

# ABAC NEWS

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*The Official Newsletter of the Auto Body Association of Connecticut*

## **AUTO BODY SHOPS URGE SUPPORT FOR ATTORNEY GENERAL'S CONSUMER PROTECTION LEGISLATION**

**"DON'T LET UNSAFE CARS BACK ON THE ROAD," SHOP OWNERS SAY**

HARTFORD, Conn., Jan. 17, 2008- The Auto Body Association of Connecticut (ABAC) today urged support for stronger anti-steering laws, noting the state Insurance Department has done little to protect consumers from coercive auto insurance company practices.

The organization of statewide auto body repair shops called on the legislature to adopt new consumer protection legislation as proposed today by Attorney General Richard Blumenthal. Blumenthal's proposal is stronger than a bill approved in Committee during the last session of the Legislature. The bill was about to be called for a vote in the full General Assembly when the session ended.



During a press conference today at Denya's Auto Body in Meriden, Blumenthal announced his call to the legislature to strengthen Connecticut's anti-steering laws because existing laws are too easily skirted or ignored by auto insurance companies and even the State Insurance Department.

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Steering, an illegal practice, occurs when an insurance company tells a consumer what body shop to use for repairs following an accident. Insurance companies regularly try to ignore weak existing regulations by suggesting, for example, that repairs will take longer if a consumer goes anywhere other than to the company's "preferred" shop.

"Your car, your choice – ought to be the  
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watchword in auto repair,” Blumenthal said.

“Consumers deserve to choose where a car is repaired. No insurer should straightjacket or corral consumers, forcing them to use a so-called preferred shop. This legislation, which I have advocated for years, would preserve consumer choice and industry competition – deterring anticompetitive relationships between certain insurers and auto repairers.”

Blumenthal cited the example of 25-year old Lyn Moreau, a student at Southern Connecticut State University, who has been at odds with Progressive Insurance since an accident in September.

An independent review of the repairs deemed appropriate by Progressive shows the car was returned to Moreau in a condition unsafe to drive.

Speaking at the press conference today, Moreau, 25, said that after her accident, Progressive urged her to bring the damaged car to the firm’s so-called “concierge” center, claiming they would guarantee all repairs.

When the car was returned to her, allegedly completely repaired, she was not happy with the new paint and took the car to an independent shop for a re-inspection. The re-inspection found the car had been so poorly repaired it was not safe to drive.

Blumenthal, a Democrat, was joined in his call for legislative action by State Sen. Leonard A. Fasano, a Republican, who said, “It is clear we can no longer rely on existing laws to protect consumers following an auto accident. Consumer protection is a bipartisan issue. It’s time to make our laws stronger so people like Lyn Moreau will no longer be at the mercy of the insurance giants.”

“All consumers have the right to take their cars to the body shops of their choice,” said Thomas Bivona, President of ABAC. “Insurance company concierge programs take away consumer rights by not allowing them to have a say in where a car is repaired. The shops chosen by these concierge centers answer to the insurance company, not the consumer and that can only result in disputes.”

“We see problems like Lyn’s every day. It’s time for the legislature to say, ‘enough is enough’ and vote in favor of Attorney General Blumenthal’s proposed legislation,” Bivona added.

He cited several examples of steering: Insurance company representatives sometimes tell consumers that there will be significant out-of-pocket costs if the car is repaired at a shop other than the “preferred shop.” Another common tactic is for consumers to be told that if they have a car fixed at the shop of their choice, the insurance company could require an additional two weeks or more, just for an appraiser to determine the extent of the damage.

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“The Auto Body Association of Connecticut would like to applaud Atty. General Blumenthal for this important legislative proposal,” Bivona said. “Steering has been against the law in Connecticut since the Weicker administration yet it is the daily practice of many major auto insurance companies.”

“Too often, consumers are unaware that insurance companies direct work to preferred shops because those shops may cut corners on the repair job, perhaps using inferior parts, aftermarket parts that have never been safety tested, or they may even install used parts,” Bivona added.

“We can no longer allow potentially unsafe cars back onto our streets and highways.”



