

ABAC NEWS

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The Official Newsletter of the Auto Body Association of Connecticut

ABAC "Packs the House" in Hartford

Members & guests convene for information updates and education



A "sold out" evening of information was held at the Chowder Pot Restaurant in Hartford this past September as ABAC members and guests gathered for the ABAC's Quarterly meeting.

ABAC Board of Director Bill Romaniello began the evening by informing everyone of the anti-trust guidelines for the meeting. Bill then turned over the meeting to ABAC President Bob Skrip. Bob opened with the following statement: "I look around this room and I've got one thing to say... *WOW! This is absolutely unbelievable. In the decades that I have been affiliated with this (the ABAC) Association, we have never had to turn away people from a*

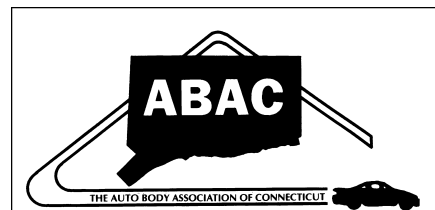
meeting. Today, ladies and gentlemen, history has been made. We had to turn people away from this meeting. This just shows what the Auto Body Association of Connecticut is doing for our industry, what's it's doing for the ladies and gentlemen of this audience and it's warming to me that the hard work that our association, my officers

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and board of directors, have accomplished. This turn out tonight is that result and all of you deserve a hand." This was followed by a warm applause. Bob went on to invite anyone in attendance who is currently not an ABAC member to seek him out during the night so he could personally speak to each prospective member, in depth, on the benefits of joining one of the strongest and successful associations in the country. (More than 7 repairers joined the ABAC before the meeting even began!) *"It's obvious that we are making noise. We are making noise with a positive result and there is a lot of people that have served with this association and on the board that are responsible for that."* Bob then went on to mention that this event would not have been possible without the support of our sponsors. There were nine Gold Sponsors for the evening. Bob then introduced each sponsor briefly and asked them to stand and be recognized. The Gold Sponsors were:



- **Gary's Auto Paint**
- **Akzo Nobel Sikkens**
- **Auto Body Paint & Supply**
- **Albert Kemperle, Inc.**
- **Managed Air Systems, LLC**
- **Enterprise-Rent-A-Car**
- **The Law Offices of Buckley & Wynne**
- **Bald Hill Dodge-Chrysler-Jeep-Kia**
- **BMW of Bridgeport**

Bob then announced the newest supporting advertisers of the ABAC News. One of the values of being a supporting advertiser is that you are recognized at every ABAC meeting. Each table has a standup frame listing every supporting advertiser. Bob recommended all members to *"support those who support you!"*

Says Skrip, *"Take a look at the ABAC website. (www.abaconn.com). It's a consumer friendly website and we monitor the hits on this website. Every day we are getting 70 to 100 new hits. Last week when Attorney General Richard Blumenthal did a press release for the ABAC the website received over 200 hits the very next day. That's from our consumers; that's from our customers. We're doing the right thing for the motoring public of the State of Connecticut."* Bob mentioned the First Responders Seminar held earlier in the year. There were over 100 firefighters, EMT's and first responders that attended this eight hour seminar. With the help of the ABAC's publicist, Mike London of Michael London and Associates, there were news stations and video feeds to help get the word out. Bob then recognized the efforts and results of Michael London.

Bob then spoke of the Legislative efforts of Bill Romaniello and the Legislative Committee and also the tremendous support of Connecticut Attorney General, Richard Blumenthal. *"Obviously the AG sees what we (as an association) are doing, what we're doing is good, it's good for the consumers and he (Richard Blumenthal) is there for us. Thank you Richard Blumenthal."* Skrip continued *"the Attorney General published a 60-second radio ad for our association. It's available for all our members. Anyone who wants to use this in their ads, we have it."*

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It's on our website. Click on it and you'll hear Mr. Blumenthal."

