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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

MEHRAN DAVID ALAEI, an individual,  
all others similarly situated, and the general  
public,

Plaintiff,

vs

GOVERNMENT EMPLOYEES  
INSURANCE COMPANY (GEICO), a  
Delaware corporation; GEICO GENERAL  
INSURANCE COMPANY, a Maryland  
corporation; and DOES 1 to 10,

Defendants.

Case No. '20CV0262 JM WVG

**CLASS ACTION COMPLAINT**

**DEMAND FOR JURY TRIAL**

1 Plaintiff MEHRAN DAVID ALAEI (“Plaintiff”) on behalf of himself and all others  
2 similarly situated, brings this consumer class action against Government Employees  
3 Insurance Company (hereinafter “GEICO”) and GEICO General Insurance Company  
4 (hereinafter “GEICO General”) (collectively “GEICO” or “Defendant”) for unlawful,  
5 unfair, and deceptive business practices in violation of California Business & Professions  
6 Code Section 17200, *et seq.*, California Business & Professions Code Section 17500, *et*  
7 *seq.*, and California Civil Code Section 1750, *et seq.* and alleges as follows:

8 **I. NATURE OF ACTION**

9 1. GEICO has engaged in the most substantial “bait and switch” marketing  
10 campaign in the history of consumer auto insurance in the state of California. Consumers,  
11 including Plaintiff, routinely call GEICO seeking quotes to lower their auto insurance  
12 coverage premiums. The vast majority of consumers who call GEICO, including Plaintiff,  
13 are seeking an “apples to apples,” comparison of their existing auto insurance policy, to an  
14 identical policy offered by GEICO. Consumers, including Plaintiff, call GEICO in order to  
15 compare the price of GEICO’s full coverage insurance premium to their own, in the hope  
16 of purchasing equal, but less expensive auto insurance coverage.

17 2. Consumers, including Plaintiff, who called seeking a full coverage auto  
18 insurance policy, were instead, systematically offered GEICO’s “Full *Comprehensive*  
19 *Package*,” an inferior policy that did not include “collision” insurance – leaving them  
20 exposed to substantial risk of loss for damage caused to their own vehicle in the event of  
21 an at-fault accident. The “Full Comprehensive Package” offered by GEICO during the  
22 sales pitch was invariably less expensive than the customers’ own, actual full coverage  
23 policy. Customers, including Plaintiff, were duped by GEICO into switching their car  
24 insurance coverage to the inferior “Full Comprehensive Package,” without any notice or  
25 knowledge that the policy they purchased from GEICO over the phone did not include  
26 collision coverage.

27 3. Indeed, a recent study conducted by Insurancequotes.com demonstrated that  
28 sixty-eight percent (68%) of Americans incorrectly believe that comprehensive auto

1 insurance covers car damage from collision.<sup>1</sup> Instead of demystifying this legitimately  
2 misleading and confusing concept, GEICO instead preyed on this widely held  
3 misunderstanding by emphasizing that it is offering a “full” and “comprehensive” coverage  
4 that is comparable to competitors’ insurance plans that did include collision coverage in  
5 order to substantially bolster its profits.

6 4. Remarkably, after internal outcry from their own employees over the practice,  
7 (including the establishment of an internal, digital message board topic) GEICO issued an  
8 urgent memo directing its sales force to cease the conduct. The memo states in relevant  
9 part:

10 **Effective immediately:** The terms “Comprehensive,” “Safety  
11 Package,” “Physical Damage,” etc. can confuse and lead some  
12 customers to believe they have “full coverage”.... We have seen some  
customer complaints for this....

13 (*See* Exhibit “A”.)

14 5. GEICO’s conduct resulted in the fraudulent sale of insurance policies to  
15 unsuspecting customers who wrongly believed they were receiving “full coverage” on their  
16 automobiles.

17 6. Plaintiff and those similarly situated (“Class Members”) relied on GEICO’s  
18 representations that the insurance policy they were purchasing was identical to the policy  
19 they presently had; including the existence of “full coverage” – meaning liability and  
20 collision insurance coverage. As a result, Plaintiff and the Class suffered monetary  
21 damages as a result of Defendant’s false and deceptive misrepresentations and omissions.

## 22 **II. JURISDICTION AND VENUE**

23 7. This Court has subject matter jurisdiction under the Class Action Fairness Act,  
24 28 U.S.C. § 1332(d) in that: (1) this is a class action involving more than 100 class  
25 members; (2) Plaintiff is a citizen of the State of California; Defendant GEICO General  
26

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27 <sup>1</sup> [https://www.insurancequotes.com/auto/insurance-myths-keep-americans-guessing-](https://www.insurancequotes.com/auto/insurance-myths-keep-americans-guessing-61919)  
28 [61919](https://www.insurancequotes.com/auto/insurance-myths-keep-americans-guessing-61919)

1 Insurance Company is a Maryland Corporation, with its principle place of business in  
2 Maryland and Defendant Government Employees Insurance Company is a Delaware  
3 Corporation with its principle place of business in Maryland; (3) the amount in controversy  
4 exceeds the sum of \$5,000,000.00, exclusive of interests and costs.

