



AlaFile E-Notice

69-CV-2025-900003.00

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NOTICE OF ELECTRONIC FILING

IN THE CIRCUIT COURT OF BARBOUR COUNTY, ALABAMA

TASHAUNDRA GRANGER ET AL V. PERMANENT GENERAL ASSURANCE CORP. ET AL
69-CV-2025-900003.00

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**IN THE CIRCUIT COURT OF BARBOUR COUNTY, ALABAMA
(EUFAULA DIVISION)**

**TASHAUNDRA GRANGER, MELISA
HAMILTON, HELEN RUSTIN,
MATTHEW K. LANCASTER and
BERNA MASON,**

Plaintiffs,

v.

**PERMANENT GENERAL
ASSURANCE CORP.; PERMANENT
GENERAL ASSURANCE CORP. OF
OHIO; THE GENERAL AUTOMOBILE
INSURANCE COMPANY, INC.**

Defendants.

CASE NO.: 2025-CV-900003

AMENDED AND RESTATED CLASS ACTION COMPLAINT

COME NOW, Plaintiffs Tashaundra Granger, Melisa Hamilton, Helen Rustin, Matthew K. Lancaster and Berna Mason (collectively, “Plaintiffs”), and hereby submit their Amended and Restated Class Action Complaint against Defendants Permanent General Assurance Corp.; Permanent General Assurance Corp. of Ohio; The General Automobile Insurance Company, Inc. (collectively referred to as “Defendants”) and, upon and information, belief, investigation, and due diligence alleges as follows:

I. PARTIES, JURISDICTION, AND VENUE

1. Plaintiff Tashaundra Granger is an adult resident citizen of the State of Alabama residing in Barbour County.

2. Plaintiff Melisa Hamilton is an adult resident citizen of the State of Alabama residing in Barbour County.

3. Plaintiff Helen Rustin is an adult resident citizen of the State of Alabama residing

in Russell County.

4. Plaintiff Matthew K. Lancaster is an adult resident citizen of the State of California residing in Solano County.

5. Plaintiff Berna Mason is an adult resident citizen of the State of Georgia residing in Bibb County.

6. Defendants Permanent General Assurance Corp., Permanent General Assurance Corp. of Ohio, and The General Automobile Insurance Company are foreign corporations doing business in Alabama and in Barbour County. Defendants are affiliated and related entities that collectively market, sell, underwrite, and service non-standard automobile insurance throughout Alabama and the United States. Defendants collectively marketed, sold, wrote, and serviced Plaintiffs' automobile insurance as described in this action. Defendants' principal place of business is in Nashville, Tennessee.

7. Venue is proper in this county in that Defendants do business in this county, the acts and omissions giving rise to this action occurred in this county, each Plaintiff resides in this county, the contract at issue was consummated in this county, and the property that was the subject of the insurance contract at issue in this matter was, at all times, located in this county.

II. FACTUAL BACKGROUND

8. Defendants underwrite and provide non-standard automobile insurance to customers throughout the United States, including Alabama. Upon information and belief, a majority of Defendants' sales are made to customers either online or telephonically.

9. Since their inception, Defendants' business model has been to offer as their core product non-standard automobile insurance of minimum limits to comply with state financial responsibility laws. Non-standard automobile insurance is typically procured by those consumers

who, due to financial constraints, troubled credit histories, or otherwise, are unable to obtain or afford coverage through standard, more commonly known carriers.

10. In late 2012, American Family Insurance acquired PGC Holdings Corp. (“Permanent General Companies”) and its subsidiaries, including non-standard auto insurers Permanent General and The General, in a \$239 million transaction. Following the acquisition, Defendants began a widespread, comprehensive, and aggressive marketing strategy to attract a large customer share of the non-standard auto insurance market. These widespread and aggressive marketing efforts included, among other things, high profile television, digital, and billboard advertisements containing visible and recognizable marketing slogans, mascots, jingles, and celebrity endorsements. For example, Defendants’ television commercials advertising their non-standard automobile insurance include a cartoon personality as well as several widely recognized celebrities.