"Another issue that we have been working on for many years, we have a class action law suit against one of the major insurance companies in the state of Connecticut. Tony Ferraiolo of A&R Auto Body, Chip Platz of Arties Auto Body in Fairfield, Mike Walsh of T&J Auto Body and myself have made waves across the country with this law suit. The Manhattan law firm that took this class action law suit realized the value of this suit, they read what's being done wrong and they are there for us. Hundreds and hundreds of hours have been spent." (Jury selection is in process and this class action law suit is scheduled to be heard in Stamford on October 7, 2009).

"Last but not least, with the help of John Parese of Buckley & Wynne, the ABAC has a petition that has been signed by 48 of the 50 states to present to the US Attorney General Eric Holder concerning the 1963 Consent Decree." (The two states that did not sign do not have auto body associations). "With the help of Attorney General Richard Blumenthal, we sent this petition off to US Attorney General Eric Holder. This is not just a couple of shops in Connecticut complaining about this issue (the Consent Decree). This is nationwide. It's a plague and it's growing. It's getting worse. As it's getting worse, our bottom line is getting worse. Last week we received a call from John Parese telling us that the US Attorney General wants to sit down with us, wants to meet with us! This little grass roots association started with people like the late Mike Brunt and all of the people that started this way back when, who started taking bites out of the elephant. Today we are not only statewide, but nationwide. We're national news. We will be going to Washington, DC on your behalf and we're going to sit before the Department of Justice. We're going to tell them we've had enough of corporate greed. We've had enough of 3rd party influence in our business and our industry. We want our businesses back. We want to be treated fairly, we want nothing more. For too many years we've been taking a lot less. It's time we stepped up, time we got what we deserve and time we put this industry back on top where it belongs." All this news was followed by a standing ovation.

Skip then introduced his ABAC team:

● VP Mike Walsh	T&J Auto Body	East Hartford
● VP Joanne Serkey	A&R Auto Body	Torrington
● Treasurer Tony Ferraiolo	A&R Body Specialty	Wallingford
● Secretary Mark Wilkowski	Stanley's Auto Body	Waterbury
● Past Pres. Tom Bivona	My Way of Greenwich	Greenwich
● Past Pres. Karl Mauhs	Hamden Auto Body	Hamden
● Past Pres. Mike Wilkowski	Stanley's Auto Body	Waterbury
● Past Pres. Bill Denya	Denya's Auto Body	Meriden
● B.O.D. Bill Romaniello	All Pro Collision Repair	Plantsville
● B.O.D. Ron Poidomani	Town Line Body Shop	Monroe
● B.O.D. Rick Rondeau	P&B Auto Body	Bristol
● B.O.D. Randy Serkey	A&R Auto Body	Torrington
● B.O.D. Thorton Scott	Family Garage	Bridgeport
● B.O.D. Rob Birarelli	Twin Lights Milford A/B	Milford
● B.O.D. Mario Dimichele	Jakes Auto Body	Waterbury

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(President's Note: "During our meeting, in my haste to present as much information to our guests as quickly as possible and during my introductions of the ABAC Team, I inadvertently forgot to recognize a very valuable member of the ABAC. Board of Director, Mario DiMichele of Jake's Auto Body has been an asset to our association and, as many of us on the Board, has sacrificed his time away from his business knowing that the end result will benefit our industry. I would like

to personally apologize to Mario for omitting him from my introductions.")

Bob then thanked everyone for taking valuable time to attend and assured everyone that the rest of the evening's presentation would prove to be extremely informative.

Roy Crystal from the EPA gave us a slide presentation on all of the current, new and future regulations that will be placed on our businesses. Roy covered all of the regulations in detail. He gave us all a pre-test which he said would be followed by a post-test so that he could evaluate the effectiveness of the presentation. All members were also given resources to take home and a CD with the regulations. Members also received a certificate showing that they have been trained in these regulations. This was quite an in-depth informational presentation on regulations that all collision repairers will find necessary to comply with.

The evening ended with a 50/50 raffle plus an assortment of gifts donated by several vendors. Some of the gifts included Visa gift cards and Red Sox tickets.