5 8. The Court has personal jurisdiction over Defendants because Defendants  
6 conduct business in California. Defendant has marketed, promoted, and sold auto insurance  
7 policies in the State of California, and Defendant has sufficient minimum contacts with  
8 this State and/or has sufficiently availed itself of the market in this State through its  
9 promotion, sales, and marketing within this State to render the exercise of jurisdiction by  
10 this Court permissible.

11 9. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b)(2) because a  
12 substantial part of the events or omissions giving rise to Plaintiff's claims occurred while  
13 Plaintiff resided in this judicial district.

14 **III. PARTIES**

15 10. Plaintiff Mehran David Alaei resides in San Diego County, California. On or  
16 about August 2017, Plaintiff called GEICO and requested and received an “apples to  
17 apples” quote from GEICO for auto insurance coverage for both of his vehicles, a 2012  
18 Lexus RX350 (owned by Plaintiff) and a 2016 Lexus ES350 (Leased by Plaintiff). At the  
19 time, both vehicles were insured by ESURANCE with “full coverage,” meaning - a policy  
20 which included both liability and collision coverage.

21 11. During the call to GEICO, Plaintiff agreed to receive an “apples to apples”  
22 comparison quote from the GEICO sales representative because the representative stated,  
23 consistent with GEICO's general marketing message, that Plaintiff could save up to 15%  
24 on the policy by switching to GEICO. The GEICO representative then informed Plaintiff  
25 that he could save approximately \$600.00 every six months by switching to the GEICO,  
26 “FULL COMPREHENSIVE COVERAGE POLICY.” When Plaintiff asked the GEICO  
27 representative if this was the same policy as the one Plaintiff currently had with  
28 ESURANCE for both of his vehicles, the representative replied in the affirmative. On or

1 about August 23, 2017, Plaintiff accepted GEICO's offer and paid the quoted premium by  
2 credit card over the phone.

3 12. On or about October 13, 2018, Plaintiff's vehicle was involved in an at-fault  
4 auto accident. Plaintiff contacted GEICO and reported a claim and received claimed  
5 number 0606643630101017.

6 13. On or about October 13, 2018, Plaintiff was informed by GEICO that Plaintiff  
7 had liability coverage but no collision coverage for the 2012 Lexus RX350 and that the  
8 claim for repairs to the 2012 Lexus RX350 was denied by GEICO.

9 14. Plaintiff pleaded with the GEICO representative and reminded him that  
10 GEICO had provided an "apples to apples" quote in August of 2017 and that the policy  
11 held with ESURANCE was a full coverage policy with both liability and collision  
12 coverage. The GEICO representative informed Plaintiff that his car in fact did not have  
13 collision insurance and the claim was denied.

#### 14 **IV. SUBSTANTIVE ALLEGATIONS**

##### 15 **A. GEICO Revolutionized the Auto Insurance Market Through Advertising.**

16 15. GEICO is the second largest auto insurer in the United States, after State  
17 Farm. As of 2017, GEICO provided auto insurance coverage for more than 24 million  
18 motor vehicles owned by more than 15 million policy holders. GEICO writes private  
19 passenger automobile insurance in all 50 U.S. states, including California. GEICO  
20 primarily sells policies directly to the consumer over the phone, through its website, and  
21 through local agents, called GEICO Field Representatives.

22 16. In the mid-1990's, insurance company advertising was considered novel and  
23 GEICO desired to move the public perception of insurance to that of a commodity rather  
24 than perceiving insurance through a long-term relationship with a full service agent, as was  
25 the model at its primary competitor, State Farm. The predominant advertising for  
26 traditional insurance companies focused on the bad events which needed insurance (similar  
27 to Allstate's "Mayhem" ad campaign) and GEICO believed that its target audience felt that  
28

1 insurance was just another necessary expense; the relationship to an agent was a value-less  
2 example of an overpriced middle-man.

3 17. As a result, GEICO deployed a comprehensive, years-long marketing  
4 campaign. The advertising strategy incorporates a saturation-level amount of print  
5 (primarily mail circulars) and television parody advertisements, as well as radio  
6 advertisements. GEICO branded its primary marketing tag-line, through sheer volume and  
7 repetition in consumer media. GEICO's signature marketing slogan: "15 minutes could  
8 save you 15% or more on car insurance," is ever present in mass media and television  
9 advertising.

10 18. Over the last ten years, GEICO has spent billions of dollars in advertising,  
11 featuring several well-known mascots, including the GEICO "Cavemen", the GEICO  
12 "Piggy" and GEICO "Gecko". GEICO could afford this expenditure because of its unique  
13 business model in offering "direct to consumer" insurance; bypassing commissions to  
14 insurance brokers. Historically, GEICO did not employ insurance agents like its more  
15 traditional competitors, State Farm and AllState, and therefore was not financially  
16 burdened with agent commissions.