11. As part of its widespread and aggressive marketing efforts to attract customers of non-standard automobile insurance, Defendants’ radio, internet, television, and billboard advertising emphasizes the availability of low-cost, state-minimum automobile liability coverage with a low, affordable down payment and the availability of monthly premium payments in order to meet the consumer’s budgeting needs.

12. Upon information and belief, Defendants’ non-standard auto policies are written for either a six (6) month or twelve (12) month policy period.

13. Upon information and belief, Defendants are thoroughly knowledgeable about the demographic profile and common traits/characteristics of their typical customers. Defendants are aware that, because of budgeting constraints, an overwhelming majority of Defendants’ customers want or need to pay for their automobile insurance on a periodic basis (i.e., monthly, quarterly,

etc.) rather than in full upfront for the entire policy period, just as advertised by Defendants. Upon information and belief, an overwhelming majority, if not all, of Defendants' customers pay their auto premium on a set monthly basis establishing when the monthly premium payment is due. If the customer does not pay the monthly premium payment when due, the policy is canceled and there is no coverage.

14. Defendants know that, in light of their customer demographic and the highly competitive non-standard auto insurance market, it is not uncommon for many insureds' policies to be cancelled during a six (6) or a twelve (12) month policy period. Such cancellations can be due to: non-payment of premium by the insured and/or the insured's inability to make premium payments due to financial constraints or difficulties; availability of a more affordable option for the insured; customer dissatisfaction with the coverage, service, or pricing subsequent to the quote and application process; loss of the insured's vehicle; or other reasons. Upon information and belief, Defendants know that a significant percentage of their automobile policies cancel during the six (6) or twelve (12) month policy period.

15. Each Plaintiff purchased an automobile policy with the Defendants. Like the overwhelming majority of Defendants' customers, each Plaintiff would make monthly premium payments as scheduled and billed by Defendants.

16. Each Plaintiff's policy was cancelled during the policy period in accordance with section "C" of the policy provision quoted below.

17. Defendants' auto insurance policy, policy application, and declarations page are standard form documents created by Defendants that, except for customer-specific coverages, rates, and customer information, do not materially differ among Defendants' insureds throughout

the United States. The language of Defendants' auto policy, application, and declarations page is standard, uniform and consistent among its insureds.

18. Defendants' standard form Alabama policy states as follows with respect to cancellations and refunds due of unearned premium:

3. Premium Refund upon Cancellation

- a. If the policy cancels, the **named insured** may be entitled to a refund of unearned premium. **We** will send **you** any premium refund due to **you** as soon as possible, but:
 - (1) No later than 30 days after the date **we** send notice of cancellation if **we** cancel the policy; or
 - (2) No later than 30 days after the date **we** receive notice of cancellation if **you** cancel the policy.
- b. If this policy is cancelled by **us** for any reason, any refund due will be computed on a daily pro-rata basis, and subject to any fully-earned fees.
- c. If this policy is cancelled at **your** request or due to failure to pay premium, any refund due will be calculated at a 90% of pro rata basis, and subject to any fully-earned fees.
- d. **Our** making or offering of a refund:
 - (1) is not a notice or condition of cancellation; and
 - (2) will not affect the effective date of any cancellation.
- e. All policy fees are fully earned on the effective date of the policy.

(Policy, pp. 24)

19. In accordance with this policy provision, and read from the view of a reasonable person/layman in Plaintiffs' position, each Plaintiff understood, expected, and believed that the refund of unearned premium due to be returned to them would be provided at 90% of the pro-rata premium amount.

20. However, despite the governing contractual language, Defendants provided Plaintiffs with **no** premium refund upon cancellation, and, in fact, at least with respect to Plaintiff Hamilton, Defendants aggressively and without justification sent collection notices for amounts improperly due, including the improper penalty challenged herein. Upon information and belief,

Defendants improperly retained amounts unauthorized by the contract, and/or assessed Plaintiffs an undisclosed penalty that is not authorized by the contract. This practice by Defendants was not random or isolated to Plaintiffs, but rather was part of a common and uniform business practice employed by Defendants when policies are cancelled and premium refunds are due to the insured. This common practice by Defendants was employed on Plaintiffs and other class members.

