



# Auto Body Association of Connecticut

Phone (203) 767-5731 • Fax (860) 283-4154

“Pulling together for a better future”

*POSITION STATEMENT: State Farm PartsTrader program*

*September 10, 2012*

## **PartsTrader: An Embodiment Of What’s Wrong With The Auto Body Industry And A Harbinger Of What’s To Come**

The **Auto Body Association of Connecticut** (ABAC) stands with our brother and sister organizations across the country decrying State Farm’s PartsTrader program. The endeavor is a wolf in sheep’s clothing. It is bad for repairers, part manufacturers, and most importantly, consumers. The only two enterprises in place to profit – and profit handsomely – are State Farm Insurance and PartsTrader.

PartsTrader is a web-based, collision part sourcing, quoting and ordering system. According to its website, “PartsTrader is a tool to improve the collision replacement parts sourcing, quoting and ordering process. We are not a parts retailer. We facilitate the matching of collision repairers with replacement parts suppliers.” Currently, PartsTrader is open only to State Farm Select Service repairers and parts suppliers nominated by Select Service repairers. According to PartsTrader, however, its long-term goal is to make PartsTrader available to the entire U.S. collision repair industry.

The idea, as we see it, is to hoodwink the part suppliers and repairers into negotiating away their respective profit margins in the name of greater profits for State Farm. Despite the program being sold as a benefit to repairers and consumers, it quite clearly benefits neither. There are already programs in place to ensure competitive pricing. What PartsTrader does is infuse a grossly inefficient process at the expense of the repairers and OEM vendors. Thus, not only is the program redundant, it is also inefficient. What is more, insurers simply cannot continue to draw profits from an already besieged industry without further affecting quality and safety. It just can’t happen. Similar to what is happening in the health care market, the insurer model of perpetually taking in more premiums, while perpetually finding new ways to pay less on claims, is fundamentally corrupting both industries.

If State Farm and PartsTrader are successful in penetrating the entire U.S. parts market, State Farm will find itself flush with new profits hot off the backs of repairers, retailers and consumers. It will not take long for the likes of Allstate, Progressive, GEICO and others to follow suit. History and experience have taught us that any time an insurer endeavors to “improve” the auto body industry, bad things happen. Instead of focusing on the business of insurance, State Farm has once again, taken it upon itself to meddle with the collision repair industry for its own selfish motivations. Insurers should not be involved in collision repair decisions, collision repair standards, setting pricing on repairs or establishing a new system for the sale and distribution of auto parts. None of this relates to the business of insurance.

Members of the ABAC and others across the country have unsuccessfully sought to secure the contractual documents detailing the specifics of this plan and respective rights and duties of State Farm, PartsTrader and the participating auto body shops. As with any program of this scope and degree, the devil is undoubtedly in the details. Seeing as the auto body industry had no say in this endeavor, the specifics are being kept from us, and we know State Farm's history of selfishly interfering in our industry, we can only presume that what we do not yet know is even worse than what we already know. All of the facts, not just those selected by State Farm and PartsTrader, should be on the table.

The ABAC surveyed all of its supporting OEM vendors to ask a simple question: Do you intend on participating in PartsTrader? For many of the reasons articulated in this press release, every OEM vendor, all seventy-six (76) of them, said they will not. Not one OEM vendor said it would agree to participate in PartsTrader. Indeed, we are unaware of any OEM vendor in Connecticut who intends on participating.

Given the origin of the PartsTrader program, State Farm's apparent objectives, the obvious inefficiencies and harms caused by the program, together with the litany of problems already experienced and highlighted by industry leaders across the country, the ABAC felt it imperative to interject its voice into the national debate. For all of the aforementioned reasons, we write to strongly oppose the PartsTrader program. Further, in light of the long-term damage this program will likely cause our industry, we are respectfully encouraging those of you who have not yet weighed in on this debate, to carefully examine the pilot program and voice your opinions.

---

**Auto Body Association of CT (ABAC)** is a statewide trade association of professionals dedicated to the protection and education of the motoring public and advancement of the collision repair industry, through safe quality repairs for Connecticut consumers. For more information on how ABAC helps CT motorists or for more information on how to join visit <http://www.ABACConn.com>.