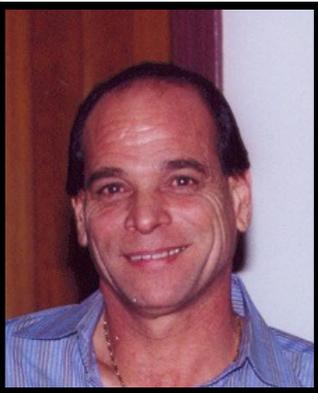


ABAC NEWS

JUNE-JULY 2006

Visit Us Online At
www.abaconn.com

The Official Newsletter of the Auto Body Association of Connecticut



A Message from ABAC President Tom Bivona

Your association is aggressively working to return the collision industry to collision repairers. One of the ways we are doing that is by ensuring that complaints of wrongdoing and unfair claims handling practices by insurers and appraisers are documented, submitted to the Department of Insurance, and maintained by the Association as evidence of the widespread nature of insurers' actions that harm consumers and shops. Additionally, we are mounting a new campaign to step up formal collection of complaints.

But we need your help.

First, please understand that it is critical for every body shop to continue to file complaints with the state insurance department, regardless of the insurance company that is violating regulations or standards of ethical conduct. I know that filing complaints is a very frustrating process. I have been as frustrated as all of you. But it is very important that we establish patterns of behavior and the only way to do that is by continuing to file complaints. The complaints can be about any issue – failure to negotiate, steering, or any of the other matters we clash with them about every day.

With enough recent complaints, we will be able to take our struggle to the next level.

The second part of our offensive, as mentioned above, is to focus our collection efforts on those insurance companies that regularly and routinely violate state laws and regulations. Verbal complaints about Progressive, for example, are being reported to the ABAC at an alarming rate and we must take action.

One of our advisors has made it crystal clear that we need your help with one item in particular.

(Continued on page 2)

Also In This Issue!

May Meeting Provides Information & Fun	Page 3
Industry News	Page 4
Rhode Island News	Page 5
Collision Shops Closing Raises Concerns	Page 6
Revolution of Education	Page 7
Opinions of State Farm's New DRP Pilot	Page 8
Sponsor Thank You	Page 9



(Continued from page 1)

When a Progressive customer is steered to another shop, or heavily pressured even though the attempt is unsuccessful, it is very important that we get a signed – and notarized – statement from the customer identifying exactly how Progressive or the appraiser pressured the customer. Even statements like, “*Progressive (or Progressive’s appraiser) made me feel uncomfortable about using any repair shop other than their preferred shop. I felt I had no real choice,*” are usable, but exact statements like this are better:

“Progressive’s adjuster, John Doe, told me that the quality of the work I would receive at X Shop was not good, the shop was very difficult to work with, and if I used X shop I would have to pay for things out of my own pocket. He also said that Progressive would not guarantee the work from X Shop, but would guarantee the work if I took my car to one of Progressive’s network shops. He called me five times to try to get me to have my car fixed by one of the Progressive network shops and I couldn’t take being hounded any more so I let him have my car fixed at a different shop.”

We need those signed and notarized statements from as many customers as possible – and from as many body shops as possible, from every corner of the state. We need to document these practices as an overall pattern of claims handling behavior.

Of course, if Progressive’s customers have other complaints, we want to hear about them, too. But everything must be in a signed, notarized statement containing the customer’s address.

With enough of these statements, it will be evident that this particular insurance company routinely “crosses the line.” The statements, clearly, will help all of us with future Progressive claims – and with our battle.

There is one other matter that may be of interest to all of you.

A few of us recently met with Attorney General Blumenthal to discuss our situation and to ask him for help. We presented him with a large quantity of paperwork to support our statements and he was very interested in the documents we provided.

We were very pleased with the attitudes expressed by Mr. Blumenthal and his staff. It was very refreshing, compared with the different stance taken by other state agencies. There is no question that Mr. Blumenthal is concerned about what is happening to the body shops of Connecticut and I truly believe he will investigate and consider options for future action from his office.

As always, I am eager to hear from you. If you have any suggestions or thoughts concerning our fight to make the insurance companies act honorably and handle claims fairly, or on any other matter, don’t hesitate to get in touch with me.

