

ABAC NEWS

SEPT-OCT 2004



The Official Newsletter of the Auto Body Association of Connecticut

Hurricane ABAC Makes Landfall In Hartford! *Eye of storm settles on Insurance Department*

The Auto Body Association of Connecticut has had a busy month beginning in late August. On August 26, 2004, ABAC officers and directors were invited to the Capital building for a meeting with the Governor's staff. The meeting was prompted by the letter ABAC sent to Jodie Rell just prior to her being sworn in after the embarrassing departure of John Rowland. That letter was printed in the last ABAC newsletter and explained Connecticut's collision repair industry's frustration with the Department of Insurance not acting on complaints against the insurance industry. Leveraging the scandal involving allegations of corruption in the Rowland administration, the ABAC letter charged that the Insurance Department "appears to be a den of corruption," citing favoritism toward the insurance industry by ex-insurance employees turned Insurance Department officials. We credit the Rell administration with a quick response and a willingness to understand the problem.

Present at the meeting were ABAC President Tom Bivona, past President Karl Maus, Vice President Mike Walsh, Director Bill Denya, Director Tony Catapano and Director John Shortell. Also present was ABAC attorney Bruce Morris. ABAC members met with Philip Dukes, Rell's Counsel for Policy, and Nicole Griffin, the Legislative Liaison.

The meeting lasted about an hour and got lively as ABAC members tried to help the Governor's staff understand the frustration we all feel when trying to get Connecticut's Insurance Department to act on valid complaints. Philip Dukes appeared to play devil's advocate and tried to give us a taste of the arguments the insurance industry would use to defend themselves. He encouraged us to get together detailed documentation and evidence and forward it to his office. This frustrated ABAC members attending the meeting because they had brought thousands of pages of evidence.

Apparently it was too much information. Dukes asked that it be boiled down with only the best, most concrete evidence and forwarded to his office as soon as possible. ABAC officers and directors are working on this task now.

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When the meeting ended, most attendees walked away feeling they had wasted their time. They felt they were getting the brush-off. However, their attitudes changed when two weeks later they received a nice follow-up letter from Philip Dukes explaining what he needed for documentation, and thanking us for meeting with him. We are hoping that the Governor's administration is serious about helping consumers and collision repairers fight for justice and enforce the laws currently on the books.

Less than three weeks later, and as promised by Connecticut Attorney General Richard Blumenthal, he hosted a meeting with ABAC officers at his office in Hartford. He also invited the Connecticut Insurance Department. As you can imagine, this was a lively and interesting meeting. Attending were ABAC President Tom Bivona, Director Bill Denya, Director Tony Catapano and Director John Shortell. Representing the Insurance Department were Raymond Claytor from the consumer affairs division, Kathleen Kiernan-Pagani the insurance company liaison and Mark Franklin the Insurance Department attorney. Representing the Attorney General's office were Attorney General Richard Blumenthal, Assistant AG Justin Kronholm and Special Counsel to the AG Richard Kehoe.

AG Blumenthal got the meeting going but had to leave after about ten minutes. His assistants moderated from then on. The meeting lasted about two hours. John Shortell began the meeting with an opening statement laying out our concerns and complaints about the insurance industry's unfair business practices and the Insurance Department's lack of willingness to act on our complaints. Special Counsel Kehoe did a good job asking questions to both ABAC members and Insurance Department members to keep the dialog fluid and civil.

The three main topics discussed were illegal steering and market manipulation by the insurance industry, and perceived favoritism given to insurance companies by the Connecticut Department of Insurance. ABAC members gave detailed accounts of tactics used by insurers to steer customers to their direct repair facilities. It came as no surprise when Raymond Claytor of the Insurance Department defended the insurance industry by claiming he had visited several insurance companies and read their scripts used by claims handlers. After much discussion he did concede that it was possible that insurance company employees were not following the written scripts and were using unwritten scripts to coerce consumers into following their recommendations.

The Attorney General's representatives took great interest in learning that the Hartford Insurance Company was bribing their customers with \$100 off of their deductibles if they took their vehicles to the Hartford's DRP shops. Again, the Insurance Department defended this practice by claiming the steering law, as written, was unclear about what insurers could and couldn't do to entice customers with their DRP programs.

