale by Passport Motors in Plano, TX, (972) 422-9941. Vehicle information by Cars.com on 10/05/20.

The advertised price of \$6,900 was adjusted to account for typical negotiation.

Administrative Data

Kyle PRZ7

State Farm Insurance

Dupont Demand Pool Branch

1000 Wilmington Dr

Dupont WA 98327

Claimant

Insured Chadwick, Rose

Claim 04-14H5-81M01

Loss Date 12/05/2020

Loss Type Collision

Policy

Other

License Expiration 1000-01

VINSOURCE Analysis

VIN KMH4A4E3BU140126

Decodes as 2011 Hyundai Elantra GLS 4D Sedan

Accuracy Decodes Correctly

History No activity was reported

AudaVIN Yes

Report Date 12/09/20

2011 Hyundai Elantra GLS 4D Sedan

NICB Report

NICB/ISO G010 GEICO
Member

Claim 0370721160101021

Loss Date 09/14/11

Type of Loss PROPERTY/CASUALTY

Phone 8008413000

NICB/ISO S037 STATE FARM MUTUAL AUTOMOBILE INSURANCE
Member COMPANY

Claim 0414H581M

Loss Date 12/05/20

Type of Loss PROPERTY/CASUALTY

Phone

Recall Bulletins

Nat'l. Highway Traffic Safety Admin (US) has issued a total of 5 recall bulletins that may apply to this vehicle.

NHTSA ID Number 13V115000

Date Issued 04/01/13

Quantity Affected 186,250

Defect Hyundai Motor Company is recalling certain model year 2011-2013 Elantra vehicles manufactured from November 12, 2010, through March 5, 2013. A support bracket attached to the headliner may become displaced during a side curtain airbag deployment.

If the headliner support bracket makes contact with an occupant during a crash, it may cause a laceration injury.

Remedy Hyundai will notify owners, and dealers will apply adhesive strips to the headliner, free of charge. The safety recall began during April 2013. Owners may contact Hyundai at 1-800-633-5151. Hyundai's recall campaign number is 109.

NHTSA ID Number 15V629000

Date Issued 10/07/15

Quantity Affected 28,157

Defect Hyundai Motor America (Hyundai) is recalling certain model year 2011 Elantra vehicles manufactured November 12, 2010, to March 31, 2011, and Sonata vehicles manufactured December 11, 2009, to February 28, 2010, originally sold in, or currently registered in, Connecticut, Delaware, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, West Virginia, Wisconsin and the District of Columbia. Road salt may corrode the front coil springs, possibly resulting in the coil springs fracturing.

If a front coil spring fractures, it may contact the tire, possibly puncturing it, increasing the risk of a crash.

Remedy Hyundai will notify owners, and dealers will replace the front coil springs, free of charge. Interim notifications were mailed on November 17, 2015. The recall began on January 6, 2016. Owners may contact Hyundai customer service at 1-855-671-3059. Hyundai's number for this recall is 133. Note: Vehicles that were previously registered in salt belt states but are currently registered elsewhere are eligible to be inspected and repaired.

NHTSA ID Number 15V871000

Date Issued 12/23/15

Quantity Affected 155,000

Defect Hyundai Motor America (Hyundai) is recalling certain model year 2011-2012 Elantra vehicles manufactured October 29, 2010, to October 25, 2011. Due to an electronic stability control (ESC) sensor malfunction, the brakes for one or more wheels may be applied unexpectedly and the engine power may be reduced. These symptoms will be accompanied by illumination of the ESC indicator lamp in the instrument cluster.

If the one or more of the brakes are inappropriately applied, control of the vehicle may be lost, increasing the risk of a crash.

Report Date 12/09/20

2011 Hyundai Elantra GLS 4D Sedan

Remedy Hyundai will notify owners, and dealers will verify the proper operation of the ESC sensors, and update the ESC system's calibration, free of charge. The recall began June 6, 2016. Owners may contact Hyundai customer service at 1-800-633-5151. Hyundai's number for this recall is 137.

NHTSA ID Number 20V061000

Date Issued 02/04/20

Quantity Affected 476,111

Defect Hyundai Motor America (Hyundai) is recalling certain 2007-2010 Elantra and 2009-2011 Elantra Touring vehicles. On February 21, 2020 Hyundai expanded the recall to include 46,425 model year 2007-2008 Entourage and 2007 Santa Fe vehicles. Moisture may enter the Anti-lock Brake (ABS) Module and result in an electrical short.

Remedy Hyundai will notify owners, and dealers will install a relay in the vehicle's main junction box to prevent the risk of an ABS short-circuit while the car is turned off, free of charge. The recall is expected to begin April 3, 2020. Owners may contact Hyundai customer service at 1-855-371-9460. Hyundai's number for this recall is 188.

NHTSA ID Number 20V393000

Date Issued 07/02/20

Quantity Affected 272,126

Defect Hyundai Motor America (Hyundai) is recalling certain 2011-2012 Hyundai Elantra and Sonata Hybrid, 2012 Accent and Veloster vehicles. The 12V accessory socket outlet may have been over-tightened during installation, possibly disabling the thermal fuse and allowing the outlet to overheat with prolonged use, such as by using the Tire Mobility Kit air compressor to inflate a tire.

Remedy Hyundai is currently developing a remedy. The remedy procedure will be performed free of charge. The recall is expected to begin August 28, 2020. Owners may contact Hyundai customer service at 1-855-371-9460. Hyundai's number for this recall is 193.