Sincerely,

Tom Bivona



MAY ANNUAL MEETING PROVIDES IMPORTANT INFORMATION, FUN, AND ENJOYMENT FOR ALL!

The ABAC Annual meeting, held May 9th at the Country House Restaurant had a different overall theme, combining 10% business with 90% enjoyment. Treasurer Bob Skrip came up with the idea, personally secured the guest entertainers, and obviously had a pulse on exactly what everyone needed after working so hard throughout the year. That’s right. “Business related industry issues covered first, then sit back, unwind, and enjoy the rest of the evening!”

Dave Fogarty, (Master of Ceremonies) welcomed everyone to the event, and efficiently handled the itinerary of the business part of the evening. Fogarty thanked each supporting sponsor individually, ENTERPRISE RENT A CAR, THE PAUL FRANCIS COMPANY, AND FIRST NATIONAL MERCHANT SOLUTIONS for their generous support.

CT Senator Len Fasano was the first speaker introduced. Fasano gave a summary of the progress that had been made in the last year working with the ABAC officers on key issues on the legislative level, citing that the ABAC credibility with State Government has grown tremendously in the last year. He vowed to continue to work closely with other legislators and ABAC to introduce new bills beneficial to our industry. He indicated that this year, we have a better chance for passage than ever before.

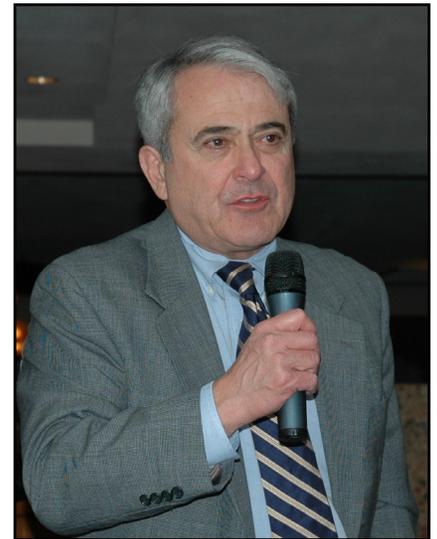
Michael London, ABAC Media Publicist spoke next. London gave a quick summary of media exposure that had already taken place throughout the year and discussed some very exciting ideas that are planned for the future.



State Representative
Donald Sherer

State Representative Donald Sherer from Stamford was the next speaker. He explained that after learning about the issues and problems that are vital to consumers and collision repairers, he would join forces with Senator Fasano and other elected officials to do whatever he could to help.

ABAC Attorney Alan Neigher was next. He gave a complete update pertaining to the legal case against the Hartford Insurance Company. Neigher explained that a decision on class action status would come soon from the superior court judge in Stamford, Ct. If approved, an appeal process would commence. He was optimistic that if all went well, the trial date could happen some time in the spring of 2007.



ABAC Attorney
Alan Neigher

Dave Fogarty then recognized all past ABAC Presidents in attendance, Bill Denya, Mike Brunt, Frannie Lynch, Chip Platz, and Mike Wilcowski. Fogarty had personal and individual praise for each president, citing their tremendous dedication. Dave finished by acknowledging the tremendous efforts put forth by Executive Assistant Denise Banta and Assistant to the Treasurer Phyliss Pepe. Fogarty then turned the microphone over to Mike Wilcowski, who handled the ratification process of Election of Officers for 2006-07. They are as follows; Tom Bivona (President), Michael Walsh(first Vice President), Joanne Serkey(second Vice President), Mark Wilcowski (Secretary), and Bob Skrip(Treasurer). Wilcowski had tremendous thanks and praise for Mr. Fogarty for his dedication and efforts put forth for the entire ABAC.

***OK, so maybe it was 15% business and 85% enjoyment.
Now the fun was to begin.***

(Continued on page 4)

(Continued from page 3)



Comedian Perry Gardener

Our first entertainer of the evening was comedian Perry Gardener. Gardener had the audience doubled over with his quick wit and humor. His comical anecdotes ranged from always funny practical jokes to real life situations with our businesses and families. There wasn't a dry eye in the house from the laughter generated by Perry!