21. Defendants breached their standard form contracts with Plaintiffs and other class members by failing to make refunds upon cancellation, assessing improper penalties, and/or calculating premium refunds due to insureds on something other than a “90% of pro-rata basis.” If a refund of unearned premium due to be returned to the insured at “90% of pro-rata” was intended by Defendants to mean something other than 90% of the pro-rata return premium amount due back to the insured - - - which is how a reasonable person or layman in the insured’s position would understand the provision - - - then it is certainly not spelled out or specified in the policy drafted by Defendants.

22. Defendants breached their standard form contracts with Plaintiffs and other class members by improperly assessing an undisclosed and unlawful penalty that is not contractually authorized. The policy does not use the term “penalty” or say anything about a penalty, much less describe or specify how any such penalty will be calculated

23. Upon information and belief, upon cancellation, Defendants unilaterally and improperly assessed and/or retained for itself a so-called “Short Rate Cancel Fee” from the premium paid by Plaintiffs and held by the Defendants. None of the Plaintiffs’ policy documents reference the term “Short Rate Cancel Fee.” Upon information and belief, Defendants assess and retain their “Short Rate Cancel Fee” based upon premiums and certain “fees” never due from the insured, never paid by the insured, and never held by the Defendants. In the non-standard insurance

market where insureds may need to exercise his/her right to terminate coverage for a variety of reasons, information surrounding any cancellation fees or penalties is material and important information needed for consumers to make informed decisions surrounding coverage. As stated, none of Plaintiffs' policy documents reference the term "Short Rate Cancel Fee." These practices by Defendants violate the standard form contracts with insureds, and/or result in the assessment and retention of an unlawful penalty or illegal liquidated damages that is unenforceable under Alabama law.

24. As stated, the business practices of Defendants as described herein were not random or isolated to Plaintiffs, nor were they the result of a mistake or miscalculation. Rather, Defendants' conduct is part of a common and uniform business practice and protocol employed by Defendants when policies are cancelled and when premium refunds are due to the insured. Upon information and belief, thousands of other insureds have had premium refunds shorted or amounts improperly claimed by Defendants as a result of this uniform business practice. Further, the applicable policy provisions are all common and uniform among class members. Because of the nature of the uniform business practice and applicable standard form contracts, Plaintiffs' claims are well-suited for class action status.

25. Knowing that a significant percentage of their policies cancel during the policy period, Defendants' business practice as described herein was implemented by them to obtain additional profits and revenues at the expense of an unsuspecting segment of consumers in Alabama and throughout the United States. Upon information and belief, a majority, if not all, of Defendants' competitors do not discount any unearned premium paid by the insured and due to be refunded when policies are cancelled. Defendants employ the common business practice described herein merely to enhance revenues at the expense of a targeted class of consumers. Defendants

know that, given the relatively small refund amounts it is shorting insureds and improperly keeping itself, its non-standard auto insurance customers have little individual recourse in remedying Defendant's improper business practice.

III. CLASS ACTION ALLEGATIONS

26. Pursuant to Ala. R. Civ. Pro. 23(b)(3), Plaintiffs respectfully seek certification of the following class:

All citizens residing in the United States, excluding the State of Florida, who, within the Class Period, were (1) insured under an Automobile Insurance Policy sold or issued by PGAC containing the same or similar "Refund of Premium" provision under the policy's "Cancellation and Non-Renewal" section as found in PGAC's policies, and who (2) had their policies cancelled, and who (3) had paid a premium that was held by PGAC and still unearned on the effective date of cancellation.

27. Excluded from the Settlement Class are: (1) any in-house or outside counsel for PGAC and the immediate family members of such persons; (2) employees of PGAC; (3) any members of the judiciary assigned to the Action and their staff; (4) the Parties' counsel in the Action; and (5) any persons whose claims which have already been fully paid or resolved, whether by direct payment, appraisal, arbitration, settlement, release, judgment, or other means.