17 19. However, in recent years, the direct to consumer model of insurance services  
18 has experienced robust growth and significant competition. Other auto insurance  
19 companies took note of GEICO's robust growth and several have tried to emulate the direct  
20 to consumer marketing model. Notably, Progressive Insurance has invested heavily in  
21 brand advertising and is poised to overtake GEICO as the number two auto insurance  
22 carrier in the market. Internet-based and online-only models like Esurance have also  
23 entered the direct to consumer insurance market.

24 20. The increasing competition has made it exceedingly more difficult for GEICO  
25 to deliver on its signature slogan; its promise that it could save consumers more than 15%  
26 on car insurance.



1 **B. GEICO’s Misleading Sales Pitch to Consumers**

2 21. The vast majority of GEICO’s policies are sold over the phone by their Field  
3 Representatives. GEICO employs several hundred sales representatives in the state of  
4 California, including nearly 200 in its San Diego office. GEICO retains exclusive control  
5 over its sales narrative and the marketing tactics employed by its representatives to  
6 convince consumers to purchase insurance from them.

7 22. There are well known “terms of art” used in the insurance industry to explain  
8 coverage. The two most popular forms of auto insurance coverage are, “Liability,” which  
9 covers damage that an insured causes to another driver; and “Collision,” which covers  
10 damage to the insured’s vehicle in the event of an accident where the insured is determined  
11 to be “at fault” for the cause of the accident. While the State of California requires every  
12 driver to carry a minimum amount of Liability insurance, automobile lenders / financiers  
13 typically require car owners who finance or lease their vehicles to purchase both forms of  
14 insurance, liability and collision; the combination of which is referred to as “full coverage”.

15 23. Feeling the pressure to continually deliver on its brand-promise to offer  
16 consumers a 15% discount on their auto insurance premiums, GEICO turned to improper  
17 marketing practices that prey on consumer confusion regarding the various types of  
18 automobile insurance coverage offered in the market.

19 24. GEICO is uniquely aware of the auto insurance consumer’s understanding of  
20 the phrase “full coverage”. GEICO and consumers alike, understand that if you were to  
21 purchase an automobile policy with “full coverage,” a consumer could reasonably expect  
22 to receive both liability and collision insurance on their vehicle.

23 25. Consumers are far less aware of the term and frequently do not understand  
24 what is meant by, “Comprehensive Insurance.” Comprehensive insurance is intended to  
25 be an “add on” to either a liability-only policy or a full-coverage policy. While 88 percent  
26 of Americans owned a car in 2018, a recent study conducted by Insurancequotes  
27 demonstrated that “68 percent of Americans incorrectly believe that comprehensive auto  
28

1 insurance covers car damage from collision. This is decidedly not the case.”<sup>2</sup> An  
2 NBCNews report published on September 4, 2019 cited this study and concluded that  
3 “[w]hen it comes to auto insurance, [the difference between collision and comprehensive  
4 coverage] is probably the biggest area of confusion. Many people, it seems, don’t  
5 understand what they’re buying.”<sup>3</sup> Indeed, numerous auto insurance companies felt it  
6 necessary to include in their websites pages devoted to noting this rampant and costly  
7 confusion and attempt to demystify it, *e.g.*:

- 8 • American Family Insurance: “Do you get comprehensive and collision insurance  
9 confused? Don’t worry – many people do.”<sup>4</sup>
- 10 • The Hartford Insurance, in its webpage addressing AARP members:  
11 “Comprehensive and collision insurance are frequently confused.”<sup>5</sup>
- 12 • Progressive: “Comprehensive insurance is commonly confused with collision.”<sup>6</sup>
- 13 • Rockford Mutual Insurance Company: “Many customers often confuse collision  
14 insurance with comprehensive insurance, or visa versa.”<sup>7</sup>

15 26. However, at some point in 2015, GEICO began to employ marketing tactics  
16 that preyed on consumer confusion regarding the meaning of “Comprehensive” insurance.  
17 Comprehensive, by dictionary definition means: “*complete, including all or nearly all*  
18 *elements or aspects of something.*”<sup>8</sup>

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21 <sup>2</sup> <https://www.insurancequotes.com/auto/insurance-myths-keep-americans-guessing-61919>

22 <sup>3</sup> <https://www.nbcnews.com/better/lifestyle/7-things-you-should-know-about-auto-car-insurance-ncna1049086>

23 <sup>4</sup> <https://www.amfam.com/resources/articles/understanding-insurance/comprehensive-vs-collision-insurance>

24 <sup>5</sup> <https://www.thehartford.com/aarp/car-insurance/collision-insurance>

25 <sup>6</sup> <https://www.progressive.com/answers/comprehensive-insurance/>

26 <sup>7</sup> <https://www.rockfordmutual.com/blog/what-difference-between-collision-insurance-and-comprehensive-insurance>

27 <sup>8</sup> *See*, Oxford English Dictionary, 2018 Edition.