After a short break, hypnotist extraordinaire Dan Larosa took to the floor. Larosa explained what he would do to the people in attendance and that hypnotism would work for some but not everyone. Well Dan certainly found some excellent subjects! He had several members and guests under his influence and had the audience rolling on the floor as he had his "subjects" doing

such things as riding motorcycles, waving to people, seeing things that weren't actually there and well, behaving as they normally would not in front of such a large group. (ABAC members Tom Vicino and Artie Platz will probably deny ever being hypnotized especially when the name "Larosa" is mentioned near them!) It was hilarious and you really needed to be there to see it!

All in all, a great time was had by all and it was a nice to have a change of pace with entertainment being a welcome addition to the ABAC's meeting!



Hypnotist Dan Larosa with participants under the influence, riding their Harleys!

INDUSTRY NEWS

CHIEF DISCONTINUES SUPPORT ON GENESIS MEASURING SYSTEMS

In a letter sent out recently to customers who own Chief Genesis Computerized Measuring Systems, the company will be discontinuing both parts and service support for those units as of August 1, 2006. This may come as quite a shock to some shop owners who still rely on these systems for every day use. For additional information and options, Chief recommends that you contact your authorized Chief Automotive Technologies Representative to discuss options to this problem.

As one shop owner stated, "when I purchased my Genesis system in 1999 at a cost of over \$25,000.00, I never anticipated that I would have to literally heave the unit in the trash dumpster six years later. That does not entice me to go out and purchase another Chief unit to replace this one!" Unfortunately, many other shop owners may react in the same manner.

Rhode Island News

RI's Unfair Competition and Practices Law a Model for other States

It's time for insurance companies to take notice both in Rhode Island and possibly Connecticut in the near future based on the present regulation regarding unfair competition and practices and the consumer's free choice of selection of an auto body repair shop. Rhode Island's DBR and ABARI deserve kudos for creating awareness and enacting RI General Law #27-29-4. The created law is not confusing and cannot be misinterpreted by anyone. The key words in this law that are missing from CT's anti-steering law are as follows:

When a claim is reported to an insurer, the insurer must promptly inform the claimant (first or third party) of his or her free choice in the selection of an automobile repair shop. The insurer may not require repairs to be made at a specific auto body shop or interfere with the insured's or claimants free choice of repair facility. In addition, once the insured or claimant tells the insurer that he/she has selected an automobile repair shop, the insurer may not recommend a different auto body repair shop. At no time shall an insurer make any misrepresentation to the claimant (first or third party) about the limitations, scope, and/or quality of the work of any unaffiliated (non-direct repair/preferred shop) automobile body repair shop. After informing the claimant of his or her free choice in the selection of an automobile body repair shop, the insurer must ask the claimant whether he/she has selected an automobile body repair shop. Once a claimant indicates, or the insurer otherwise has actual knowledge that the claimant has selected an automobile body repair shop, (including execution of an authorization to repair), the insurer shall not require, interfere with or recommend that a claimant select a different automobile body repair shop. The provisions of R.I. Gen. Laws 27-29-4(15) apply even before the execution of an authorization to repair. Further, once a claimant has selected an automobile repair shop, an insurer shall not discuss, suggest or require that the vehicle be taken to another automobile body repair shop for the purpose of obtaining a written appraisal. The Department finds such practice in violation of R.I. Gen. Laws 27-29-4(15). Nothing herein shall be construed to be consistent with R.I. Gen. Laws 27-10.1-8.

The provisions of this Bulletin also apply to claims involving motor vehicle glass installation.

This is the EXACT language that needs to be amended into CT's anti-steering bill. It's about time legislators take notice and do what's right!

Rhode Island Collision Shops Face Strict Licensing Regulations

RI's Department of Business Regulations has amended its commercial licensing regulations for Motor Vehicle Body Repair and instituted changes that will make many body shop owners sit up and take notice. Shop owners will need to comply with these regulations by December 31st, 2006 or face stiff penalties including the possible current license revocation and hefty fines!

For more information on this law go to http://www.dbr.state.ri.us/auto_lic.html and click on Commercial Licensing Regulation 4 - Motor Vehicle Body Repair Effective 10/12/05

Collision Repair Shops Closing at Alarming Rate

In the past year, over 60 collision repair shops have closed their doors in the state of Connecticut. This is based on recent information provided by ABAC members residing in the various market areas. Unfortunately, this estimate of closed shops appears to give a grim forecast to the immediate future of the industry. Could you be the next casualty? Let's hope not.

