Kilpatrick

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Southern District of Ohio joins numerous courts in rejecting class certification of “negotiation adjustment” claims against insurers

by James F. Bogan III

Takeaway: We have written before about several of the numerous class actions involving disputes about automobile insurers’ valuation of wrecked vehicles deemed a total loss. *See, e.g.*, Divided en banc Sixth Circuit joins five other circuits in rejecting class certification for car insurance negotiation adjustment disputes (April 29, 2026); Split Ninth Circuit panel affirms denial of certification of class challenging Progressive’s “projected sold adjustment,” with dissenting judge calling for en banc review (September 30, 2025); Seventh Circuit rejects claimed “methodological” duty in reversing class certification of totaled car valuation dispute (August 27, 2025); Eleventh Circuit reverses dismissal of class action disputing State Farm’s calculation of “actual cash value,” holding required appraisal process not a condition precedent to suit (March 29, 2024); Eleventh Circuit emphasizes the abuse of discretion standard in affirming the denial of certification of a “diminution in value” class against State Farm (August 31, 2022). As the appellate landscape continues to solidify against class treatment in these cases, a district court in Ohio has now applied the Sixth Circuit’s en banc ruling in *Clippinger v. State Farm Auto. Ins. Co.*, 173 F.4th 817 (6th Cir. 2026), to deny class certification in a case brought under Ohio law. *Nichols v. State Farm Mut. Auto. Ins. Co.*, No. 2:22-cv-16, 2026 WL 2581605 (S.D. Ohio Sept. 1, 2026).

Carllynn Nichols, an Ohio policyholder insured by State Farm, brought a putative class action challenging the insurer’s use of a “typical negotiation adjustment” (TNA) in calculating the “actual cash value” (ACV) of vehicles deemed a total loss. 2026 WL 2581605, at *1. Like many similar cases, the dispute centered on State Farm’s use of the Audatex “Autosource” valuation methodology. Under that system, Audatex identifies advertised prices for vehicles comparable to the insured’s totaled car, then applies a TNA to reduce those prices on the theory that used vehicles typically sell for less than their advertised listing price. *Id.* The adjusted comparator prices are averaged, and after applying sales tax and any deductible, State Farm arrives at its ACV figure for the insured’s vehicle. *Id.*

Nichols’s vehicle was declared a total loss, and State Farm valued her car at $5,518 through the Audatex process. *Id.* at *2. She accepted that figure and was paid $5,431.85 after taxes and deductions. *Id.* She then filed suit, alleging the TNA resulted in an underpayment of $512.78. *Id.* After suit was filed, State Farm invoked the policy's appraisal provision, which resulted in a binding award of $6,542—and State Farm paid the difference. *Id.*

Nichols sought certification of a class of all Ohio State Farm insureds who, between January 4, 2021, and November 15, 2021, received total loss compensation based on an Audatex valuation that included a TNA deduction. *Id.*

Chief Judge Sarah D. Morrison found *Clippinger* to be "on all fours" with Nichols's motion for class certification. *Id.* at *3. In *Clippinger*, the en banc Sixth Circuit concluded that claims challenging the TNA cannot be pursued on a class-wide basis because determining whether State Farm paid the ACV for each lost vehicle would require a jury to "consider unique evidence about each vehicle's value." *Clippinger*, 173 F.4th at 831–32. As the *Clippinger* majority explained, State Farm's policy "promised just one thing: to pay each class member the 'actual cash value' of the class member's totaled vehicle," and nothing in the policy prevented State Farm from using a TNA in determining that value. *Id.* at 832. The question of breach therefore turns on "comparing what State Farm paid a class member to the fair market value of the class member's car"—a "fact-intensive review" requiring individualized, plaintiff-by-plaintiff assessment. *Id.* at 832–33.

Nichols advanced three arguments for why *Clippinger* should not control her Ohio-law claims, all of which the district court rejected.

First, Nichols sought to distinguish *Clippinger* because her claims arose under Ohio law rather than Tennessee law. 2026 WL 2581605, at *3. The district court found this distinction unavailing, noting that the Sixth Circuit has recognized that the "overarching principles of insurance contract interpretation under Tennessee and Ohio law 'are the same.'" *Id.* (citing *United Nat'l Ins. Co. v. SST Fitness Corp.*, 182 F.3d 447, 451 (6th Cir. 1999)). Because Nichols had not argued that State Farm's contracts in Tennessee were materially different from those in Ohio, the policies would be interpreted in the same way. *Id.*

Nichols also contended that, unlike under Tennessee law, State Farm is not entitled to an offset for any overestimations of ACV under Ohio law. *Id.* at *3–4. But the court found that no Ohio court had prohibited such an offset and distinguished the three federal cases Nichols cited as involving different insurance issues. *Id.* at *4. The court concluded that "the individual valuations of each potential class members' lost cars predominate over all other questions," so a jury would still need "plaintiff-by-plaintiff proof" to determine damages. *Id.*

Second, Nichols sought to certify a standalone claim for breach of the implied covenant of good faith and fair dealing. *Id.* The court rejected this argument succinctly, noting that Ohio—like Tennessee—does not recognize a standalone cause of action for breach of the implied covenant. *Id.* (citing *Patrick v. CitiMortgage, Inc.*, 676 F. App'x 573, 577 (6th Cir. 2017)).

Third, the court denied certification of Nichols's unjust enrichment claim for the same

fundamental reason: if State Farm paid an insured the ACV or more, it is not unjust for State Farm to have retained any additional amount. *Id.* Determining whether State Farm retained more than the policy allowed would require the same individualized, vehicle-by-vehicle assessment that doomed the breach of contract claim. *Id.*

The *Nichols* decision adds to the growing consensus of rulings rejecting class certification for total-loss valuation disputes, with the Third, Fourth, Fifth, Seventh, Ninth, and Sixth Circuits all rejecting class treatment. *See Clippinger*, 173 F.4th at 817 (collecting circuit authority). And

the *Nichols* court's rejection of plaintiff's Ohio-law distinctions arguments provides a road-map for defendants to seek to extend existing rulings to other jurisdictions utilizing similar insurance contract interpretation principles. The *Nichols* plaintiff has already petitioned to appeal, so the Sixth Circuit may take the opportunity to confirm directly that *Clippinger* applies to Ohio-law total-loss valuation claims.