1           27. When consumers would contact GEICO seeking an “apples to apples”  
2 comparison of their existing full-coverage insurance policy to an identical GEICO policy,  
3 GEICO would, instead, offer the consumer a “FULL COMPREHENSIVE PACKAGE”  
4 insurance plan; an insurance policy that did not provide collision insurance for vehicles  
5 that the consumer was not presently under a legal and/or contractual obligation to insure  
6 with collision insurance.

7           28. The use of the word “Comprehensive,” in combination with the term  
8 “Package” in the description of the “FULL COMPREHENSIVE PACKAGE” insurance  
9 product is confusing and misleading to consumers. Consumers have a general  
10 understanding of the dictionary meaning of the term, “comprehensive.” Consumers,  
11 including Plaintiff, reasonably equate “Comprehensive” with its actual meaning:  
12 “complete”. Consumers, including Plaintiff, who purchase comprehensive insurance  
13 packages, reasonably believe that they have purchased full coverage for their vehicles.  
14 GEICO is keenly aware of this consumer confusion and has weaponized it for its economic  
15 advantage.

16           29. GEICO furthers this consumer confusion by including the word, “Full” in its  
17 description of the “FULL COMPREHENSIVE PACKAGE,” despite the fact that this  
18 product is an inferior policy from the standpoint of the consumers’ expectations.

19           30. By combining the word “Full” with “Comprehensive”, consumers, including  
20 Plaintiff, reasonably believed they were purchasing a full coverage auto insurance policy  
21 on both of their vehicles, when in fact they were not. By failing to actually include in the  
22 quote and provide the collision insurance, GEICO, in turn, was able to deliver on its  
23 promised 15% savings on the prospective customer’s auto insurance premium. The  
24 premiums were less expensive than their competitors because they were providing less  
25 coverage to their customers.

26 **C. GEICO’s Field Representatives Revolt Over GEICO’s Fraudulent Tactics**

27           31. GEICO employed this improper sales tactic by training and encouraging their  
28 Field Representatives to push the “Full Comprehensive Package” insurance product on

1 those unsuspecting customers who presented to GEICO for a rate quote with a vehicle for  
2 which they were not legally or contractually obligated to provide “Collision” insurance.  
3 GEICO’S Field Representatives, in providing the “Apples to Apples” quotes for  
4 unsuspecting customers, would market the “FULL COMPREHENSIVE PACKAGE,” as  
5 a full coverage product, at a substantial discount.

6 32. Upon information and belief, GEICO experienced significant success in the  
7 improper marketing of their “FULL COMPREHENSIVE PACKAGE” insurance product.  
8 One confidential source interviewed by Plaintiff with direct knowledge of the practice,  
9 estimated that thousands of policies had been bound in the state of California utilizing this  
10 fraudulent misrepresentation.

11 33. Dozens of consumers contacted GEICO complaining that their insurance  
12 policy did not have the collision coverage that they believed they were purchasing over the  
13 phone.

14 34. GEICO’s own Field Representatives became increasingly uncomfortable with  
15 the practice and initiated an internal message board topic to voice their well-founded  
16 concerns that the practice was fraudulent and misleading to GEICO’s customers.

17 35. Consequently, Plaintiff and the Class Members suffered injury in fact and lost  
18 money or property as result of Defendant’s wrongful conduct.

19 **D. GEICO Admits to the Practice, but the Cure is almost as bad as the Disease.**

20 36. At some point in mid-2019, in response to the outcry internally generated by  
21 their Field Representatives and their own customers’ complaints, GEICO attempted to  
22 issue a correction to its fraudulent practice by updating the “GEICO SALES TRAINING  
23 AND PERFORMANCE” guide (hereinafter, the “Guide”). The Guide is required reading,  
24 training and procedure for all GEICO Field Representatives. GEICO set forth in the guide:

25 **Required Reading\*\*\*\*\***

26 **What’s Happening: Reminder for clarifying Coverage Counseling**  
27 **conversation in California.**

1           **Effective Immediately:** The terms “Comprehensive,” “Safety  
2           Package”, “Physical Damage”, etc. can confuse and lead some  
3           customers to believe they have “full coverage”. We want our  
4           customers to have a full understanding of their coverage package,  
5           including when offering Comprehensive without Collision, to do so  
6           we are making this change to ensure clarity on what perils their  
7           insurance covers.

8 (See Exhibit “A” – GEICO internal Memorandum (emphasis, underlining added).)

9           37. The issued update to the Guide is a clear admission to the fraudulent sales  
10           practice of offering the “Full Comprehensive Package” insurance policies without collision  
11           insurance. GEICO acknowledges its existence, admits that it is misleading to customers  
12           and that they were in fact selling Comprehensive without Collision utilizing this unsavory  
13           tactic.

14           38. The update continues and acknowledges that the update became necessary  
15           because of multiple consumer complaints and the internal outcry of the Field  
16           Representatives:

17                    “We have seen some customer complaints for this.”

