

ABAC NEWS

JULY - AUG 2004



The Official Newsletter of the Auto Body Association of Connecticut



Attorney General Richard Blumenthal speaks to ABAC Members in May. A large turnout greeted the AG with many questions concerning future of the collision industry.

ABAC Members Greet Connecticut Attorney General at Annual Meeting

The Auto Body Association of Connecticut had a spectacular turnout at its annual meeting on May 25th. I'd like to thank all of you who attended, as well as the committee who organized it. Akzo Nobel Coatings, Enterprise Rent-a-Car, and Paul Francis & Company sponsored the event and what an event it was!

Attorney General Richard Blumenthal was our main speaker. In his customary manner, Mr. Blumenthal was honest and direct, stating he met with members of our board and agreed there are definite areas of concern, including steering, price fixing, unfair claim handling practices, and lack of appraiser accountability. He cited the labor rate being the same throughout the entire state and commented that our demographics vary greatly from area to

area considering our small geography. He fell just short of admitting that there are companies breaking the law. In fact, Mr. Blumenthal met with Commissioner Susan Cogswell from the Department of Insurance on the morning of our meeting. He felt he should meet with an ABAC contingent and Commissioner Cogswell to determine how best to protect the motoring public. True to his word, the meeting has been scheduled for mid-July.

The Attorney General asked for questions from the audience and Alan Neigher, one of the ABAC's legal counsels, asked him to comment on the self-funding of the State of Connecticut Department of Insurance. For clarification purposes, every department in the State of Connecticut is funded from the General Fund. The General Assembly develops and passes a budget for the entire state – the DMV, DEP, Labor Department, DCF, etc. – EXCEPT the Department of Insurance. Who funds the Department of Insurance? Who pays Commissioner Cogswell's salary? Who pays Ray Claytor's salary? You guessed it! The insurance companies! Unfortunately, Mr. Blumenthal's response was the only way to change it is through legislation.

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Mike Brunt then brought up an example of a customer who has been without her vehicle for 8 months due to unfair claim handling practices. He briefly told the story of how the insurance company has been manipulating this poor woman. Mr. Blumenthal asked that these occurrences be documented – indeed, he stressed the need to continue with the Insurance Complaint Forms. Several other people stood to tell their stories as well. Again, they were asked to document their complaints. The comment was made from the audience that we have been compiling complaints for years and they have fallen on deaf ears. Mr. Blumenthal assured us that his office has their eyes and ears open and are willing to do their job. He is willing to “Spark an investigation” once he feels the evidence warrants one.

Believe it or not, all of this took place before dinner! After dinner, we had so many speakers I’m not sure I remember them all. I mentioned Alan Neigher earlier. He told us about The Hartford lawsuit – it’s moving forward; he’s in direct contact with the Department of Insurance; he’s gathering data. Mr. Neigher also reminded members to continue to fill out Insurance Complaint Forms and to send them in to the ABAC Board.

State Senator Len Fasano has also met with members of the ABAC Board of Directors. Senator Fasano attended our annual meeting to express his support for the ABAC’s representation of the motoring public. He recommends that the ABAC select only two issues to focus on. The Senator is willing to help the ABAC develop a strong bill, present it to the legislature, and help us to get it passed.

Senator Fasano introduced State Representative Steve Fontana who just happens to hold a seat on the Real Estate and Insurance Committee. State Representative Fontana agreed to work with the ABAC and Senator Fasano on the above mentioned bills-to-be-proposed. Not surprisingly, he expressed great interest in the complaints and questions presented to the Attorney General.

Attorneys Lou Federici and John Parese spoke about taking lawsuits to Small Claims Court. For example, the vehicle owner is shortchanged from the insurance company and you are having trouble collecting a remaining balance, i.e. for your labor rate. If the demand for the remaining payment is going to be under \$3,500, the suit can be filed against the insurance company through Small Claims Court. It is much less expensive and both attorneys have been very successful following this path. Feel free to telephone them for guidance.

DMV Dealers and Repairers Chief Lee Telke once again updated our members on the happenings in his department. Chief Telke continues to maintain his open-door policy with the ABAC, its Board of Directors and its members. DMV Legislative Liaison Peter Russo also gave a very brief update on the legislative happenings.

Shall I tell you about all the special guests, Past Presidents, the lawyers from New York, etc. who came to the meeting but didn’t speak? Forget about it – we’ll run out of space! As a matter of fact, I think the only guy who wasn’t there was John Rowland – something about wanting to have a soak in the hot tub at some cottage.

I’m looking forward to a great year as President of The Auto Body Association of Connecticut. We have a hard working group of people, with Board members located in each county of our State.

Communication will be the focus of my Presidency. I want every member to know what’s happening in our state. I want every member to know how to reach an ABAC Board member. I want every member to know where to file a complaint. I want every member to know who to call with a question. Yes, I want every member to be a know-it-all. Let’s stay positive. Let’s stay focused. Let’s pull together for a better future.