28. **Numerosity.** The class is so numerous that it would be impracticable to join all effected class members in a single action.

29. **Existence and Predominance of Common Questions of Law and Fact.** There are questions of law and fact common and of general interest to the class. These common questions of law and fact predominate over any questions effecting only individual members of the class. Said common questions include, but are not limited to, the following:

a. Whether Defendants engaged in a widespread and systematic practice of violating contracts with consumers throughout the United States by virtue of the conduct described herein;

b. Whether Plaintiffs and class members are entitled to class relief as requested herein;

c. Whether Defendants have retained and collected an unlawful penalty which, in equity and good conscious, is due to be returned to Plaintiffs and class members;

d. Whether Defendants have violated the provisions of its standard form contracts by wrongfully calculating premium refunds as described herein.

30. **Typicality.** The claims of the named Plaintiffs are typical of the claims of the class. The claims arise out of the same standard, form, improper conduct perpetrated on members of the class.

31. **Adequate Representation.** Plaintiffs will fairly and adequately protect the interests of the members of the class and have no interest antagonistic to those of other class members. Plaintiffs have retained class counsel who are competent to prosecute class actions, and who are financially able to represent the class.

32. **Superiority.** The class action is superior to other available methods for the fair and efficient adjudication of this controversy since individual joinder of all members of the class is impracticable. The interest of judicial economy strongly favors adjudicating these claims as a class action rather than on an individual basis because the amount of any individual's damages are too small to make it practicable to bring individual lawsuits.

33. Class action treatment is proper and this action should be maintained as a class action pursuant to Ala. R. Civ. Pro. 23 because questions of law and fact predominate over any

questions affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

COUNT I
Breach of Contract

34. Plaintiffs adopt and incorporate all previous allegations in full.

35. Defendants have violated standard form contracts with Plaintiffs and class members by, among other things:

- a. improperly seeking and retaining amounts unauthorized by contracts when policies are cancelled and premium refunds are due;
- b. calculating premium refunds due to insureds on something other than a “90% of pro-rata” basis when policies are cancelled at the insured’s request or for failure to pay premium when due;
- c. not adhering to the duty of good faith and fair dealing implied in every contract, to the extent any discretion was to be exercised by Defendants;
- d. improperly assessing an unlawful and unauthorized penalty.

36. As a result of Defendants’ breach of contract, Plaintiffs and class members are entitled to recover compensatory damages representing those amounts that were assessed or retained in violation of the contract.

COUNT II
Restitution of Unlawful Penalty

37. This count is pled in the alternative to Count I/Plaintiffs’ Breach of Contract Claim.

38. Defendants’ retention of unearned premium that has been paid by the insured and due to be refunded upon cancellation in the manner described in this Complaint constitutes an unlawful and unenforceable penalty that is unconscionable, both procedurally and substantively,

under Alabama law and contrary to the public policy of this State. Defendants' retention of unearned premiums in this manner was improperly intended to punish and/or deter insureds from cancelling, and is unlawful under well-established law governing unenforceable penalties and illegal liquidated damages in contracts made in Alabama.

39. Plaintiffs and class members are entitled to restitution of any unauthorized penalty amounts paid to or otherwise retained or sought by Defendants, as Defendants are not entitled to keep these ill-gotten gains. In equity and in good conscious, Defendants are obligated to provide Plaintiffs and class members with restitution of any unlawful penalties collected and/or retained by Defendants.

JURY DEMAND

PLAINTIFFS DEMAND TRIAL BY STRUCK JURY ON ALL ISSUES IN THIS CASE.

Dated this 30th day of April, 2025.

/s/ James M. Terrell

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DEFENDANTS TO BE SERVED VIA THEIR REGISTERED AGENT:

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THE GENERAL AUTOMOBILE INSURANCE COMPANY, INC.
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