

ABAC NEWS

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The Official Newsletter of the Auto Body Association of Connecticut

AUTO BODY OWNERS PROTEST FAULTY STEERING

PICKET PROGRESSIVE INSURANCE TO DEMAND HALT TO ANTI-CONSUMER PRACTICES



HARTFORD, April 9, 2008 – Using dozens of tow trucks to highlight their message, owners of auto body repair shops statewide are calling on the General Assembly to protect consumers from auto insurance companies.

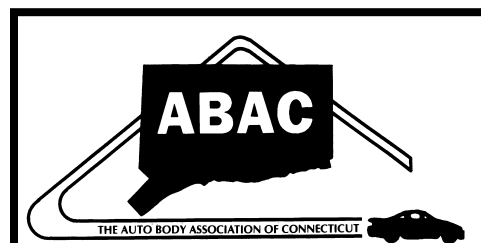
The group, members of the Auto Body Association of Connecticut (ABAC), the Towing and Recovery Professionals of Connecticut, and consumers, strongly support bills brought to the General Assembly by Attorney General Richard Blumenthal and several legislators.

“Attorney General Blumenthal along with a number of state senators and representatives understand that consumers have been at the mercy of the insurance companies for years,” said Thomas Bivona, president of the ABAC. “Consumers need to know they have the right to choose the auto body shop of their choice. Consumers of Connecticut should always know: your car, your choice. Pick the auto repair shop you trust for a proper, safe repair following an auto accident.”

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“For too long, insurance companies have carjacked consumers by steering them to repair shops the companies prefer – shops that may install aftermarket or used parts,” Bivona said. “Using these parts may void a new car warranty – something the insurance companies conveniently neglect to tell consumers. Consumers don’t understand that insurance companies prefer these shops because they may cut corners on the repairs, perhaps using inferior parts that have never been safety tested.”

“Too many times, we have seen cars actually unsafe to drive after being repaired at some of these insurance company preferred shops,” Bivona added.

“You drop your car off at a beautiful concierge facility and expect the best. But what really happens?” Bivona said. “One car we saw had cardboard instead of metal stuffed in a bumper. Another had a radiator not even bolted in place. Another car had a bumper glued in place rather than securely welded. With insurance company preferred shops, you may not see an unsafe repair until it’s too late.”

“Enough is enough. This rally is to make consumers aware that they are often duped into accepting inferior repairs,” said Bivona. “It’s your car and it should be your choice as to where it’s repaired. Consumers need new laws to keep potentially unsafe cars off our streets. Stop insurance companies from their false charade of caring for consumers.”

Attorney General Blumenthal joined the rally today to support the proposed legislation. Blumenthal said, “Your car, your choice – ought to be the watchword in auto repair. No insurer should straitjacket or corral consumers, forcing them to use a so-called preferred shop. We must preserve consumer choice and industry competition – deterring collusive relationships between certain insurers and repairers.”

Today’s rally will culminate at the Progressive Insurance Claim Center in Newington to draw attention to the countless complaints ABAC members and customers have filed against Progressive.

“Progressive is one of the companies that is most aggressive about promoting use of its so-called preferred repair shops,” Bivona said. “They may claim consumers can take a car anywhere for repairs but the reality is very different. The company often insists that cars go to Progressive’s claim center for an appraisal and then pressure consumers to leave their car at that claim center for repair at an often unnamed and unidentified repair shop – all for Progressive’s financial gain.”



“I’d have to say that Progressive is *regressive* when it comes to consumer choice,” Bivona added.

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“Consumers don’t know they can demand to use the auto repair shop they trust. We applaud Attorney General Blumenthal and members of the legislature that are urging passage of these important new laws. If passed, they will go a long way toward stopping insurance company coercion.”

Among other changes, these laws will help prevent insurance representatives from telling consumers that there will be significant out-of-pocket costs if a car is repaired at a shop other than the “preferred shop.” The laws also will end another common tactic -- telling consumers that if they have a car fixed at the shop of the consumer’s choice, the insurance company could re-

quire an additional two weeks or more, just for an appraiser to determine the extent of the damage.

More than four dozen auto body shops have been forced out of business in just the past few years because of tactics used by many insurance companies, only allowing repairs at their questionable hand-picked preferred shops, Bivona noted.

Additional Information:

Michael J. London -- 203-261-1549

The Auto Body Association of Connecticut is a statewide consumer advocacy association dedicated to the advancement of the collision repair industry. The ABAC continuously strives to enhance the professional abilities and knowledge of its membership, helping provide safe and dependable repairs for the public. Additional information on steering is available at its web site: www.abaconn.org.

The ABAC would like to thank everyone who participated in the Hartford Truck Rally for taking time from their valuable day to attend.