Also discussed was insurance company tactics at manipulating and controlling labor rates. ABAC members described, in detail, tactics used by insurance appraisers to skirt Connecticut appraiser's regulations. Evidence was presented that proved insurance companies had predetermined guidelines, and had great influence over how appraisers wrote estimates. Members of the insurance department and AG's office appeared startled when Bill Denya pulled out a three inch thick, three ringed binder full of insurance company estimating guidelines. Bill Denya saved this material for just the right moment, and it was a Mastercard moment—Priceless.

There was also surprise in the room when ABAC member Tony Catapano revealed that he was a former insurance appraiser and adjuster with much inside information about the way insurance companies manipulate labor rates.

Still again, the insurance department came to defense of the insurance industry by claiming the appraiser regulations were not clearly written and open to interpretation. The response from AG Special Counsel Richard Kehoe was something to the effect of "Gee fella's, your department is supposed to enforce these regulations, maybe you can interpret them for us!" ABAC members made it clear that they wanted appraiser's held accountable as licensed appraisers.



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ABAC President Tom Bivona began discussions about the Insurance Department's lack of action on consumer complaints against insurance companies, citing statistics showing that about 85% of all insurance complaints were found in favor of the insurer. This began a chorus of contempt from all three Insurance Department members present, who scolded ABAC members for calling their department corrupt. Insurance Department tempers and nostrils flared as they called our charges "near libelous." They kept stating that that kind of language was not helpful to the effort of working together. Apparently, the Connecticut Department of Insurance thought that our efforts to work with them over the past ten years were helpful to our cause. Yes, we have accomplished so much working together, haven't we?

To demonstrate to the Attorney General's people the Insurance Department's usefulness, ABAC member John Shortell handed out copies of two complaints handled by the Insurance Department last year. He explained how an appraiser was caught red-handed lying to a shop about what other shops accepted for labor rates in order to trick that shop into accepting a substandard rate. Shortell walked them through the mind numbing process of filing a complaint with the Insurance Department, only to have them pass the complaint along to the insurance company without any investigation. He explained that all the Insurance Department did was shuffle paperwork between the two parties, how the paperwork was lost several times, how the case was shuffled between two different examiners, and how the whole process lasted months. Shortell gave evidence showing, what he believed to be a concerted effort by the Insurance Department personnel to stonewall the complaint until the complainant finally gave up. Interestingly, Insurance Department members could not respond or comment on Shortell's charges.

The meeting ended after about two hours with a promise by the AG to meet again. All ABAC members who attended felt it was a great and productive meeting. We hope the folks from the Insurance Department felt the same way. The Attorney General's people asked ABAC members to gather some specific evidence and forward it to their office. They also requested that the Insurance Department define the appraiser regulations so the AG could determine whether laws were being broken, and/or should additional laws be written. Probably the most important term the AG wanted clarified was "Reasonable and Customary." Insurers are required to pay what is reasonable and customary for the industry in any given area. The AG's office wants the Insurance Department to define what they mean by "reasonable and customary," and more importantly, how insurers arrive at that criteria. It is the ABAC's position, and it also appeared to be the AG's position, that a "Reasonable and Customary" price is determined by what the average walk-in customer is willing to pay himself, not what the insurance companies can negotiate with individual shops. Since people readily pay 75% more than insurers are willing to pay for auto repairs, a favorable decision could have a profound effect on collision repairer's bottom line. You can be sure the insurance industry has already mobilized their political influence to fight this.

ABAC officers are now gathering the requested evidence for the Attorney General. They ask all ABAC members to contact an ABAC officer if they have strong evidence of insurer steering or appraisers violating Connecticut Appraiser Statutes. Continue to file complaints as necessary, and continue to fight insurance company efforts to control our industry. Your association is taking advantage of this momentum. All shops will benefit from these efforts. Please do your part.

Editor's note: Please see Page 4 of this newsletter for the Governor's Office response to this meeting

Governor's Office Responds to ABAC Special Committee Meeting

September 8, 2004

Mr. Tom Bivona
President
Auto Body Association of Connecticut
36 Gleason Avenue
Stamford, CT 06902

Attorney Bruce Morris
Law Office
55 Whiting Street
Plainville, CT 06062

Dear Mr. Bivona and Attorney Morris,

Please accept my gratitude for the time that you and the members from the Auto Body Association of Connecticut spent with our office on Thursday, August 26, 2004. The time we spent together was tremendously informative and I thank you for taking so much time out of your busy work day to share your concerns relating to your industry.

As a result of our meeting I have already begun the process of communicating with the Department of Insurance to obtain more information relating to issues raised at our meeting. As I am sure you remember, I had asked for more documentation from your association so that I can better understand specific incidents of which you complain and obtain specific answers from the insurance companies or the Department of Insurance relative to your complaints.

