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## **Lerach Coughlin Stoia Geller Rudman & Robbins LLP Announces Farmers Insurance to Pay a Premium in Service Charge Scheme**

SAN DIEGO--(BUSINESS WIRE)--Sept. 5, 2006--Farmers Insurance Exchange and Farmers Group Inc. have been ordered to pay back more than \$115 million in "service charges" that were tacked on to consumers' insurance policy premiums. California Superior Court Judge Jay M. Bloom found that the charges were "above and beyond" the premiums specified in the policies and ordered that Farmers pay back the charges.

"These service charges were just additional premiums with a different name," said Timothy G. Blood of Lerach Coughlin Stoia Geller Rudman & Robbins LLP, attorney for the plaintiffs in the class action suit. "It's like going to the grocery store to buy a gallon of milk and then finding out at the register that in addition to the advertised \$3 for the milk, you have to pay an additional service charge, while receiving no additional benefit."

Consumers who bought car insurance through Farmers Insurance Exchange were given the option of buying a one-month policy, but if they took this option they were charged a \$60 or \$96 per year "service charge" in addition to the premium. The court determined that Farmers' "service charge" breached the insurance contract by requiring consumers to pay more than they had agreed to pay for the insurance. "For most consumers this charge was an annoyance, but over time it added up, and for Farmers it added up to millions of dollars," said Blood. The total amount of service charges collected by Farmers since 2000 is \$115,556,827.00.

Members of the class action suit are all the people who bought insurance policies issued by Farmers in California or Nevada between October 6, 2000 and August 26, 2005, paid on a monthly basis, and were charged one or more "service charges" in addition to their premiums.

Lerach Coughlin, a 180-lawyer firm with offices in San Diego, San Francisco, Los Angeles, New York, Boca Raton, Washington, D.C., Houston, Philadelphia and Seattle, is active in major litigations pending in federal and state courts throughout the United States and has taken a leading role in many important actions on behalf of defrauded investors, consumers, and companies, as well as victims of human rights violations. Lerach Coughlin lawyers have been responsible for more than \$20 billion in aggregate recoveries. The Lerach Coughlin Web site (<http://www.lerachlaw.com>) has more information about the firm.

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