18                    “This change was a direct result of your feedback.”

19           39. The update to the Guide provides example conversations that the Field  
20           Representatives should NOW engage in with prospective customers while selling them the  
21           Comprehensive without Collision insurance policies:

22                    **Example 1:**

23                    *“Now that we have worked through the package you would like to  
24                    purchase, I just want to let you know that since you do not have collision  
25                    protection, your vehicle will not be covered if you are in an at fault  
26                    accident”.*

27 (See Exhibit “A”).

28           40. However, the example conversation occurs **AFTER** the consumer has already  
          told the Field Representative from GEICO that they desire a full coverage insurance,  
          because they presented GEICO with existing full coverage insurance. Remarkably, the

1 update to the Guide specifically instructs the GEICO Field Representative to inform the  
2 customer of the absence of collision insurance, *AFTER* the customer has made a  
3 commitment to buy.

4 41. The update to the Guide explicitly instructs the Field Representatives in this  
5 regard:

6 “The agent must disclose this prior to taking payment but *after the*  
7 *commitment to buy.*

8 **Sell! Sell! Sell!”**

9 42. Rather than give up their misleading tactics, the updated Guide instructs  
10 GEICO’s Field Reps to make the crucial disclosure *after* the customer has agreed to  
11 purchase the inferior policy. And then it re-emphasizes to the Field Representative, that  
12 GEICO’s focus is ultimately on their bottom line by closing with the instructions to “**Sell!**  
13 **Sell! Sell!”**.

14 43. As a result of the conduct alleged herein, Plaintiff and the proposed Class have  
15 been misled by GEICO’s fraudulent sales tactics and purchased insurance products that  
16 were inferior to the coverage they believed they were purchasing.

17 **V. CLASS ALLEGATIONS**

18 44. Plaintiff brings this action on behalf of himself and all other similarly situated  
19 Class Members pursuant to Rule 23 of the Federal Rules of Civil Procedure and seek  
20 certification of the following Class against Defendant for violations of California state  
21 laws:

22 All consumers within the State of California who purchased a “Full  
23 Comprehensive Package” from GEICO and did not receive collision  
24 insurance on their vehicle during the applicable statute of limitations.

25 Excluded from the Class are Defendant’s current or former officers, directors, and  
26 employees; counsel for Plaintiff and Defendant; and the judicial officer to whom this  
27 lawsuit is assigned.

28

1           45. Numerosity: The members of the Class are so numerous that joinder of all  
2 members is impracticable. Plaintiff is informed and believes that the proposed Class  
3 contains thousands of individuals who have been damaged by Defendant’s conduct as  
4 alleged herein. The precise number of Class Members is unknown to Plaintiff.

5           46. Existence and Predominance of Common Questions of Law and Fact: This  
6 action involves common questions of law and fact, which predominate over any questions  
7 affecting individual Class Members. These common legal and factual questions include,  
8 but are not limited to, the following:

- 9           a. Whether Defendant made false and/or misleading statements to Plaintiff,  
10 the Class and the public the inclusion of collision insurance coverage for  
11 the “Full Comprehensive Package”;
- 12           b. Whether Defendant omitted material information to Plaintiff and the  
13 proposed Class concerning the existence of collision insurance coverage  
14 for the “Full Comprehensive Package”;
- 15           c. Whether Defendant’s advertising and/or marketing for the “Full  
16 Comprehensive Package” is misleading and deceptive to a reasonable  
17 consumer;
- 18           d. Whether Defendant has engaged in unfair, fraudulent, or unlawful business  
19 practices with respect to the advertising, marketing, and sale of the Full  
20 Comprehensive Packages;
- 21           e. Whether Defendant’s omissions concerning the Full Comprehensive  
22 Packages were likely to deceive a reasonable consumer, and therefore the  
23 Class and public at large;
- 24           f. Whether Defendant actively concealed material information regarding the  
25 Full Comprehensive Packages;
- 26           g. Whether Defendant advertised the Full Comprehensive Packages with  
27 intent to sell them not as advertised;
- 28

- 1 h. Whether Defendant engaged in false advertising with respect to the Full  
2 Comprehensive Packages;
- 3 i. Whether Defendant breached their contract with Plaintiff and other  
4 purchasers of the Full Comprehensive Packages; and
- 5 j. Whether Defendant engaged in bad faith in inducing Plaintiff and other  
6 purchasers of the Full Comprehensive Packages, by indicating that such  
7 insurance policies provided full coverage, when in fact they do not.

8 47. Typicality: Plaintiff's claims are typical of the claims of the Class Members  
9 because, *inter alia*, all Class Members have been deceived or were likely to be deceived  
10 by Defendant's false and misleading marketing claims and representations and material  
11 omissions about the Full Comprehensive Packages in the manner herein alleged. Plaintiff  
12 is advancing the same claims and legal theories on behalf of themselves and all Class  
13 Members.