The Auto Body Association of Connecticut is a statewide trade association of professionals dedicated to the advancement of the collision repair industry. The ABAC continuously strives to enhance the abilities and knowledge of its membership through education that will provide safe and dependable repairs for the public

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## **MINNESOTA DEPARTMENT OF COMMERCE FINES AIG \$20,000.00 FOR SHORT PAYING AUTO PHYSICAL DAMAGE CLAIMS**

According to sources in the field, it appears that Auto collision repairers and consumers in the state of Minnesota joined forces to combat the AIG Insurance Company and other insurers for illegal "short paying" of auto physical damage claims. Shop owners and consumers filed major complaints with the Minnesota Department of Commerce, providing evidence that AIG Insurance was forcing consumers, both insured policy holders and third party claimants to pay labor rate differences out of their pockets when the consumer chose their own repair shop instead of one of AIG's direct repair facilities. Commissioner of Commerce, Glen Wilson issued a fine of \$20,000.00 to AIG and also issued a cease and desist order of these illegal practices according to Bill Walsh, spokesman for the Commissioner. Walsh disclosed that they presently are investigating several other insurers for the same type of market conduct, but refused to reveal the names of any additional carriers.

AIG was ordered to reimburse third party claimants and policyholders the funds they were forced to pay "out of pocket". The language in most insurance policies prohibits any additional costs of collision repair to be passed onto consumers. AIG chose to accept the ruling of the Commerce Department's consent order without debating. AIG attempted to put a positive spin on the ruling by claiming the agreement was in the best interest of consumers.

The \$20,000 fine was based on information that AIG was offering a fixed labor rate to collision repairers throughout Minnesota that was significantly less than the individual labor rate charged at each shop. As a result, many consumers had to pay the labor rate differences personally. A Minnesota statute specifically states that the liable insurance company must pay all costs for satisfactory repair.

Consumers should be applauded for their perseverance in advocating for their rights to the Department of Commerce. Many Auto Body repairers educated their customers and collaborated with esteemed effort to fight this injustice. By reporting to the state level, they ensured similar situations in the future would be less likely to occur. The auto repairers should be commended as well because they risked their reputations by fighting the insurance companies. One would hope that AIG and other insurance companies would not contemplate revengeful tactics against collision repairers or consumers in the future. Instead, it would be beneficial if the insurer

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learned a lesson from this experience.

It is not only possible, but also certain that this problem with conduct of insurance companies occurs every day in Connecticut. It is now time for repairers and consumers alike in this state to take the same approach that was successfully taken in Minnesota. ABAC representatives will make Connecticut State government officials, including Attorney General Richard Blumenthal, and possibly Governor Jodie Rell, aware of the information regarding the case in Minnesota. This is perfect timing based on the upcoming Connecticut legislative session in which new legislation regarding collision repair labor rate and protection to the rights of consumers will be introduced.

## PROGRESSIVE DOES IT AGAIN

For the second time in less than a month Progressive Insurance has received TV and news media coverage in a negative fashion for the same reason...unsafe repairs!

On January 24<sup>th</sup>, a consumer took her vehicle to South End Auto Body in Rocky Hill CT. The vehicle, a 2005 Honda CRV had received minor rear end damage (dented tail gate ) when it was hit from behind by another driver. The consumer explained to South End Auto Body's shop manager that she had a recent rear end collision prior to this one, again hit by another driver. Progressive was the insurance company responsible to pay for the initial damages. Progressive representatives had influenced her to have their Concierge Facility take care of the entire repair using their usual persuasive sales tactics, promising a safe quality repair. The consumer allowed Progressive's Concierge Facility to do what they promised. The repairs that she actually received prove quite to the contrary.

The shop manager upon removing the rear bumper from the Honda found flaws that he had never seen the likes of before. The rear body panel, a main structured component as professionals realize, was improperly repaired from the initial accident by Progressive. To be specific, a 12-14 inch cut was made in the back of the panel, the structure metal was pried away, the front area was hammered in an attempt to resemble it's original basic shape, which was sub standard all by itself. The rest of the body panel was bent and distorted. Incidentally, the Progressive damage appraisal called for repairing the panel which any quality repairer would have refused to do so,

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instead would have installed a new body panel. At the absolute bare minimum, Progressive should have made sure that the repaired panel had the 12-14 inch metal cut re-welded to its original strength, since the insurer is responsible to do a final inspection prior to giving the vehicle back to the consumer. One would wonder if their inspectors are qualified to even know what they are looking at. Guess what? The metal cut was not welded. Instead a jagged scrap of an old sound deadener pad was glued into place to cover the wounded 12-14 inch metal cut. One heck of a quality safe repair! Also the vehicle's floor section still had kinks in the metal, not repaired from the first accident. The shop manager assured his customer that he would repair her vehicle correctly.