***A special thanks to members of TRPC.
The Towing & Recovery
Professionals of Connecticut.***

MARCH QUARTERLY MEETING PROVIDES ATTENDEES WITH VALUABLE INFORMATION

The setting for the Auto Body Association of Connecticut's quarterly meeting was once again at the Country House Restaurant and once again it was a packed venue for another informative get-together.

Dave Fogarty, the evening's Master of ceremonies welcomed everyone and thanked them for taking time from their busy schedules to attend.



Fogarty started the evening off by introducing board member Tony Ferraiolo of A&R Auto Body in Wallingford who shared a quite interesting story with everyone. Tony talked of an issue he had with a customer who had their car repaired twice at a Progressive Concierge shop. The customer had received no paperwork from the Progressive shop. After informing the Concierge shop of her rights and educating the shop about Connecticut State Law the customer was finally presented with her repair paperwork. Tony stated that after looking over the paperwork it was apparent that the customer's car had been repaired twice. The car was then taken to Tony's auto body shop in Wallingford and upon inspection Tony said that "while it wasn't the worst repair I had seen, structurally it was the most dangerous I had ever seen! The radiator wasn't mounted properly, there were bolts and fasteners missing, the front end alignment was off and other numerous faulty repairs." "The most glaring repair," Tony continued, "was with the plates on the rails which were panel bonded on instead of being welded." Tony did check with General Motors which in their information guides states: "DO NOT use adhesives for vehicle underbody or upper body structural type repairs." Tony went on to say that there are repairs that adhesive can be used but you need to know when and how to use it. Ask your OEM dealer for information before repairing a structural part such as a frame rail or uni-side panel. The OEM manufacturer will provide the information. "Make sure you document your repairs and remember that your quality output is most important," says Tony. Tony had the Progressive appraiser come in to look at this particular vehicle and after inspecting the car the appraiser asked if Tony was a Direct Repair shop. Tony said he wasn't and the appraiser knew that there would be NO NEOGITATING and proceeded to give Tony what he needed to repair the vehicle correctly! Tony said the most interesting part was that on the paperwork from the appraiser appeared the wording, "Concession for shop for customer satisfaction on this one only." Does Progressive NOT worry about their other customers' satisfaction? Tony had pictures of the faulty repairs and asked everyone attending to keep an eye out for unsafe repairs and to contact any board member with this information. Thank you Tony for sharing this with us.

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Board member Bill Romaniello from Richard Chevrolet in Cheshire followed up with the statement, “While we are looking for bad repairs the insurance companies are looking for bad repairs coming from your shop.” Don’t cut corners. Do it right the first time!

Fogarty then introduced the ABAC’s media person, Michael London of Michael London & Associates. London gave us a brief overview on the Hartford Press Conference held earlier in the month concerning another unsafe Progressive repair and also the Press Conference held at Denya’s Auto Body on the same issue. Michael urged everyone to contact their district legislators to help in the support of proposed legislation. “Write a letter, make a phone call” says London. He then talked about “Honk Fest 2008” that would be held on Wednesday April 9th, 2008 in Hartford and that everyone’s support would be needed. Mr. London then fielded question from members.



Next up was Atty. John Parese from the law firm of Buckley & Wynne. Parese said that the issues that we are dealing with are also happening in other states. He touched upon two bills SB288 and HB5152 and gave us overviews on each of them. Parese left copies of comments on these bills for us to read. He also talked of a law concerning the restoration of the VIN tags on parts. Parese sees the DMV possibly passing regulations mandating the VIN tagged parts be replaced with VIN tagged parts. The insurance companies will fight this

because they don’t want to pay to have you replace a label. Parese then open up the floor for questions. He then closed by saying that the whole country is watching what Connecticut is doing. We are the leaders!

Up next were ABAC lobbyists Elizabeth Gara and Andrew Markowski of Gara& Markowski who covered current bills in more detail. They stressed how they needed input and feedback from ABAC members to help with these bills at the Capitol. Get the word out. Send letters, emails and make phone calls to legislators. Let them (the legislators) know your concerns. Talk to your customers. Talk to people in your community so that they know your story as a business owner.



Bill Romaniello then once again took to the podium. Bill stressed the importance of being a Supporting Advertiser in the ABAC News. “Support those who support you,” Bill told members. “Supporting advertisers directly help the ABAC financially.”

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Our first presentation of the evening was from Rich Ludwin, Northeast Regional Training Manager from BASF. Rich gave us a detailed presentation on Waterborne Technology and the pending legislation concerning this new method of paint repair. For more information and details go to www.basf.com



Next up was Milton Rodriguez of Vin-Mark. The VINMARK system utilizes proven state of the art technology to ensure that the vehicle and its parts will be permanently marked with its vehicle identification number. The VINMARK migrating gel has been developed utilizing phosphorescent technology to prevent the theft of auto parts. Removal of the imbedded application is exceptionally difficult and impossible to completely remove.