Sincerely,

Tommy

Tom Bivona
ABAC President



ATTENTION COLLISION REPAIRERS

One of the first things Jody Rell, the new Governor of Connecticut will be doing is to appoint a new cabinet. This means many of the current commissioners will be replaced. If there is one thing you should do this year to help your industry, it is to call the Governor's office and recommend, ask, beg, plead, whatever it takes to convince the new Governor to replace the Insurance Commissioner with someone who did not come from the insurance industry.

Please call the Governor's office and explain your concerns and desires to see an impartial commissioner put in place at the Insurance Department. Call 860-566-4840 (Governor's office). Let the staff know that the current Commissioner is not enforcing Connecticut insurance laws, and that you believe there is a clear conflict of interest having an ex-insurance executive running the Connecticut insurance department.

Call NOW. Call OFTEN! Get in touch with the other shops in your area and encourage them to call also. The right Insurance Commissioner could completely change the collision repair industry in Connecticut.

BEWARE OF INSURERS IMPROPERLY DEDUCTING PAINT & REFINISH TIMES!

The Society of Collision Repair Specialists (SCRS) has been looking into the controversy that some insurers are causing by insisting that shops deduct paint time for partial refinish within a panel (CRASH 4/18/04 5/2/04 & 5/9/04). Some insurers are asking shops to deduct time for "blending within a panel." SCRS got the definition of a blend panel from ADP, Mitchell, Motor, and Trevethan Enterprises. Dan Risley, the executive director of SCRS, writes, "applying basecoat to a portion of a damaged panel and then applying clearcoat to the entire panel does not qualify that panel as a blend panel. Full refinish time applies! Risley also asked the paint manufacturers whether it was possible to clearcoat a portion of the panel and advises: A proper repair entails applying clearcoat over the entire panel. Applying clearcoat to a portion (blending the clear) and melting in the edge is not warranted." He writes, "SCRS recommends addressing this issue with the individual adjuster or his supervisor. If the situation is still not remedied, you may consider contacting your state's Department of Insurance."

Do not let insurers baffle you with incorrect information! Know your facts and negotiate for just that!

NEGOTIATIONS : THE FINE ART!

DOCUMENT FACTS TO ACHIEVE LABOR RATE SUCCESS!

Recently, an ABAC member in New Haven County used educational knowledge to convince an insurance company to pay his individual labor rate on a first party claim.

The process began with the shop owner excelling at customer relations by removing his customer's fears and headaches by handling all negotiations with their insurance company. The shop owner asked the independent insurance appraiser sent to settle the claim what labor rate he was authorized to write at. When the appraiser offered a rate that was approximately 40% lower than the shop's charged business rate, he was asked to contact the inside claims manager. The claims manager, hoping to intimidate the shop owner said that they did not pay body shops in CT. the rate he was charging. This is when the shop owner turned on his sales charm and overtook the negotiations! He explained to the claims manager that his retail customers had no problem paying his body labor rate, which was comparable to the range of auto mechanical labor rates charged in his market place. Why would he think of giving an insurance company a discount? That would not be fair!

When the claims manager offered a labor rate increase which still fell short, the shop owner explained that although damage content was negotiable, the labor rate was not, and offered to fax numerous paid customer bills and insurance claims settled at his rate. The claims manager realizing that he was losing this battle of facts finally authorized the independent appraiser to write his appraisal at the shop business rate and settle the claim!

P.S. A lesson which may be learned from this true story: Document your files, create facts, and settle claims for your price to achieve success!

ABAC Welcomes New Governor Jodie Rell

*The following letter was delivered in person by ABAC
Executive Assistant Denise Banta on behalf of ABAC President Tom Bivona*

Dear Governor Jodie Rell,

The Auto Body Association of Connecticut congratulates you on your new position as Governor of Connecticut. While we understand that your first few weeks in office will be filled with pressing issues, we want to express our concerns about the Department of Insurance put into place by Governor Rowland. We understand that you will be assessing department commissioners and will be making some changes. We hope you will be making personnel changes in the Insurance Department.

Currently, the Department of Insurance is staffed by former insurance company executives. This would explain why the hundreds of formal complaints filed by collision repair shop owners and their customers continue to be ignored. Insurance Department employees simply forward our complaints to the offending insurance company for their review. They then forward the insurance company's response to the complainant with a note telling the complainant that the insurance company is not doing anything wrong, and the Insurance Department can do nothing further.

Commissioner Cogswell's administration appears to be a den of corruption, with blatant favoritism to the insurance industry. Her leadership (or lack thereof) has protected the insurance industry in Connecticut from the very laws and regulations designed to protect the consumer. Many of the insurance companies operating in this state, especially the larger companies, consistently violate state statutes and engage in unfair business practices.