Any one of a number of problems can cause a collision repair business to be unsuccessful in today's market place. Shop owners who have not upgraded their equipment to meet today's standards of repairing vehicles both efficiently and correctly have experienced great difficulty competing. On the other hand, shop owners who have renovated their facilities to offer a clean and friendly environment for the consumer to enter stand a much better chance of success compared to shop owners who have overlooked the value of appearances.

The challenge to obtain a real net profit in collision repair is more difficult today than ever before. The cost of employing body technicians, utilities, taxes, materials, equipment upgrades and maintenance provides a severe strain on the ability to achieve net profit. There are additional overhead expenses not mentioned, but unfortunately it is becoming all too commonplace for shop owners to fall victim to a net loss rather than a gain at the end of the year.

Of course, the most important culprit to our problem has not yet been mentioned; our beloved insurance industry! Do you really think that the insurers care whether you go out of business or not? If you figure yes, then you might as well put a for sale sign on your shop window now. In actuality, this is the same industry that brainwashes their employees (appraisers) to go out and attempt to brainwash you, the shop owner, into agreeing to fix a collision-damaged vehicle for less money per hour than it costs to fix a bicycle or a computer. Bicycle repair and computer repair shops have less than one tenth the overall business overhead compared to a collision repair shop. What's wrong with this equation?

It's about high time that collision repair owners wake up, look themselves in the mirror and decide what their work is really worth per hour. With the pressures of a more competitive market place and the confusion of increasing and complicated overhead costs, it is becoming more difficult for them to succeed, and easier for them to be taken advantage of. However, help is on the way for those who want the opportunity to survive. The Auto Body Association of Connecticut has not turned a blind eye to your problems, and for those who care to be survivors, we suggest you take advantage of the opportunity of education that will be provided immediately following this article.

ABAC President Tom Bivona and Vice President Michael Walsh cordially request all collision repair owners to attend the most powerful seminar offered in recent history



IT'S TIME FOR A REVOLUTION OF EDUCATION!

- **ABAC member shop owners with proven business success will offer their professional opinions and solutions on the following industry related topics:**
- **Is it really worth it to sign up to be a DRP with as many carriers as possible?**
- **Are you doing your business reputation and your customers a service or disservice by installing aftermarket parts listed on insurance company appraisals?**
- **Is your facility operating at top efficiency? Valuable ideas will be offered and a view of industry trends in 2007 –08.**
- **What are you really worth per hour? And how to get it! Special resources will be released at this event.**
- **Understand what the Auto Body Association of CT is really all about and find out from other shop owners the benefits of joining the team.**

This seminar will be offered in three separate locations during the months of September and October 2006. Specific dates, times place, and other details will be forthcoming very soon. Flyers will be distributed throughout the state. You do not want to miss this opportunity to finally create change for success!

Stay tuned!

Repair Facility Opinions of State Farm's New DRP Pilot

Reprinted with permission from CollisionWeek (www.collisionweek.com)
Collision Week Online June 5, 2006

Just 12.5 percent of survey respondents participating in the new pilot program from the country's largest auto insurer believe the new program will be better for their business.

In January, State Farm announced a pilot of its new Select Service claims handling program that is designed to replace the existing Service First program the company uses across the country.

In an effort to gauge repairer opinions to this pilot program, we surveyed shops in the four markets where State Farm is testing their new program to see how many shops applied to and were selected for the program and just what opinions and decisions those shops have made about the new program.

Conducted in April, our fax research in the test markets shows that State Farm is being very selective with the facilities they admit to the new program and that it is causing shops to change the way they do business in those markets.

In April, George Avery, one of the architects of State Farm's new direct repair program asked attendees at the Collision Industry Conference, why the industry should change its view of State Farm simply because they changed their program?

The new Select Service program, now being piloted in four states, made many changes over the program it replaced. Perhaps the most talked about requirement in the DRP program is State Farm's demand to receive all the best discounts offered by the shop in any category.