14 48. Adequacy: Plaintiff will fairly and adequately protect the interests of the Class  
15 Members. Plaintiff has retained counsel experienced in complex consumer class action  
16 litigation, and Plaintiff intends to prosecute this action vigorously. Plaintiff has no  
17 antagonistic or adverse interest to those of the Class.

18 49. Superiority: The nature of this action and the nature of the laws available to  
19 Plaintiff and the Class make the use of the class action format a particularly efficient and  
20 appropriate procedure to afford relief to them and the Class for the wrongs alleged. The  
21 damages or other financial detriment suffered by individual Class Members is miniscule  
22 compared to the burden and expense that would be entailed by individual litigation of their  
23 claims against Defendant. It would thus be virtually impossible for Plaintiff and Class  
24 Members, on an individual basis, to obtain effective redress for the wrongs done to them.  
25 Absent the class action, Class Members and the general public would not likely recover, or  
26 would not likely have the chance to recover, damages and/or restitution, or receive  
27 injunctive relief, and Defendant will, and will continue to, retain the proceeds of its  
28 fraudulent and deceptive misdeeds.



**FIRST CAUSE OF ACTION**

**VIOLATION OF UNFAIR COMPETITION LAW (“UCL”)  
California Business & Professions Code § 17200, *et seq.***

1  
2  
3  
4 50. Plaintiff repeats and re-alleges the allegations contained in every preceding  
5 paragraph as if fully set forth herein.

6 51. The UCL defines “unfair business competition” to include any “unlawful,  
7 unfair, or fraudulent” act or practice, as well as any “unfair, deceptive, untrue or  
8 misleading” advertising. Cal. Bus. & Prof. Code § 17200.

9 52. Plaintiff has standing to pursue this claim because Plaintiff has suffered  
10 injury-in-fact and have lost money or property as a result of Defendant’s unlawful, unfair,  
11 and fraudulent actions. Specifically, Plaintiff purchased the Full Comprehensive Insurance  
12 Package from Defendant for his own personal consumption / automobile coverage. In  
13 doing so, Plaintiff relied upon the false representations and material omissions that the Full  
14 Comprehensive Package was a full coverage insurance product, including “collision  
15 insurance” for both of their vehicles, when in fact it was not; the 2012 Lexus did not have  
16 collision coverage. Plaintiff spent money in the transaction that he otherwise would not  
17 have had he known Defendant’s representations about the policy were false.

18 ***“Unfair” Prong***

19 53. A business act or practice is “unfair” under the UCL if it offends an  
20 established public policy or is immoral, unethical, oppressive, unscrupulous, or  
21 substantially injurious to consumers, and that unfairness is determined by weighing the  
22 reasons, justifications, and motives of the practice against the gravity of the harm to the  
23 alleged victims.

24 54. Defendant’s conduct constitutes an “unfair” business practice because, as  
25 alleged, Defendant engaged in a coordinated campaign that mislead consumers into  
26 believing that by purchasing a “Full Comprehensive Package,” they were receiving full  
27 coverage on their automobiles.  
28

1 55. Defendant’s conduct harms the interests of consumers and market  
2 competition. There is no valid justification for Defendant’s conduct.

3 **“Fraudulent” Prong**

4 56. A business act or practice is “fraudulent” under the UCL if it is likely to  
5 deceive members of the consuming public.

6 57. Defendant engaged in a fraudulent business practice by knowingly  
7 representing to consumers that the Full Comprehensive Package included collision  
8 insurance. By failing to disclose the truth about the policy, Defendant gained an improper  
9 competitive edge in the auto insurance market and misled Plaintiff and the proposed Class  
10 into purchasing less coverage than they desired. Defendant’s practice deceived Plaintiff  
11 and is highly likely to, and does in fact, deceive members of the consuming public who  
12 purchased the Products in reliance on their advertised composition. Such practice is devoid  
13 of utility and functions only to maximize Defendant’s profits at the expense of the  
14 consuming public. Any benefit gained by Defendant’s practice is far outweighed by the  
15 gravity of harm to Plaintiff and the Class who lost money or property by paying for the  
16 inferior insurance products.

17 **“Unlawful” Prong**

18 58. A business act or practice is “unlawful” under the UCL if it violates any other  
19 law or regulation.

20 59. Defendant’s actions, as alleged herein, constitute illegal and unlawful  
21 practices committed in violation of California Insurance Code Sections 780:

22 An insurer or officer or agent thereof, or an insurance broker or solicitor  
23 shall not cause or permit to be issued, circulated or used, any statement  
24 that is known, or should have been known, to be a misrepresentation of  
the following:

- 25 (a) The terms of a policy issued by the insurer or sought to be negotiated  
26 by the person making or permitting the misrepresentation.  
27 (b) The benefits or privileges promised thereunder.  
28 (c) The future dividends payable thereunder.

1 See California Insurance Code Section 780.

2 60. Defendant's actions, as alleged herein, also constitute illegal and unlawful  
3 practices committed in violation of California Insurance Code Sections 790.03:

4 The following are hereby defined as unfair methods of competition and  
5 unfair and deceptive acts or practices in the business of insurance.