For more information please contact go to www.vin-mark.com or contact:

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475 South Main Street | Cheshire, CT 06410

Phone: (203) 250-8204 | Fax: (203) 250-8251

Email: info@vin-mark.com

As always our meeting ended with members not only enjoying a fine meal and entertaining presentations by our guests but also with a cache of educational information to help them in their businesses.

NOTICES AND BULLETINS

The ABAC would like to recognize the following vendors for joining the supporting advertisers directory of this newsletter.

- The Mitchell Auto Group
- Fair Auto Paint & Body Supply

Welcome new ABAC Members

- Fair Auto Paint & Body Supply
- Acura of Westchester

We wish them mutual success and support.

Entry Level Technicians Await Your Call!

Now is the time to start thinking about bringing in an entry level tech in your shop.

The ABAC has been working hard the past couple of years to introduce the State Technical School Auto Body Repair Program to our members. Please take the time to introduce yourself to your local Tech School Instructor listed below. You will be pleasantly surprised with the results.

There are numerous quality minded kids out there looking for work in this field, and the State Tech program is our tax dollars at work. So take advantage of our investment. They are there and waiting for your call.

Collision Repair and Refinishing
Program Code 84022

Unit No.	Address	School	Department Head	Instructor	Telephone
52	DANBURY 06810 Hayestown Ave.	Henry Abbott	Robert Hipp	Ed Welch Ext. 4027	(203) 797-4460 Ext. 4450
53	DANIELSON 06239 613 Upper Maple St.	H.H. Ellis	William Congdon	Patrick McColgan Ext. 1815	(860) 774-8511 Ext. 1318
49	GROTON 06340 189 Fort Hill Road	ETG/Southeastern	Steve Violette	John Oliva 441-0361	(860) 441-0360
55	HARTFORD 06106 500 Brookfield St.	A.I. Prince	Joe Eichner Cheney x416 649-5396	John Johnson	(860) 951-7112 Ext. 338
58	MIDDLETOWN 06457 60 Daniels St.	Vinal	Ray White	<i>Tom Crary</i> Ext. 390	(860) 344-7100 Ext. 326
50	MILFORD 06460 600 Orange Ave.	Platt	<i>Mario Ferguson</i>	Robert Turcotte	(203) 783-5360
61	STAMFORD 06904 P.O. Box 1416 Scalzi Park	J.M. Wright	<i>Danny Vater</i>	Michael Callahan	(203) 324-7363 Ext. 359
62	TORRINGTON 06790 75 Oliver St.	Oliver Wolcott	Dan Thibault *	Robert Ducey	(860) 496-5376
63	WATERBURY 06708 43 Tompkins St.	W.F. Kaynor	Edwardo Rosado	<i>James Lilienthal</i> Ext. 327	(203) 596-4302 Ext. 324

Bold = STATE STEERING COMMITTEE MEMBER - * = Chairperson

Italics = Additional State Steering Committee Member

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Strengthen No-Steering Law

March 14, 2008

The Hartford Courant
Editorial

Legislators should strengthen state law to stop insurance companies from steering clients toward certain motor-vehicle repair shops.

State law already prohibits auto appraisers and insurance companies from specifying which repair shops their customers can or cannot use. But that apparently hasn't stopped some insurers from using financial incentives and other tactics to steer customers toward "preferred" shops.

Insurance companies say consumers know the law entitles them to choose any shop. They also say they're providing a service to consumers who might not otherwise know where to go for repairs. The preferred shops provide efficient, reliable service, often with guarantees, they say.

But not all consumers know the law. Further, state Attorney General [Richard Blumenthal](#) says some insurers are steering customers to preferred shops with offers of reduced deductibles or by implying the work won't be guaranteed or performed promptly if done elsewhere.

In testimony before the General Assembly, Mr. Blumenthal cited the case of a college student who had her car repaired at a shop recommended by her insurer, Progressive. Unhappy with the paint job, she took the car to an independent shop where an inspection determined the repair was done so poorly the car wasn't safe.

By using their relationship with customers to shift business toward preferred shops, insurers are clearly skirting the anti-steering law. They're also being anti-competitive, directing business away from independent shops.

A bill before the Senate would require appraisal documents to include statements informing consumers of their right to freely choose a repair facility. It would also prohibit insurers from trying to influence con-

sumers through reduced deductibles or premiums.

Finally, the bill would require insurance companies to pay labor rates comparable to other body shops in the same vicinity. Insurance advocates say requiring so-called usual and customary rates will increase costs to consumers. But because they also argue that only a small portion of repairs are performed in preferred shops, we fail to see how this could have a significant economic impact.

Consumers benefit from a free and unfettered array of choices and a clear understanding of their legal rights. This legislation accomplishes both goals.