"Connecticut AG Calls for Federal Review of Auto Insurer Practices".

The following is an excerpt from the Collision Week titled, "Connecticut AG Calls for Federal Review of Auto Insurer Practices".

The Property Casualty Insurers Association of America denied the claims. Paul Magaril, regional manager for the PCI said the allegations were "ginned up by a special interest group using the Attorney General to line their own pockets at the expense of hard working consumers seeking to get their vehicles repaired after an accident." Magaril said Blumenthal is promoting action that suppresses competition and that consumers always have the right to take their vehicles to the shops they choose. Echoing arguments being used in the current fight to neuter anti-steering law in California (AB1200), Magaril said, "...we believe consumers should have the ability to make an informed decision when selecting their auto repair facility. Consumers benefit from more, rather than less, information!"

Magaril concluded, "This seems motivated by a lobbying campaign by disgruntled auto body shops who are only concerned about their own bottom lines, and not about consumers."



Auto Body Association of Connecticut

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"Pulling together for a better future."

FOR IMMEDIATE RELEASE

FURTHER INFORMATION:

Michael J. London

203-261-1549

CONN. ATTY. GENERAL TO U.S. ATTY. GENERAL: "HALT ILLEGAL INSURANCE COMPANY PRACTICES!"

Atty. General Blumenthal urges attorneys general nationwide to join consumer protection effort

HARTFORD, Sep. 1, 2009 – Connecticut Attorney General Richard A. Blumenthal today launched a nationwide call to all state attorneys general to join in urging the United States Attorney General to enforce federal antitrust laws that protect consumers against unlawful auto insurance company practices.

In response to a nationwide petition circulated by the Auto Body Association of Connecticut (ABAC), Blumenthal today urged U.S. Atty. Gen. Eric H. Holder, Jr., to uphold federal consumer protection laws against "deceptive referrals" and other similar unlawful activities that violate consumer rights.

"Despite a four-decade old decree against these unlawful practices, insurance companies continue to coerce and manipulate consumers to repair their cars at facilities selected by insurance companies, taking away consumer freedom of choice," said Bob Skrip, ABAC president. "We have presented Atty. Gen. Blumenthal with petitions calling for enforcement of existing federal laws on this issue and we are grateful that today he is announcing his enthusiastic support."

Blumenthal has long sought legislative and administrative remedies to the problem of auto insurers' deceptive practices within Connecticut.

Referring to the petitions, Blumenthal said, "This outpouring of complaints shows that problematic practices plague this industry, despite a 1963 consent decree and current law. Auto repairers and consumers are victims of the very same misconduct today: insurer control of appraisers, insurer financial incentives to consumers for their patronage of preferred auto facilities, and the establishment of set labor rates that repair facilities must use. The mantra of both federal and state law enforcers: your car, your choice.

"Practices pressuring consumers to use insurers' preferred repair shops suppress consumer choice and disregard legal duties," Blumenthal said. "I have long sought legislative and administrative solutions to this untenable situation. We're asking the federal government for an immediate review and remedy to stop coercive and deceptive tactics. Effective enforcement is critical."

The ABAC petition, circulated to sister organizations nationwide, was signed by 48 of the 50 states. (Two states do not have auto body associations or repair shops leading the industry in their areas.) The petition called on Holder to enforce federal antitrust laws and protect consumers from auto insurance company anticompetitive practices.

"In 1963, then-Attorney General Robert F. Kennedy issued a federal decree to prevent what was rampant, nationwide trampling on consumer rights by automobile insurance companies," said Skrip. "Today, the collision repair industry is plagued with the same problems it suffered in 1963 at the hands of insurers. Millions of consumers have fallen prey to the deceptive practices of insurance companies, and the laws to protect these consumers are not being enacted."

"Almost 50 years later, insurer steering is still a scourge," Blumenthal said.