Recently, one of our directors ran into Governor Rowland in a Putnam antiques shop. He explained the problems consumers are having getting the Insurance Department to act on complaints against insurance companies. Governor Rowland agreed that the Department of Insurance was useless at protecting consumers. The Governor told our director that he understood the Insurance Department was not staffed with the right people and changes needed to be made. Unfortunately, Governor Rowland has been too distracted to do anything about the problem.

Attorney General Richard Blumenthal recently attended a meeting with the Auto Body Association of Connecticut to hear our complaints. He was very interested, and surprised, to hear how the Insurance Department operated. We are preparing evidence and will be meeting with him again soon. The last thing this state needs is another government scandal.

Collision repairers in Connecticut are holding their collective breath hoping you will replace Commissioner Susan Cogswell and her staff. We hope that you will consider installing people without ties to insurance companies. One cannot expect a former insurance executive to be objective, or to act against his or her friends in the insurance industry. And though we understand the importance of the insurance industry to our state, Connecticut consumers deserve an Insurance Department that will protect their interests, and not those of large insurance companies.

Sincerely,

Auto Body Association of Connecticut.

Regional News

Monday, June 7, 2004

Rental Car Companies Pursue 'Anti-Steering' Laws in Rhode Island

A group called the Coalition for Fair Insurance Practices (CFIP) is calling for state legislatures across the country to enact legislation that would remove what they call "barriers to free trade in the insurance replacement segment of the auto rental industry."

The group is seeking legislation to require insurers to honor consumer choice in selecting the rental car company that supplies their replacement vehicle when a claim is filed.

Rhode Island currently has a bill pending in the Senate proposing an amendment to the state's Unfair Claims Settlement Act, making it an unfair settlement practice for an insurer to restrict consumer choice when selecting a replacement vehicle. The proposed legislation would give consumers in Rhode Island the right to control which auto rental company they rent their replacement vehicle from when an insurance company provides an auto rental benefit.

Bill 8239, which has passed the House of Delegates, could make a violation result in fines for the insurer of \$10,000 per violation, as well as suspension and revocation of the insurer's license.

"We are very encouraged by the progress this legislation has made in Rhode Island, and having Rhode Island lead the way on what will be a national push for legislation like this has several important advantages," said CFIP co-founder Ken Blum. "Rather than starting from scratch, we're able to amend an existing law that has worked well to protect consumers from unfair claims practices. If Bill 8239 is passed, the next step will be to begin work on passing similar legislation in other states. In order to do that, we must reach out to consumers and businesses impacted by these unfair claims practices and urge them to support legislation in their state. That makes education the number two priority for us, behind getting the law passed."

The Coalition for Fair Insurance Practices describes themselves as a group of auto rental companies, body shops, auto dealers and consumers who are seeking to advance legislation in states around the country that would preserve consumers' rights by eliminating barriers to free trade in the insurance replacement segment of the auto rental industry.

Tuesday, June 29, 2004

Insurers Urge Rhode Island Gov. to Veto Rental Car Referral Bill

The Rhode Island General Assembly approved an amendment to S-2616, the Unfair Claims Settlement Act, which would potentially restrict insurance companies from offering the customer the ability to rent a replacement vehicle from a preferred provider.

"Our member companies do not compel customers or claimants to rent from a preferred rental company while their vehicle is being repaired," said Frank O'Brien, vice president and New England regional manager for the Property Casualty Insurers Association of America (PCI).

The PCI is urging Gov. Donald Carcieri to veto the bill which received House approval on June 17. The Rhode Island Governor's deadline is July 7.

"What they have been able to do is recommend a preferred company which is under contract with the insurer to provide rentals at a lower cost per day. This may allow the customer to keep the vehicle for a longer period of time, which is especially important if there is a delay in repairing the damaged vehicle. If a customer doesn't know about the preferred rental company and the lower rates, they are likely to rent from a company charging a higher rate and, as a result, they may end up paying additional out-of-pocket expenses for any additional balance that exceeds the limit in their insurance policy.

"The amendment would likely impact the overall amount of coverage available to the customer and has the potential to drive up the cost of auto insurance premiums in Rhode Island. We are asking the governor to closely scrutinize this amendment and use his veto powers to put the brakes on it."

Update: July 2004

In its many forms, steering remains an important issue for repairers as evidenced by the level of legislative activity dedicated to it this year. No single state seems to have the definitive answer to the difficult issue of steering but with continued legislative efforts some states are at least moving in the right direction.

Connecticut Attorney General Richard Blumenthal has been made aware that the spirit of Connecticut's anti-steering laws are being broken and may be prepared to act accordingly against offenders of these laws. **Stay tuned!**

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Paul Francis & Co.
John Modica, President



NOTICES AND BULLETINS

Attention all ABAC Members—Mark your calendars!

ABAC Quarterly Meetings will be as follows:

- ***September 14, 2004***
- ***November 9, 2004***
- ***March 15, 2005***
- ***May 17, 2005***

The Road Show of Education will also continue in various counties throughout the next year. Seminar dates and locations will be announced via the ABAC News or by fax to all members as that information becomes available.