In our meeting, you made claims that 1) Mr. Morris wrote to the Insurance Department and received no reply; 2) you have sent in complaints to the Insurance Department and they have responded by asking for responses from the insurance company, then asking for your response to the insurance company's response and repeating this process over and over without resolution by the department; and 3) you have sent complaints relating to steering by insurance companies to the Insurance Department that resulted in unsatisfactory responses. In order for this office to follow up on these allegations or any I may have omitted, I ask that you send us 2 or 3 examples of each type of incident. I need these examples to include all correspondence and documentation relative to the specific incidents so as to be able to research their conclusion properly. As an example, for a steering complaint, a form to the Insurance Department is insufficient. I will need to see evidence that an appraiser required that an appraisal or repair be made in a specific facility or facilities or than an insurance company or adjuster required an insured to use a specific person for the provision of repairs, as is prohibited by statute.

Our office is very interested in assisting you in any way that we can. We are concerned when any business raises issues relative to unfair treatment by a state agency of a regulated business. However, in order to call those persons before us to answer our questions, we need concrete examples of how you perceived you were mistreated. I am eager to get to the bottom of your allegations and am hopeful that your providing me with additional information will enable me to end the many years of struggle you have all endured to have your voices heard and recognized.

Thank you once again for sharing your experiences with me and our office. I look forward to hearing from you in the near future.

Sincerely,

Philip Dukes
Counsel for Policy

ABAC Starts New Season of Meetings With a Full House

The Auto Body Association of Connecticut kicked off its 2004-2005 season of meetings and educational seminars on Tuesday September 14th at the Country House Restaurant.

About 70+ attendees turned out to hear the latest news on the auto body industry forefront.

As we have been accustomed to, Dave Fogarty of the Lorensen Auto Group served as Master of Ceremonies and welcomed everyone and let members know that the ABAC now has board representation in all areas of the state. Fogarty then acknowledged President Tom Bivona and 1st Vice President Mike Walsh.

Our co-sponsors for this meeting were Hertz Corporation and Security First Insurance Group and they were recognized for their support.

The Hertz Corporation was represented by a group of people led by Mike Shedor, City Manager, Hartford. Mike was asked to say a few words and told everyone that while they are fairly new to this area of insurance rental he wanted all to be reassured that Hertz and their employees will work hard to satisfy their customers and that they are committed to supporting our association. *(Editor's note: Hertz Local Edition has recently placed 11 ads in the ABAC News Supporting Advertisers Directory. Check it out! Support those who support you!)*



ABAC President Tom Bivona (center) welcomes the Hertz Corporation as co-sponsor for the quarterly meeting



Tom Bivona is centered between Gerard Carbonaro (L) and Anthony Renzoni III representing Security First Insurance Group, co-sponsor for the evening

Next up to the podium were Gerard Carbonaro and Anthony Renzoni III representing Security First Insurance Group. Members were given an information package for use by them in their business to see whether Security First would be able to save their auto body businesses significant dollars compared to their current insurance carriers. Gerard and Anthony pledged to visit any and all shops that were interested and that they would work hard in an attempt to save them money. We hope all members keep Security First in mind when making their decision.

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Fogarty then introduced ABAC Board member Bill Denya who brought members up to speed on the legislative front. Bill spoke of the meeting on August 26th at the Governor’s office attended by several ABAC board members and said that while they went into the meeting with high expectations they felt as though they were given the “cold shoulder”. However, Denya was quick to point out that since that meeting an “inspiring” letter was sent by the Governor’s office asking for examples of correspondence between insurance companies and customers referring to steering and other issues. A copy of that letter has been published in this issue. Denya said it was brought to his attention that several members have been receiving complaints from insurance companies stating that they (the shops) have been overcharging for storage and bay tie up. Denya stressed that the ABAC needs to know of these complaints. Do not call the DMV before you call a board member first. Denya states, “The DMV feels that the insurance company is the customer and we know that the insurance company is NOT the customer. We need to attack this not with one shot but with three, four or five all together, get one attorney and define who the customer is.” Look for more information soon from Bill Denya on current legislation. Watch your fax machines! Many questions from attending ABAC members showed the true interest of our association.

Please keep in mind...if you have ANY concerns regarding CT. insurance laws and you feel that they may be being broken PLEASE contact an ABAC Director listed in this newsletter and they will be more than happy to help you!