Connecticut, led by Blumenthal, is leading the charge against the insurance companies' deceptive practices. "Thanks to consumer protections recently enacted in our state and to our attorney general's vocal support, Connecticut drivers are beginning to understand, 'It's your car, your choice where to have it repaired.'" Consumers should not be coerced into using an insurance company's "preferred shop," which will often use aftermarket replacement parts or even used parts that may void a new car warranty," Skrip said.

The Auto Body Association of Connecticut is a statewide consumer advocacy group dedicated to the advancement of the collision repair industry and upholding consumer rights with the "Your car, your choice" slogan. www.abaconn.com.

LEARNING TO SPEAK “INSURANCE-ESE”

By William Romaniello

It was no surprise when representatives of the insurance industry scrambled in response to Attorney General Richard Blumenthal's scathing critique on the widespread problem of insurer's deceptive practices.

Mr. Blumenthal recently requested a federal investigation of insurers' ongoing illegal practices. He emphasized his long-held concerns that consumer rights were being trampled, and that Connecticut's motoring public was in jeopardy as a result of the insurance industry's efforts to pad its pockets. The Property Casualty Insurers Association of America (PCI) swiftly replied.

I believe it would be helpful to decipher exactly what the insurance industry response really means. Most people in the state do not speak insurance-ese, and so a translation is in order.

PCI's regional manager Paul Magaril stated that the “allegations” by Mr. Blumenthal were “ginned up by a special interest group using the Attorney General to line their own pockets at the expense of hard working consumers seeking to get their vehicles repaired after an accident.”

Let's start by identifying the organization represented by Mr. Magaril. What do PCI's leadership and mission truly stand for? Their tag line is, “Shaping the Future of American Insurance.” Translation: *There are many benefits to being a member of PCI as it, not the consumer, directs the industry.* “We shape public policy,” they say. Translation: *We make the rules.* “When we speak in Washington or in the States, legislators and regulators value our positions and our power,” they brag. Translation: *We are very powerful so you'd better listen to what we want.* “Your powerful advocate's [PCI's] lobbyist skills are unmatched; our staff includes former state legislators and commissioners; and we retain lobbyists in every state.” Translation: *Politics as usual – and none of it in consumers' best interests.* And, most egregiously, “PCI is the largest trade association representing the property & casualty industry. This pool of funds from industry employees helps elect state and federal law makers who share industry-supporting views.” Translation: *We have a huge war chest and we can defeat politicians who oppose us..*

It's easy to understand insurance-ese with a little practice. Anyone can do the at-home language seminar by clicking on the PCI website. Taking a minute to navigate this site will lead to better understanding – especially of how politically-connected their leadership really is. If this website information is for *public* viewing, one might ask what goes on in secret where the real decisions are made.

PCI's statement that Mr. Blumenthal's action was “ginned up by a special interest group” is an example of perfect irony. It is *ironic* that the largest insurance special interest group is attempting to influence public opinion of Connecticut's attorney general.

Our attorney general has firsthand knowledge of ongoing coercive and deceptive practices used by insurers. Mr. Blumenthal has heard testimony by employees of insurance companies that they were rewarded for “steering” their customers to the insurers' preferred shops, and that they were penalized if they didn't. Mr. Blumenthal understands that insurance company adjustors may not give a fair assessment of damage to a customer's car.

Mr. Blumenthal has upheld the responsibilities of his position to protect consumers yet has been rebuked by insurers wielding their enormous political and economic power at the state level. Consumers should be glad he has.

I must emphasize, The Auto Body Association of Connecticut is a volunteer consumer advocacy group made up of hard-working small business owners. We are not a 40 million dollar a year special interest group or lobbying firm, like PCI. We are dedicated professionals pursuing collision repair excellence -- without insurer involvement. We are the ones reminding people: Your car, your choice where to have it repaired. In plain English, we are protecting the rights of the motoring public.

William Romaniello, Owner
All-Pro Collision Repair 971 South Main St., Plantsville, 06479 860-628-0200
Legislative Director, Auto Body Association of Connecticut

"A Little Side Deal Never Hurt Anyone"

The following is an excerpt from the Hartford Business Journal. The article is titled, "A Little Side Deal Never Hurt Anyone" published September 14, 2009.