Original Equipment Guide

Engine Options		Transmission Options	
* 4 Cylinder 1.8 Engine	STD	6 Speed Manual	STD
4 Cylinder 1.8 PZEV Engine	\$0	* 6-Speed Automatic	\$1,000
Other Optional Equipment		Convenience Options	
* Anti-Lock Brakes	STD	* Air Conditioning	TYP
Amplifier		Automatic Dimming Mirror	
* Digital Clock	STD	Auto Headlamp Control	
* Compact Spare Tire	STD	* Cruise Control	TYP
* Center Console	STD	* Rear Window Defroster	STD
* Dual Airbags	STD	* Daytime Running Lights	STD
* Head Airbags	STD	* Floor Mats	\$95
* Halogen Headlights	STD	Garage Door Opener	
* Intermittent Wipers	STD	* Illuminated Visor Mirror	TYP
* Keyless Entry System	STD	* Rem Trunk-L/Gate Release	STD
1st Row LCD Monitor(s)		Rear View Camera	
* Lighted Entry System	STD	* Strg Wheel Radio Control	TYP
Navigation System		* Tilt & Telescopic Steer	TYP
* Overhead Console	STD	* Tilt Steering Wheel	STD
* Pwr Accessory Outlet(s)	STD	Radio/Phone/Alarm Options	
* Side Airbags	STD	* Auxiliary Audio Input	STD
* Stability Cntrl Suspensn	STD	* Alarm System	STD
* Sunscreen Glass	TYP	* AM/FM CD Player	STD
* Tachometer	STD	* MP3 Decoder	STD

Report Date 12/09/20

2011 Hyundai Elantra GLS 4D Sedan

* Trip Computer	STD	* USB Audio Input(s)	STD
* Traction Control System	STD	* XM Satellite Radio	STD
* Tinted Glass	STD	Power Accessories	
Wheel Locks	\$50	* Heated Power Mirrors	STD
* Wireless Phone Connect	TYP	* Power Brakes	STD
Seat Options		* Power Door Locks	STD
* Bucket Seats	STD	* Power Steering	STD
* Split Folding Rear Seat	STD	* Power Windows	STD
* Velour/Cloth Seats	STD	Wheel Options	
		* Aluminum/Alloy Wheels	TYP
		Steel Wheels	STD

Option Packages			
HomeLink Univ. Transmitt.	\$250	Includes Automatic Dimming Mirror, Garage Door Opener	
* iPod Capability	\$35	Includes iPod Cable.	
Navigation Package	\$1,850	Includes Auto Headlamp Control, Amplifier, 1st Row LCD Monitor(s), Navigation System, Rear View Camera, 7 Inch Color Screen	
* Popular Equipment Package	\$1,250	Includes Air Conditioning, Cruise Control, Sunscreen Glass, Tilt & Telescopic Steer, 16 Inch Steel Wheel W/Covers	
* Preferred Equip Pkg	\$550	Includes Aluminum/Alloy Wheels, Illuminated Visor Mirror, Strg Wheel Radio Control, Wireless Phone Connect, Voice Recognition, Cloth Insert Door Trim, Illuminated Ignition, Sliding Center Armrest	
Rear Bumper Applique	\$50		

Base retail price \$15,695

Loss Vehicle manufacturer's suggested retail price as reported **\$18,625**

Editions available for the same body style (in order of original cost, increasing): *GLS, Limited

* Indicates loss vehicle equipment.

About Your Valuation

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Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. As required by Arkansas Code Title 23, Chapter 89, Sub-chapter 2 (23-89-216), the following notice is provided, and is applicable to you if you are insured on the policy under which payment is being made for damage to this vehicle: Failure to use the insurance proceeds in accordance with a security agreement between you and a lienholder, if any, may constitute the criminal offense of defrauding a secured creditor in violation of Arkansas Code Section 5-12 37-203. If you have any questions, contact your lienholder.

Report Date 12/09/20

2011 Hyundai Elantra GLS 4D Sedan

Report Generated by Audatex, a Solera Company



US Pat. No 7912740B2

US Pat. No 8200513B2

US Pat. No 8468038B2

US Pat. No 8725544

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EXHIBIT 2

Providing Insurance and Financial Services
Home Office, Bloomington, IL



December 9, 2020

Rose Chadwick
[REDACTED]
Mabelvale AR 72103-9235

State Farm Claims
PO Box 52250
Phoenix AZ 85072-2250

RE: Claim Number: 04-14H5-81M
 Date of Loss: December 5, 2020
 Vehicle: 2011 Hyundai ELANTRA
 VIN: KMHDH4AE1BU082937
 Mileage: 266863

Dear Rose Chadwick:

Your policy provides for payment of the actual cash value of your vehicle, less any applicable deductible for your total loss. Actual cash value is generally determined by the age, condition, equipment and mileage of your vehicle at the time the loss occurred.

To assist us in determining actual cash value, we consider information obtained by our representatives, information provided by you, vehicle valuation services, and other sources. If you have additional information you wish us to consider, or if you believe we have not correctly determined the actual cash value of your vehicle, please contact us.

The amount payable to you was determined as follows:

Actual Cash Value	\$4,121.00
Plus: Taxes	\$277.24
Title Transfer:	\$11.00
Subtotal	\$4,409.24
Less: Deductible	\$250
Payment to Lien/Lease holder (if applicable)	\$2,775.77
Total Net Payable to You	\$1,383.47

Thank you for choosing State Farm® for your insurance needs.

If you have questions or need assistance, call us at (855) 231-1590 Ext. 702.

04-14H5-81M
Page 2
December 9, 2020

Sincerely,

Kyle Longmire
Claim Specialist
(855) 231-1590 Ext. 702

State Farm Mutual Automobile Insurance Company

Enclosure(s): Settlement Documents

Take advantage of our self-service options

Go to statefarm.com[®] to easily review claim status, select a repair facility, reserve a rental vehicle, update direct deposit account information for claim payments and many other insurance and banking services.