Then the media fun began. State of CT House Representative Anthony Guerra, Chairman of the CT Transportation and Safety Committee arrived on the scene and was appalled at what he saw, another unsafe repair released to the motoring public! One would think that unsafe vehicles being released to the motoring public would most definitely be in the jurisdiction and of interest to CT D.M.V. Unfortunately, when contacted, a D.M.V. representative stated that this matter was out of their jurisdiction. Then again it was the D.M.V. and the CT Department of Insurance that initially approved of the Progressive Concierge Facilities, despite warnings from ABAC President Tom Bivona that the facilities should not be involved in any part of the repair process, predicting the potential of unsafe improperly repaired vehicles released to the public would be likely. Guess Mr. Bivona was right! What a surprise. Maybe that is why the D.M.V. opted not to view the incident personally. Channel 3 News reporters were next to arrive on the scene along with CT Attorney General Richard Blumenthal who was extremely concerned that once again an innocent consumer fell victim to unsafe repairs. Interviews were done with all in attendance. The following day, two representatives from Progressive arrived at South End Auto Body to view their collision nightmare. While they were waiting in the office of South End Auto Body's shop manager, a Channel 3 News Crew pulled into the parking lot. Upon noticing the arrival of Channel 3, the Progressive representatives immediately left the building, got into their vehicle and high tailed it out of the parking lot.

One would wonder if you do not have anything to hide, then why would you take off and blow off a scheduled visit. That would appear to be unprofessional at the least! Progressive did return the next day, settling the damage claims with the shop manager at his posted business labor rate that was 10 to 12 dollars per hour higher than they normally pay.

One would guess that Progressive wishes that these bad dreams would just go away. The solution is simple. Close the Progressive Concierge Programs Down before some one gets injured!

# **CONSUMER ALERT!!!**

**Beware of any insurance company employees who require or influence you to bring your damaged vehicle to a specific repair shop for an appraisal.**

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**This is a direct violation of Connecticut Anti-Steering Law that protects you, the consumer.**

**The law specifically states that no insurance appraiser, adjuster or employee shall require that appraisals shall or shall not be made at a specific repair facility.**

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**Protect your rights as a consumer!  
Choose the collision repair facility of your choice,  
not the choice of an insurance company.**



*The Hartford Courant*  
Opinion – opposite the editorial page

## **Drivers Need Protection From Unscrupulous Insurers**

**THOMAS BIVONA**

January 28, 2008

The Connecticut Department of Insurance appears to be in the throes of schizophrenia when it comes to enforcing auto repair labor rate and anti-steering laws.

Steering is the practice used by many unscrupulous insurance carriers to mislead consumers into thinking they either must or should use the insurance company's preferred auto repair shop — despite the customers' legal right to choose the shop of their choice.

Insurance companies steer business to their preferred repair shops because it saves the companies money — lots of money. This is a problem because it is illegal and because the savings are gained to the detriment of consumers. Unbeknownst to most, many insurance companies have contracts with Direct Repair Program shops to repair cars in accordance with insurance company dictates. These insurer-repairer contracts, negotiated behind closed doors, result in significantly cheaper repair bills for the insurance company. It's a great deal if you're an insurance company stockholder. It's not so great if you were relying on the repair shop to restore your car to its pre-accident condition to protect your family in the event of another crash.

Unlike the incentives driving an independent repair shop (accountability and quality repair), an insurance company's contracted shop is interested in faster repairs for less money to serve the best interests of the insurance company.

Time and time again, my organization, the Auto Body Association of Connecticut, has documented that these preferred auto body shops cut corners, sometimes replacing damaged parts with untested after-market parts — parts unapproved by the automobile's manufacturer or, even worse, used parts of questionable quality. We have found instances, for example, of parts being spot-welded in preferred shops instead of being securely bolted, although the insurance company requires such bolting for a safe repair. Such shortcuts might save time and keep expenses down — but at what cost? Car owners are rarely informed that their interests and safety might be compromised.

Recently, at the request of a consumer dissatisfied with repairs done at an insurance company's preferred shop,

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our association inspected a car with such poor repairs it was unsafe to drive. Yet the insurance company had inspected and returned the car to the consumer as repaired and roadworthy.

To date, there have been no consequences to the company at issue despite a formal complaint to the state insurance department. Go figure.

The insurance department claims it is working assiduously on its own to inform motorists of their rights following an accident. The department is simultaneously seeking a consultant to come up with a plan to revamp and streamline its operations. Clearly, that suggests those at the top of this department believe something is lacking.

So do we.

The department just sent posters to every body shop in the state, directing the shops to display the declaration that consumers have a right to select their own body shop. The posters are a step in the right direction, but without strict enforcement, consumer awareness posters are insufficient to combat the strong-arm tactics of sophisticated insurance companies.