At the CIC meeting in Portland, Oregon, Avery said State Farm writes more than twice as many estimates as its nearest competitor, and as such feels it should be getting any discounts that shops offer to other insurers or customers.

"If you choose to give no discounts whatsoever, that's perfectly fine with us," Avery said. "I don't have a problem with that. But if your business model includes some discounts, then we want to be part of it."

Avery also told the Portland CIC audience that the program is likely to result in State Farm ending its relationship with some current Service First shops "based on either performance or capacity and business needs."

Of the shops we surveyed, 89.7 percent of them told us that they were on the State Farm Select Service roster before the new program came into their market. Not nearly so many of them are on it now.

Shops in the test markets did not have a choice between trying the new program or staying with the old one. A decision had to be made between the new pilot program, or no contractual relationship at all with State Farm.

Of all the shops that responded to our survey, 73.7 percent of them told us they made the decision to apply for the new program. Out of just those shops that were a part of the old Select Service program, 80.9 percent applied for the new program.

Some shops indeed were pared from the DRP roster with State Farm. Of those survey respondents that applied, just 56.4 percent of them were accepted into the program. Of those that were declined, 90 percent were not given a reason by State Farm.

Continued on Page 9

Continued from Page 8

Looking at the entire group of shops again, whether by deciding not to apply for the program, or being declined by State Farm, the percentage of shops overall who are on the roll for State Farm went from 89.7 percent in the old program, to less than half, at just 48.5 percent with the new Select Service DRP.

Who did State Farm choose? Shops from all three of our sales size categories were chosen to be a part of the program, but State Farm appears to prefer the larger shops nearly twice as much as the smallest.

40 percent of those shops chosen for the program had sales over \$2 million annually. Just 23.3 percent were shops with sales under \$1 million annually, and 36.7 percent fell in between, with \$1-2 million in annual sales.

Looking at it another way, more than three quarters, or 76.7 percent, of those who got the nod from the Farm had sales over \$1 million per year. In a separate piece of research conducted in 2004 by Quandec Corporation, just 42.1 percent of shops nationally reported sales over \$1 million per year.

When we asked the shops who had not been accepted for the program how it affected the volume of work they received from State Farm, the vast majority of them, 83.9 percent, have already seen their volume of work decline. 12.9 percent said they have not seen a difference in the amount of State Farm work they are receiving, and just 3.2 percent actually reported an increase in State Farm work in their shops.

When we asked the same question to the shops that were chosen to participate in the pilot program, we got an interesting response. With fewer shops now on the DRP program, it was surprising when 70.6 percent of those shops told us that their State Farm volume had not changed since the pilot began. 11.8 percent said their volume from the Farm had actually decreased, and only 17.6 percent reported more work from State Farm under the new program. While concerning, seasonal variations in claims cannot be ruled out since the survey took place just a few months after the roll-out of the pilot.

Of shops participating in the pilot, optimism about the program's positive future effect on their business is split. Just 12.5 percent think it will be better, fully 43.8 percent now operating under the new rules think that the program will not be better for their business. An equal amount are still undecided.

Of those shops who were not accepted into the new program, just 25.8 percent are undecided- with the majority, 71.0 percent, believing that this new agreement in their marketplace would have a negative effect on their business.

The big question on the minds of many shops is how those involved in the new pilot are handling the discount requirement for the Select Service program.

Of the shops we surveyed, less than half said they lowered their rates to State Farm to comply with the requirements of the program. Even so, lowering rates charged to State Farm was the most popular response, with 41.2 percent choosing to do so.

Of the three other responses, raising rates to other insurers was the second most popular, with 38.2 percent choosing that response. 32.4 percent of the respondents said that they made no changes in their shop with respect to discounts, and 14.7 percent said they dropped other DRP agreements altogether, rather than match those discounts for State Farm.

You will notice that the response percentages for this question add up to more than 100 percent. Approximately 20 percent of the shops selected multiple responses, indicating that they are dealing with the State Farm discount requirements through a combination of approaches. 8.8 percent of respondents reported both raising rates for other insurers and lowering rates to State Farm.