6 (a) **Making**, issuing, circulating, or causing to be made, issued or  
7 circulated, **any** estimate, illustration, circular, or **statement**  
8 **misrepresenting the terms of any policy** issued or **to be issued** or  
9 the benefits or advantages promised thereby or the dividends or  
10 share of the surplus to be received thereon, or making any false or  
11 misleading statement as to the dividends or share of surplus  
12 previously paid on similar policies, or making any misleading  
13 representation or any misrepresentation as to the financial condition  
14 of any insurer, or as to the legal reserve system upon which any life  
insurer operates, or **using any name or title of any policy or class**  
**of policies misrepresenting the true nature thereof**, or making any  
misrepresentation to any policyholder insured in any company for  
the purpose of inducing or tending to induce the policyholder to  
lapse, forfeit, or surrender his or her insurance.

15 See California Insurance Code Section 790.03

16 61. Particularly, Defendant has unlawfully marketed and advertised and sold the  
17 "Full Comprehensive Package" insurance policy as a full coverage insurance product and  
18 has failed to provide true "apples to apples" quotes to prospective customers who contact  
19 GEICO over the phone. Defendant knowingly combined the words "Comprehensive" with  
20 "Full" and "Package" to confuse and mislead customers into believing they were receiving  
21 full insurance coverage, including collision insurance, when in fact they received an  
22 inferior policy with only comprehensive and liability insurance.

23 62. Each of Defendant's unfair, fraudulent, and unlawful practices enumerated  
24 above was the direct and proximate cause of financial injury to Plaintiff and the Class.  
25 Defendant has unjustly benefitted as a result of its wrongful conduct. Plaintiff and Class  
26 Members are accordingly entitled to have Defendant disgorge profits and restore to  
27 Plaintiff and Class Members all monies wrongfully obtained by Defendant as a result of  
28 the conduct as alleged herein.

**SECOND CAUSE OF ACTION**

**VIOLATION OF CONSUMER LEGAL REMEDIES ACT (“CLRA”)  
California Civil Code § 1750, et seq.**

63. Plaintiff repeats and re-alleges the allegations contained in every preceding paragraph as if fully set forth herein.

64. As alleged herein, Plaintiff has standing to pursue this claim because Plaintiff has suffered injury-in-fact and has lost money or property as a result of Defendant’s unlawful, unfair, and fraudulent actions. Specifically, Plaintiff purchased the Full Comprehensive Package insurance policy for his own personal consumption. In doing so, Plaintiff relied upon the false representations that the Full Comprehensive Package provided collision insurance; and further relied upon GEICO’s promise to provide Plaintiff an “Apples to Apples” comparison to his existing insurance policy, which did in fact provide collision coverage for the 2012 Lexus. Plaintiff expended money in the transaction that he otherwise would not have, had he known Defendant’s representations and advertising claims were false.

65. The Consumer Legal Remedies Act (“CLRA”) was enacted to protect consumers against unfair and deceptive business practices. The CLRA applies to Defendant’s acts and practices because the Act covers transactions involving the sale of goods or services to consumers. Auto insurance, unlike life insurance, is a service because it is sold incident to providing repairs to a customers’ chattel, in this case, the Plaintiff’s vehicle.

66. Plaintiff and the members of the Class are “consumers” within the meaning of Section 1761(d) of the California Civil Code, and they engaged in “transactions” within the meaning of Sections 1761(e) and 1770 of the California Civil Code, including the purchases of the Products.

67. Defendant is a “person” under Cal. Civ. Code § 1761(c).

68. The Full Comprehensive Packages are “services” under Cal. Civ. Code § 1761(b).

1           69. Defendant’s unfair and deceptive business practices were intended to and did  
2 result in the sale of the Full Comprehensive Packages.

3           70. Defendant violated the CLRA by engaging in the following unfair and  
4 deceptive acts and practices:

5                   § 1770(a)(5) – Representing that [the Full Comprehensive Packages  
6 have] . . . characteristics . . . which [they do] not have . . .

7                   § 1770(a)(9) – Advertising goods or services with intent not to sell them  
8 as advertised.

9           71. If Plaintiff and the Class Members had known the “Full Comprehensive  
10 Package” insurance policy failed to provide full coverage, Plaintiff would not have  
11 purchased it and/or in the alternative would not have paid the price he agreed to pay for the  
12 inferior policy

13           72. As a direct and proximate result of Defendant’s conduct, Plaintiff and the  
14 Class Members suffered injury and damages in an amount to be determined at trial.

15           73. On information and belief, Defendant’s actions were willful, wanton, and  
16 fraudulent.

17           74. On information and belief, Defendant’s officers, directors, and/or managing  
18 agents authorized the use of the misleading statements and material omissions regarding  
19 the Full Comprehensive Package products.

20           75. Plaintiff has concurrently filed the declaration of venue required by Civil  
21 Code § 1780(d) with this complaint.