Our next presentation was from General Motors. Louis Pringle, Jr. Field Operations Manager for Service and Parts and Michael J. Regan, Product Portfolio Manager covered in somewhat detail, GM’s Depot facility and inventory along with a presentation comparing OEM parts with non-OEM parts. This very educational presentation was followed by a rather “spirited” question and answer session between members and the GM Reps.

As always, our meeting was concluded with a raffle of door prizes supplied by our sponsors and several of our vendors.

The ABAC Executive Committee along with its Board of Directors would like to thank everyone in attendance for their continued support and look forward to seeing everyone again at our next meeting.



Joining Bivona (L) were guests from the Auto Body Association of Rhode Island (ABARI), President Randy Botella (center) and Past President Dave Reynolds (R)



On behalf of the entire Auto Body Association of Connecticut, I would like to thank the **HERTZ CORPORATION** for showing **tremendous support** in the following ways:

- Joining the ABAC as an allied member.
- Co-Sponsoring our September 14th Quarterly Meeting.
- Joining the supporting advertiser directory of the ABAC NEWS with eleven separate listings!

It is my hope that our members show their support for the HERTZ Corporation both now and in the future!

Tom Bivona
ABAC President



**Sincere thanks to our co-sponsors of our
September 2004 ABAC Quarterly Meeting**

- **The Hertz Corporation**
- **Security First Insurance Group**

whose financial support helped make our event a success!

The Hertz logo is displayed in a bold, italicized, yellow font with a dark grey shadow effect, set against a white background.

NOTICES AND BULLETINS

***Attention all ABAC Members—Mark your calendars!
ABAC Quarterly Meetings will be as follows:***

- ***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.

Local News

ALLSTATE SUCCUMBS TO PRESSURE!

Recently, an ABAC member shop owner in lower Fairfield County became frustrated with an Allstate appraiser who refused to include specific necessary items in his original estimate of repair. One of the obvious items omitted was reimbursement for washing the vehicle after body repairs were completed. The appraiser, although looking like the bad guy, was probably just following the pre-determined company guidelines set forth by Allstate. This shop owner was not going to lie down and take a profit loss for work performed. He filed complaints with Attorney General Richard Blumenthal's office and the Ct. Dept. of Insurance.

In view of recent meetings by the ABAC with both State Agencies, an amazing thing happened next! Allstate issued a supplement to the shop including all items that were originally refused. Can you believe it! They actually paid the shop owner to wash the vehicle prior to delivery and listed the item properly in the supplement. In their response to the shop owner, The Ct. Dept. of Insurance did state that unfair claims settlement practices appeared to have occurred by the appraiser not including some items in the initial estimate of repair that should have been included.

Chalk up a victory for this shop owner! It may be the proper time for all ABAC shop owners to file legitimate complaints against any appraiser or insurance company who violates insurance laws. Through continued pressure from the ABAC, the CT. Dept. of Insurance may be forced to finally start acting in a fair and responsible manner!

CAPA HOOD CERTIFIED TO BE WHAT?

Insurance companies usually tell customers that aftermarket parts are quality replacement parts and should be equal to O.E.M. parts in terms of meeting basic standards such as safety, fit, corrosion resistance, etc. Parts with the CAPA label on them are **supposed** to be the best quality controlled and tested aftermarket parts available. Such was not the case recently at a body shop located in New London County.

The shop manager became suspicious when his technician came to him complaining that he was having a major problem getting the CAPA aftermarket hood he had just installed on a customer's 2003 Chrysler minivan to close. After a close inspection of the hood, the shop manager could not believe what he found! **The inner and outer panels of the hood were moving and separating from each other simply by flexing the panels with finger strength.** The only thing that was holding the hood together was the bolt on latch assembly. The hood was missing two key ingredients. **NO WELDS AND NO ADHESIVES!** Luckily, the manager **demanding a factory O.E.M. hood replacement** from the insurance company for his customer, which of course lined up and was installed with no problem, resulting in a safe vehicle put back on the road. Oh, by the way, the O.E.M. hood actually had welds and adhesives, can you imagine that!

Suppose the CAPA hood had closed with missing welds, etc.? Suppose the customer was traveling on the highway with children in the minivan? Suppose the hood panels had separated and released into the windshield? One thing is for sure. The result would not be nice. **It could have been deadly!**

Think twice, maybe three times before you install an aftermarket hood. Protect your customer. Protect yourself!

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