Continued on Page 10

Continued from Page 9

Summary of Survey Results	
WHO DID STATE FARM SELECT?	
Shops with Sales < \$1 Mil	43.8%
Shops with Sales \$1-2 Mil	57.9%
Shops with Sales > \$2 Mil	66.7%
OF SHOPS WHO ARE PARTICIPATING IN NEW PILOT...	
Sales < \$1 Million	23.3%
Sales \$1-2 Million	36.7%
Sales > \$2 Million	40.0%
Lowered State Farm rates	41.2%
Raised other insurers' rates	38.2%
Dropped other DRPs	14.7%
No changes	32.4%
Lowered SF rates, and raised others	8.8%
State Farm volume increased	17.6%
State Farm volume stayed the same	70.6%
State Farm volume decreased	11.8%
Is new agreement better for your business?	
Yes, Better	12.5%
No, Not better	43.8%
Undecided	43.8%
OF SHOPS WHO WERE NOT ACCEPTED INTO PROGRAM	
Sales < \$1 Million	39.1%
Sales \$1-2 Million	34.8%
Sales > \$2 Million	26.1%
State Farm volume increased	3.2%
State Farm volume stayed the same	12.9%
State Farm volume decreased	83.9%
Yes, Better	3.2%
No, Not better	71.0%
Undecided	25.8%

*Sincere Thanks to the following
sponsors of our
May Annual meeting
Their generous financial support
helped make this event a
big success!*

Enterprise Rent-A-Car

**The Paul Francis Company
John Modica - President**

First National Merchants Solutions

ABAC OFFICERS 2006

PRESIDENT

TOM BIVONA
MY WAY OF GREENWICH
(203) 769-4492 FAX (203) 769-4430

FIRST VICE PRESIDENT

MIKE WALSH
T&J AUTO BODY, EAST HARTFORD
(860)-528-9337 FAX (860)-289-6655

TREASURER

BOB SKRIP
SKRIP'S AUTO BODY, PROSPECT
203-758-6605 FAX 203-758-0345

SECRETARY

MARK WILKOWSKI
STANLEY'S AUTO BODY, WATERBURY
(203) 756-1562 FAX (203) 596-8019

IMMEDIATE PAST PRESIDENT

KARL MAUHS
HAMDEN AUTO BODY, HAMDEN
(203) 248-6116 FAX (203) 248-0492

EXECUTIVE ASSISTANT

DENISE BANTA
FAX (860) 848-0534

DIRECTORS

TONY CATAPANO
WILLIAM DENYA
TONY FERRAILO
ED LUPINEK
CHIP PLATZ
RONALD POIDOMANI
WILLIAM ROMANIELLO
RICK RONDEAU
RANDY & JOANNE SERKEY
JOHN SHORTELL
TOM VICINO
LENNY VOLPE
JIM VOISINE
MICHAEL WILKOWSKI

Walt's Auto Repair
Denya's Auto Body
A&R Body Specialty
Eddie's Auto Body
Artie's A/B of Fairfield Cty
Town Line Body Shop
Richard Chevrolet
P&B Auto Body
A&R Auto Body
Secor Collision Center
Superior Auto Body
Barcello's Auto Body
Jim's Auto Body
Stanley's Auto Body

N. Branford 203-484-7373
Meriden 203-237-6068
Wallingford 203-269-2842
East Haddam 860-873-9044
Fairfield 203-254-7208
Monroe 203-268-5307
Cheshire 203-272-7241
Bristol 860-584-8115
Torrington 860-482-7389
New London 860-442-3232
Westbrook 860-399-9999
Stamford 203-327-5047
Southington 860-747-6005
Waterbury 203-756-1562

LEGAL COUNSEL

BRUCE MORRIS 860-747-5549 Fax 860-747-5540
ALAN NEIGHER 203-259-0599 Fax 203-255-2570
DAVE SLOSSBERG 203-877-8000 Fax 203-878-9800

**CT OFFICE OF
ATTORNEY GENERAL
RICHARD BLUMENTHAL
860-808-5318
Fax 860-808-5387**

ABAC NEWS

DAVE FOGARTY
DON CUSHING

The goal of the ABAC News is to provide a forum for the free expression of ideas. The opinions and ideas appearing in this publication are not necessarily representations of the ABAC and should not be construed as legal advice.