The problem is Connecticut's Attorney General, Richard Blumenthal. He wants to arrest the publisher and a few other folks, or at least tie them up in civil litigation and regulatory hell, because your shareholders should be able to pick anybody they want as a board member – with no little side deals corrupting the process, even if the process gets them someone as wonderful as Cohen, at a discount. With no overtime.

Blumenthal has been practicing for this case by torturing the property-casualty insurance companies, which insist that their policyholders use one of their recommended body shops for car repairs.

Sound familiar? Just as you trust the Business Journal, so you trust the Hartford-State Farm-Nationwide-Sort of Casualty-Mutual Insurance Co., which suggests that everyone comes out a bit ahead when you use a particular body shop.

Just as some of the other columnists at the Business Journal are insanely jealous of the Cohen arrangement, some of the other body shops are unhappy about not being included in the big hug from the insurers.

The insurers suggest that their policyholders appreciate that the insurers have done the work for them. The left-out auto body guys say that the insurers are as stingy as a Business Journal publisher – and that the favored body shops often attach new equipment with used chewing gum.

While Blumenthal erupted a few weeks ago about the dent-and-scratch thing, this has been a campaign of his since the Crimean War. The body shops have been dragging insurers into court on this thing for years – and the poor state legislators are occasionally required to dive under their desks when the various insurance industry and body shop lobbyists come calling.

The issue pops up in other states, as well, although no one does the indignity cha-cha with the panache of Richard Blumenthal.

It's probably not the state's business whether you, your insurer, or your Momma chooses the body shop that fixes your car. And you should be free to make any deal you want to select the best person, which is to say Cohen the Columnist, to chair the board's compensation committee. Wink, wink.

Shoddy Car Repairs Not A Laughing Matter

10/05/09

To the Editor:

As we've all come to expect and enjoy, Larry Cohen has written another wonderfully sarcastic column; this time, about the secret deals between car insurance companies and the handful of auto body shops they prefer for repairing your car.

As Cohen put it, there really is a "big hug" between the car insurance companies and the hand-picked preferred repairers. What consumers don't know about those secret deals, however, is that the insurance companies typically put huge pressure on these preferred body shops to reduce costs — and increase insurance company profits. That often results in installation of aftermarket or used parts, parts that may void your new car warrantee.

While I don't believe, as Cohen teases, that insurance company preferred shops "often attach new equipment with used chewing gum," we have indeed documented countless instances of these shops doing significantly substandard repairs. We've seen cardboard stuffed in places where there should be metal, for example. We've seen parts glued on rather than bolted properly. We've seen a wide range of dangerous safety hazards after unsuspecting consumers drive off from the smiling insurance company representative.

If you needed heart surgery, would you allow your insurance company to select the least expensive surgeon for the job or would you want the best surgeon possible? Same thing with the car repairs. The insurance companies want the cheapest job possible so they can increase their own profits. Members of the Auto Body Association of Connecticut, however, want to do the best job possible so our customers will be repeat customers, so they will be satisfied and safe in the event of a future accident.

Consumers should remember: don't let your car insurance company try to bamboozle you. It's your car. It's your choice where to have it repaired. Unlike safety issues resulting from poor car repairs, selecting Larry Cohen for your board of directors probably won't threaten the lives of the family — I hope.

Bill Denya - Denya's Auto Body - Meriden, CT - Auto Body Association of Connecticut

SOCIETY OF COLLISION REPAIR SPECIALISTS

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September 4, 2009

The Honorable Richard Blumenthal
Connecticut Attorney General
Attention: Richard Kehoe, Esq.
55 Elm Street
Hartford, CT 06106

Re: Outreach to U.S. Department of Justice Over Antitrust Violations

Dear Attorney General Blumenthal:

The Society of Collision Repair Specialists (SCRS) would like to extend our gratitude to you for the support you have delivered to our industry, and for your pursuit to reform current practices affecting both the motoring public and the collision repair industry. SCRS is a national trade association dedicated to representing the collision repair professional and is comprised of 34 state level affiliate associations across the United States, and represents over 6,000 collision repair businesses through our affiliations. We believe your dedication to this issue will prove highly advantageous to future discussions held with the Department of Justice, and will help us find desperately needed solutions to effectively protect consumers and our industry's small businesses.