This anonymous article appeared in the March 14, 2008 Editorial section of the Hartford Courant

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A SINCERE THANK YOU

To all of our sponsors whose financial contributions
helped make our March 11th
ABAC Quarterly Meeting a great success!

VIN-MARK

AUTO BODY SUPPLIES & PAINT

HERTZ RENT A CAR

Industry Trends Affect Parts Sales

-Number of Auto Physical Damage Claims Should Continue Downward

Collision-avoidance technology now enables vehicles to avoid accidents through technical advances in communication. This technology is expected to save more lives and avoid more accidents. In addition, continued high gas prices can potentially reduce the number of miles driven by consumers, again resulting in fewer accidents and fewer cars to repair, and thus, fewer parts sales.

-The Number of Repairable Vehicles Reduced

This will impact collision repair on many levels due to the present collision repair model, leading to more competition between independent repair facilities and dealership in-house body shops. Some shops, especially independent shops that are not well-supported or well-run may be forced out of business; in some cases, owing payment to vendors and parts suppliers for goods and services. Moreover, this would reduce the number of shops increasing competition among parts suppliers; including OE dealers.

-Aggressive Consumer Marketing by the Insurance Industry

Competitive services such as “Concierge-Style” claims handling programs and other Direct Repair Provider (DRP) initiatives will result in competition for market share. Such programs are already initiated by at least four major insurance companies, the most prominent being Progressive Insurance with 54 “Concierge” facilities around the country. This relationship between the insurance company and the consumer may actually reduce the number of collision repair shops needed. Again, this could result in increased competition among parts suppliers.

-Demands by Consumers for Expedited Repair Solutions

Consumers are not as concerned about the potential conflict of interest between themselves, the body shop, and the insurance company when insurance companies intervene in the vehicle repair process. With the advent of the Concierge concept initiated by some insurance companies, the consumer now expects insurance company “Hand-Holding” intervention, support, and help in making “informed” collision repair decisions.

Note: “Informed”, as used in this context is a relative term. Use of the new Honda/Acura Collision Brochure can assist consumers in making a balanced, decision about the parts used in the repair of their vehicle.

-Increased Competition Due to Over-Capacity of Collision Repair Facilities

A saturated market of collision repair providers increases competition for a decreasing number of claims. The market will eventually balance itself out. But while this happens, perhaps as many as 5,000 body shops may go out of business in the foreseeable future. With this information in mind, Parts Managers may want to keep a close eye on wholesale business receivables, especially those where dollar amounts start to creep up, then begin to age.

-DRP Programs Force Higher Performance

The industry is becoming increasingly influenced by DRP’s to become more efficient and organized in order to compete. Body shops are rated by their insurance DRP program on a number of different metrics, not the least of which is “cycle time”, the ability to get a car into the shop, repair it properly and safely, and get the customer back into it. Helping body shops meet cycle time goals through efficient parts distribution will be key to building your parts business.

We will continue to monitor these, and other key business indicators, reporting to you as the business climate evolves and changes.

Submitted by Don Cushing

Lean-ing Out The Collision Repair Process

One of the “buzz-terms” heard around the collision industry today is “lean processes.” This refers to taking the “fat” or waste out of each individual process that a body shop must perform to properly repair a vehicle.

Industry experts note that there is a lot of waste in the collision repair process. This causes vehicles to sit idle while waiting for approvals, waiting for other pertinent information, waiting for a tech to work on the vehicle, or waiting for parts.

In order for a shop to make more money in the collision repair business, they must remove the waste, and begin operating in a more efficient manner. Shops must begin providing what customers (and insurance companies) want – a vehicle that is repaired properly, and in a timely manner. Shops must find a way to bring an added value proposition to a process that has become a commodity.

OE dealers, especially Honda and Acura dealers (with the advent of DSO) are uniquely positioned to help body shops reduce waste, at least in the parts procurement process. Getting the correct part to the shop, the first time... and on time... will help the shops meet their goals for reduced waste (in terms of waiting for parts) and thus is paramount to building your business.

Consider the following when taking an order for collision parts:

- Verify the correct year and model. Secure a VIN number and color code as applicable.
- Double check part numbers when they are pulled from storage.
- Ship complete orders when possible.
- When taking the parts order from the shop, ask for the Repair Order number. Using a self-adhesive label, attach the RO number to each part to help the shop keep all the parts together.
- Double check part numbers as they are loaded in the delivery truck.
- Have the parts driver work with the body shop’s parts receiver to verify all parts as they are unloaded at the body shop.
- Check for damage as the parts are removed from the delivery vehicle
- Plainly identify any back-ordered parts and advise the body shop of a delivery date when possible.

By helping your body shop customers provide value to their customers, you become a more valued parts provider. Helping reduce your customer’s “wait” makes everyone happy and more productive.

Submitted by Don Cushing

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