Despite years of complaints by members of the Auto Body Association, the insurance department has rarely found fault with insurance companies. Indeed, a senior department executive told one consumer making a steering complaint, "that's not steering. It's just good insurance company marketing." This problem has caught the attention of Attorney General Richard Blumenthal who has complained to the insurance department about steering and unfair insurance company practices designed to artificially suppress labor rates.

With a new commissioner at the helm of the insurance department, we are optimistic that fresh and enlightened management might remind the department and its staff that its obligations are to protect consumers, not insulate insurance companies.

If the laws are enforced and the insurance department finally makes good on its promises of consumer advocacy, Connecticut's driving public will benefit from a safer and more transparent repair process. Freedom of choice will be preserved. Normal market forces, not insurance company directives, will drive competition.

**Tom Bivona is president of the Auto Body Association of Connecticut.**

# Legislation Would Limit Consumers

**February 2, 2008**

Tom Bivona's Jan. 28 Other Opinion article, "Drivers Need Protection From Unscrupulous Insurers," was nothing more than the Auto Body Association of Connecticut's latest installment in its ongoing campaign of myth and misinformation regarding auto insurers and the repair of damaged motor vehicles.

Connecticut law currently prohibits an insurer from requiring an individual to take a damaged vehicle to a specific repair shop. Insurers fully inform consumers of their right to take their vehicles to the repair shop of their choice, and data clearly show consumers are exercising that right every day.

Some insurers have established auto repair programs that provide an efficient, hassle-free, high-quality repair option for consumers. Surveys show that those who choose such an option have been highly satisfied with the repair experience and the substantial consumer benefits that it provides, such as a lifetime warranty on the repair work.

Repair shops that participate in these programs are selected for the quality of their work, the high level of training of their personnel and the convenience they provide consumers. Shops are constantly re-evaluated to ensure they are repairing the vehicles and treating consumers properly.

Contrary to Mr. Bivona's claim, it would make no sense for insurers to "cut corners" in their optional repair programs. Satisfied consumers are more likely to remain with the insurer, and are the insurer's best advertisement for growing its business.

Incredibly, the Auto Body Association of Connecticut is seeking legislation that would prohibit insurers from informing consumers about the availability of auto repair program options and prohibit insurers from offering popular consumer benefits under their programs. The counterproductive result would be the elimination of such programs, which would limit both consumer choice and competition within the repair industry by removing insurer programs as a repair option.

The General Assembly has consistently and repeatedly rejected similar legislation in the past, as recently as last year, and for good reason. Connecticut consumers would only lose from its passage.

*Robert A. Kehmna*

*President Insurance Association of Connecticut Hartford*

## **CCRE Denounces Lack of Collision Industry Outrage Over Insurer Employee's Bribe-Taking**

A 35-year employee of Allstate Insurance, Robert Groebner, who formerly oversaw the operation of 21 Illinois PRO (Direct Repair) shops, was fired by Allstate in September 2002. Groebner's firing was triggered by complaints from three Allstate PRO shop owners that he had been soliciting cash payments from them in exchange for his allowing the shops to remain on the insurer's Direct Repair program. His multi-year solicitations possibly netted Groebner in excess of \$500,000. He has since been apprehended, admitted his guilt, and entered a plea agreement to lesser charges.

The Coalition for Collision Repair Excellence (CCRE Ltd.), in addition to condemning Groebner's activities, feels just as strongly that any and all shops that participated in Groebner's bribe-taking should also have been legally indicted, rather than exonerated and reimbursed by Groebner. Though only three shops admitted participation, other shops were also involved.

CCRE Ltd. believes this type of activity between collision repairers and insurance representatives is quite common, and is an illegal practice that needs to be exposed. The abuse has great potential to result in improper, possibly dangerous repairs, adversely impacting vehicle owners and honest repair shops.

CCRE Ltd. denounces the Direct Repair system of collision repair, as DRP agreements inherently tend toward promoting a variety of fraudulent activities, as certain shops seek means of acquiring greater market share at any cost.

CCRE Ltd. believes our Federal Government could put an end to many such abuses overnight if it were to enforce the 1963 Consent Decree, which expressly forbids the activities that Direct Repair promotes.

Additionally, CCRE Ltd. strongly encourages collision trade news sources, associations, and societies to vigorously expose such illegal activities between repairers and insurers, as they become known. Without such exposure CCRE believes the collision industry will continue to deteriorate, resulting in shops' declining net profit, and great disdain for the industry in the public's eye.

For further information, contact CCRE toll free at 877-700-7743 or at [office@theccre.com](mailto:office@theccre.com). CCRE Limited is The Collision Coalition dedicated to promoting the interests of quality-minded independent collision repair shops.

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