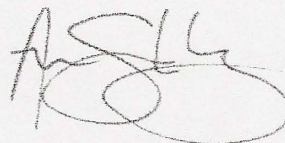
Your message delivered in the September 1st press conference has been forwarded to all of our affiliate associations across the country with the encouragement for them to urge their respective attorneys general to join you in this effort. We can tell you that there is a vast amount of support for your efforts, and we hope this may be a catalyst for genuine interest and involvement from other state's attorneys general.

Please feel free to contact either of us at any time if we can be of assistance; and again, we appreciate your hard work and support of the collision repair industry.

Sincerely,



Barry Dorn
SCRS Chairman
(804) 400-8410



Aaron Schulenburg
SCRS Executive Director
(302) 423-3537

The ABAC is Proud to Announce

We are now an affiliate member of The Society of Collision Repair Specialists. (SCRS). This National Association has been instrumental, joining the ABAC in the recent petition drive by first signing the petition, and also providing facts and figures we will be bringing to the Department of Justice in assistance to our future meetings regarding the industry topics that affect our business. "It was a pleasure having the SCRS in Hartford this year and we were proud to bring the AG to be their keynote speaker. Getting to know this organization and what they now stand for, made the decision to join an easy one" says ABAC president Bob Skrip.

Supporting Your Auto Body Association of Connecticut

Without question, the ABAC's September quarterly meeting was a success. Members, advertisers, and interested non-members attended en masse. The information presented in regard to the new EPA regulations was both timely and relevant to our industry. These quarterly meetings help to sustain the vitality of our association.

It is the knowledge and strength of the ABAC membership that is the source of the ABAC's relevance within the industry. Also, funds raised from these meetings are necessary to help finance the ABAC's pursuit of its mission to promote the interests of the motoring public, our technicians and the automotive repair industry. It is in light of that latter fact that we need to share among our members the one disappointing aspect of September's meeting that affects each of us. There was a significant number of "no show(s) / no pay(s)".

While we all should make every effort to attend, it is imperative that we pay for the seats that we have reserved. In addition to operational funds raised from membership's dues, advertisers and sponsors, money raised from our quarterly meetings are an integral part of the funding of ABAC's activities. The facilities utilized for our meeting require an advance attendance figure upon which the meals and the bills are computed. The seating and the costs are therefore locked and each reserved seat that results in a "no pay / no show" has an exponentially adverse effect on the residual money that goes back into the ABAC's treasury. Each reserved seat that is not paid for requires the potential revenue of several paid seats to offset the respective cost of that single no show. While it is regrettable that would-be attendees missed out on important information, the impact it has on the operational funds of our ABAC affects the interests of all our members.

We, the Officer's and Board members of your ABAC, implore the membership to attend these quarterly meetings. The information and ideas exchanged among the members at these meeting are invaluable and helps to maintain the high standard of professionalism of our membership. It is therefore in fairness to all members that we recommend to those who make reservations but do not attend to still send in their payments for the reserved seats. It is in the interest of the entire membership that the costs of maintaining our association's stature be borne equitably by each and every one of us.

Thank you for your time and dedication to pursuing the needs of our chosen profession.

Submitted by Mario Dimichele - Jake's Auto Body - Waterbury, CT



Members of the
Auto Body
Association of
Connecticut met
recently with
Attorney General
Richard
Blumenthal to
discuss issues
within the auto
insurance industry

*What got you **HERE**, won't get you **There**.*

Only Bodyshops That Crunch The #s Today, Will Survive Tomorrow.