22           76. On February 11, 2020, Plaintiff, through counsel, sent a CLRA demand letter  
23 to Defendant that provided notice of Defendant’s violation of the CLRA and demanded  
24 Defendant correct, repair, replace, or otherwise rectify the unlawful, unfair, false, and  
25 deceptive practices complained of herein. The letter also stated that if Defendant refused  
26 to do so, Plaintiff would file a complaint seeking damages in accordance with the CLRA.  
27 If Defendant does not respond to Plaintiff’s letter or agree to rectify the problems  
28 associated with the actions detailed above and give notice to all affected consumers within

1 30 days of the date of written notice pursuant to § 1782, Plaintiff will amend this complaint  
2 to seek actual, punitive, and statutory damages, as appropriate against Defendant.

3 **THIRD CAUSE OF ACTION**

4 **BREACH OF CONTRACT**

5 77. Plaintiff hereby repeats and re-alleges all preceding paragraphs and  
6 incorporates the same as though fully set forth herein.

7 78. Plaintiff and the proposed class called GEICO seeking to purchase full  
8 coverage insurance policies. GEICO represented the Full Comprehensive Package as a full  
9 coverage product. Plaintiff and members of the proposed class agreed to the terms of  
10 purchase over the phone, provided their payment card information and purchased the Full  
11 Comprehensive Packages. As alleged herein, GEICO instead delivered an inferior  
12 insurance product.

13 79. Furthermore, Defendant was also under an implied covenant of good faith and  
14 fair dealing, whereby Defendant covenanted that it would, in good faith and in the exercise  
15 of fair dealing, deal with Plaintiff and each Class member fairly and honestly and do  
16 nothing to impair, interfere with, hinder, or potentially injure Plaintiff and the Class  
17 members' rights and benefits intended under the contract. Defendant breach the implied  
18 covenant of good faith and fair dealing by denying coverage under an insurance policy that  
19 was intended to include collision insurance. To the extent Defendant was entitled to any  
20 discretion regarding what was included in the coverage, Defendant exercised such  
21 discretion in bad faith in failing to provide an actually "full" and "comprehensive"  
22 coverage that included collision coverage.

23 80. Plaintiff and the Class members have performed all conditions, covenants, and  
24 promises required by each of them on their part to be performed under the terms and  
25 conditions of the contracts, except for those they were prevented from performing or which  
26 were waived or excused by Defendant's misconduct.

27 81. As a direct and proximate result of these breaches, Plaintiff was and continue  
28 to be damaged in an amount according to proof.



**FOURTH CAUSE OF ACTION**

**UNJUST ENRICHMENT**

82. Defendant was also unjustly enriched at the expense of Plaintiff and the proposed Class who are therefore entitled to equitable restitution and disgorgement of profits obtained by the Defendant. Defendant received a benefit that was unjustly retained at the expense of the Plaintiff and the Class.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays on behalf of himself and all others similarly situated, for judgment against Defendant as follows:

- A. Certifying the Class as requested herein, appointing Plaintiff as Class Representatives, and appointing his counsel as Class Counsel;
- B. Awarding monetary damages and punitive damages;
- C. Ordering Defendant to disgorge and make restitution of all monies Defendant acquired by means of the unlawful practices set forth above;
- D. Awarding declaratory and injunctive relief as permitted by law or equity, including: enjoining Defendant from continuing the unlawful practices as set forth herein, and directing Defendant to identify, with Court supervision, victims of its conduct and pay them all money it is required to pay;
- E. Ordering Defendant to engage in a corrective advertising campaign and other public injunctive relief;
- F. Awarding Plaintiff and Class Members their costs and expenses incurred in the action, including reasonable attorney’s fees under the contract, relevant statutes, and Code of Civil Procedure §1021.5; and
- G. Providing such further relief as may be just and proper.

**DEMAND FOR JURY TRIAL**

Plaintiff demands a trial by jury of all claims presented herein so triable.

Dated: February 11, 2020

**CARLSON LYNCH, LLP**

*/s/ Todd D. Carpenter* \_\_\_\_\_

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12 *Attorneys for Plaintiff MEHRAND DAVID ALAEI and the Proposed Class*

13 UNITED STATES DISTRICT COURT  
 14 SOUTHERN DISTRICT OF CALIFORNIA

15 MEHRAN DAVID ALAEI, an individual,  
16 all others similarly situated, and the general  
17 public,

18 Plaintiff,

19 vs

20 GOVERNMENT EMPLOYEES  
 21 INSURANCE COMPANY (GEICO), a  
 22 Delaware corporation; GEICO GENERAL  
 23 INSURANCE COMPANY, a Maryland  
 24 corporation; and DOES 1 to 10,

25 Defendants.

26 Case No. '20CV0262 JM WVG

27 **TABLE OF CONTENTS - EXHIBITS**

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Dated: February 11, 2020

**CARLSON LYNCH, LLP**

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# EXHIBIT A