Today's vehicles are being engineered to avoid accidents. "Crash avoidance technology," is not tomorrow's technology, it's here *today*, and it is changing everything we know about running a successful collision repair business. Consumer publications are raving about vehicle safety. Enthusiast magazines are touting the engineering behind the mechanicals. Even the government is number crunching so they can convince manufacturers (and Congress) to add *more* safety features into new vehicle models.

Technology designed to prevent vehicle accidents is now a major contributor to the lack of volume our industry is experiencing. As if declining vehicle travel, reduced insurance claims, and economically stressed people who are less willing to spend their claim money on vehicle repairs aren't difficult enough for body shops to overcome – we are also seeing less cars-to-the-door because of engineered mechanics. The problem is a daunting one.

Want a reality check? Look at what's in your shop. Do you see any cars with ABS brakes, or back-up cameras? How about bumper mounted proximity sensors, fender mounted repeater lamps, integrated hands-free phones, lane departure warning systems? Maybe you have some LED tail lamps, radar based active cruise control, roll control, run-flat tires, self-leveling & direction-leading headlamps. Any side mirror signal markers, stability control, third brake lamps, tire pressure monitor systems, or traction control? There is a lot more of this stuff, but I think I've made my point. Every car manufacturer has designed some of this technology into their products, and customers are buying it.

So . . . how will we counteract this change?

- √ **Know your numbers** (start with doing your own P&L statement)
- √ **Measure and manage KPIs** (lots out there, know which ones matter)
- √ **Build a positive can-do culture in your business** (it starts with you – show by doing)
- √ **Act lean** (Think: 5s – waste – constraint – process – efficiency)
- √ **Market strong and locally** (old-school marketing is out – go local and online)

If you have questions on any of these things, find someone who has the information you need; and ask them to teach you. Hire a consultant. As for my clients, many have said they wish they had reached out sooner, but admitted their ego got in their way. I hear this all too often – but I will tell you; there's nothing more bravado than a person taking full control of their business and leading it to a better tomorrow.

Today's business climate is different than it ever was. Old school just won't work anymore. The expected shop count for our industry could be reduced from 40,000 to 25,000 businesses within five years. The future of our collision repair industry will be formed by those businesses that survived this reduction by successfully managing the BUSINESS of collision repair. That being said . . . it is still true, that now more than ever – whether running an affiliated or independent business model – how you manage that next car *through* your door, is more important than just getting another car *to* your door.

*Chris Sheehy is president of RI based **Auto Body Consulting Group** (www.AutobodyConsultingGroup.com), a collision repair management consulting firm. You can reach Chris at 401.481.4939, or via e-mail at: Sheehy.ACG@gmail.com*

Shop Owner Protects Customer Rights With O.E.M. Parts

A report from the field by Dave Fogarty recently found a shop owner in New Haven County who was reviewing an estimate written by an appraiser to repair his customer's 2004 Jeep Liberty which had sustained major front end collision damage. The appraiser's estimate called for aftermarket parts to be purchased and installed on the entire nose of the vehicle, with two exceptions. He wrote for an OEM hood latch and hinges. Wow, what a big spender he was!

What the appraiser did not realize was the fact that this shop owner was no pushover, he is one who always puts his customer's best interests first. Aftermarket parts simply would be unacceptable. The appraiser explained that his company rule allowed him to only offer aftermarket parts as long as they were available. The appraiser then left the shop to go to his next assignment, figuring that everything was fine. Well to the contrary, the appraiser would be in for a rude awakening shortly!

The shop owner had his customer stop by later that afternoon. The shop owner, after verifying that his customer had full collision coverage (less deductible) explained that the appraiser had written cheaper aftermarket parts instead of OEM parts that came with his vehicle. He then explained that the installation of these parts, especially structural ones such as the hood, radiator support panel and bumper reinforcement, could compromise the structural integrity and overall safety of the vehicle including the fact that he could not guarantee that his air bag system would deploy correctly in a future front end collision! That was all the customer needed to hear. He immediately called his insurance appraiser and gave him an ear full. The customer told the appraiser that the only way he would allow the aftermarket parts to be installed on his Jeep would be if the appraiser would guarantee in writing that his air bag system would deploy correctly in a future front end collision. Before the appraiser could offer any typical response, the customer told him not to waste time in passing the responsibility to the aftermarket parts companies listed on the appraisal, since those companies had already refused to offer a written guarantee in regards to air bag deployment. The customer then explained that the next phone call that he would be making was to his attorney, since he believed that no one had the right to compromise the safety of his life or his automobile.

The appraiser, shell shocked by the barrage given to him by his educated policy holder, stated that he had never been put in this position before, and that he needed to contact his supervisor to see what could be done. The customer said he would wait twenty four hours before turning the matter over to his attorney.

The next morning the phone rang shortly after 8:00am at the collision repair shop. When the shop owner picked up and said good morning, guess who was on the other end. Of course it was the fine insurance appraiser, who the day before was steadfast in only writing aftermarket parts. All of a sudden, the rules had changed! The appraiser explained that after talking with his supervisor, they had made an exception. He would authorize all OEM parts on the policy holder's vehicle. Obviously the customer was happy and the shop owner was able to do a quality repair to properly restore his customer's vehicle to pre accident condition.

A lesson that may be learned from this article should be the following: Your customer and their repeat business is a major factor in being successful. Why would you ever want to compromise the safety or quality of your customer's vehicle? It might be a good idea to take the extra time to educate your customer with the facts and have them take an active role with you in protecting their best interests and yours!

ABAC OFFICERS 2009

PRESIDENT
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Tired of Getting Pushed Around by Insurance Companies and Appraisers? Consider Filing a Small Claims Lawsuit to Protect Your Business.

We all know the frustrations of "independent" appraisers and insurance companies dictating repair decisions and repair costs. It's wrong and it's unfair. So how do they get away with it? They get away with it because very few repair shops actually stand up for their rights in a court of law. Insurers have conspired with one another, with appraisers and with insurer shops to systematically change the rules of the game. What was once inconceivable is now "customary".

While the insurance industry is largely protected by the Insurance Department, insurers do not enjoy the same protections in a court of law. Consider two recent examples of repair shops that educated their customers and took their grievances to Small Claims Court.

In the first example, a third party at-fault driver hit a consumer's car in a parking lot. The consumer demanded to have his vehicle fixed at the shop of his choice. After the repairs were done, the at-fault party's insurance company refused to pay the shop's posted labor rate. The insurer told the consumer that it only pays DRP rates – regardless of who fixes the car. With the help of the shop, the consumer took his case to Small Claims Court and won a full judgment. The insurance company for the at-fault driver was ordered to pay the full bill at the shop's posted labor rate.

In the second recent example, a consumer was steered by her own insurance company to a preferred window replacement facility. The preferred facility installed an aftermarket windshield, which failed, causing water to leak into the vehicle. The consumer took her vehicle to an independent repair facility, where an OEM windshield was correctly installed at a cost of \$4,450. The insurance company refused to pay the bill, however, arguing that the costs were excessive and that an aftermarket windshield should have been reinstalled. After a hearing, the court ordered the defendant insurance company to pay the repair shop's entire bill, including its posted labor rate.

These are only two examples of many in which auto body shop owners and customers fought for their rights . . . and won. The auto body repair business is not unlike other service businesses. If you don't get paid for your work, you are entitled to take your grievance to court and get a judge to order payment. If you don't want to sue your customer, consider getting an Assignment of Rights from your customer to allow you to sue the at-fault third party or the first party insurance company.

Small Claims court is for cases involving claims of \$5,000 or less. Information about filing a Small Claims case can be found at the Connecticut Judicial Branch website at <http://www.jud.state.ct.us>.

Don't get me wrong: Small Claims Court is, by no means, the perfect solution to the problem of insurer control and manipulation of the auto body repair industry. But, it's certainly one way to regain some control over your business.

So, the next time an insurance company or "independent" appraiser tries to tell you how to run your business, you may want to ever so politely say: "Not this time. I guess I'll just have to see you in court!"