

ABAC NEWS

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The Official Newsletter of the Auto Body Association of Connecticut



Educating Your Customers On the Realities of the Repair Industry

“In Unity There is Strength; In Knowledge There is Power”

Your Car, Your Choice - Find us at www.abaconn.org

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**AUTO BODY
ASSOCIATION
OF CONNECTICUT**

ABAC President’s Message

Bob Amendola

Accountability



In the ever-changing claims landscape of **“we don’t pay for that”, “you’re the only one”,** etc., one thing remains true: we simply cannot absorb deficiencies in payment and remain in business.

At our own shop, we seek to collect the full repair cost. Gone are the days of letting it go. We simply cannot afford to. We care about our customers, and we go to bat every single day to provide them with safe and proper repair, without any unnecessary out-of-pocket expenses for them. However, more often than not lately, the latter has become impossible. Therefore, we

are transparent with all of our customers upfront (typically the initial interaction/estimate etc.) about the possibility that the insurance company may not cover the full cost to properly repair their vehicle. If the customer is the claimant, we offer them the option to pay the difference out of pocket and pursue reimbursement on their own or, assign their rights to us to pursue the matter in small claims court. If the customer is the insured, we have the same transparent conversation with them, but they would have to pursue reimbursement on their own (supervisors, small claims court, DOI, etc.).

We truly do everything in our power to provide all the reasonable documentation, invoices, photos etc. to avoid them having to pay anything additional beyond their deductible but we will not absorb a short pay.

Step outside our industry for a minute. What bill can you ignore that does not have ramifications? ... Exactly. As an industry, we have allowed this to happen for far too long. Our association is here to help our members who have to navigate these situations. You are not alone and you are certainly not the only one.

Sincerely,

Bob Amendola

Autoworks of Westville - President - Auto Body Association of Connecticut
 Autoworksofwestville@gmail.com

I'm Choosing to Not Take it on the Chin Anymore



For too long, insurance companies have refused reimbursement on necessary repairs using phrases like, ***“we don't pay for that”*** or ***“no one else asks for that”*** or just flatly denying paying for calibrations, parts, labor, etc.

I think it's time to stop taking it on the chin. I'm focusing on running my business like any other business. No more courtesies to insurance companies short-shrifting vehicle owners.

I'm operating my business like any other service. My bill is my bill. If an insurance company won't pay for necessary repairs, that is not my fault or my problem. I encourage my customers to ask their insurance

company why they're not being compensated 100% for the vehicle repair! Here are a few things that I do to fight back.

I discuss all anticipated problems with my customer BEFORE I begin repairs.

The customer has options:

- Pay the difference
- Sue the insurer
- Use Arbitration Clause through DOI

The Shop has options:

- Have the customer pay the difference
- Absorb the short pay and lose money on the job
- Take Assignment of proceeds and step into the shoes of the customer and collect what is owed to them

Losing money on a job should not be an option. Nor should it be an option to cut corners on a repair or deviate from OEM guidelines. Insurance companies may be looking to cut corners, compromise safety, or neglect their contractual duties, but that is not my problem any longer. It's hard to stay in business – or sleep – doing things the way the carrier wants. You can't stay in business that way. We need to ensure that we are getting paid fully and properly and that our repairs are safe and in accordance with manufacturer guidelines. No more could I allow an insurance company to dictate how we run our shop.

The repair contract is between you and your customer!

I'm also reminded that an insurance company owes my shop nothing. Any amounts not paid by the insurance company are owed to the insured, THEIR CUSTOMER.

As the repair shop, once we have explained to our customer what may happen with the insurance company and their strategy of not paying for certain items, we have our customer sign the repair contract. We then disassemble the vehicle and write a repair plan.

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We let our customers know that this is what it will cost to repair their vehicle properly and safely. If the insurer will not pay the full cost of repairs, minus their deductible, we let the customer know that we will not write off that amount and that the customer will be responsible for any shortfall.

The repair plan is given to the appraiser which shows exactly what we need to repair the vehicle properly and safely and by OEM guidelines. Now the appraiser has the opportunity to make the customer whole, with their policy, minus the deductible. At this point, there is nothing to negotiate. This is our process to ensure that every vehicle is repaired properly and safely.

Supplements should be a thing of the past. It is something the insurance companies created!

A supplement should not be an issue since we are writing exactly what was done to the customer's vehicle. A supplement is not our problem. In fact, once we hand the final invoice to the appraiser, it's up to the appraiser to meet that final number. You can defend it and you should not have to compromise on what you are charging. This is what it cost to repair the vehicle. Now YOU, the appraiser, tell your customer why you don't want to pay these charges. This is how we repaired the vehicle and just because the appraiser "guesstimated" what they wanted to pay, the customer must be paid the difference minus the deductible. Don't negotiate this final invoice. All the insurance company needs is this final invoice showing what you did to the customer's vehicle – all itemized. It's up to the insurer to explain to their insured why they will not pay the charges.

How to get your customer involved!

To get your customer involved in the collision repair process, provide transparent communication about the repairs needed, offer updates throughout the process, allow them to ask questions, and even invite them to inspect the vehicle at key stages of repair, ensuring they feel informed and confident in the work being done on their car.

Key strategies to involve your customer in collision repair:

- **Detailed estimate breakdown:**

Clearly explain each repair item on the estimate, including the cost and reasoning behind each step.

- **Visual aids:**

Use photos and diagrams to show the extent of damage and the proposed repair plan.

- **Regular progress updates:**

Provide updates via phone calls, text messages, or online portals to keep customers informed about the repair timeline.

- **Open communication:**

Encourage customers to ask questions and address any concerns they might have.

- **Inspection opportunities:**

Invite customers to inspect the vehicle at key stages like after disassembly, before painting, and before final assembly.

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- **Explain technical terms:**

Use clear language when explaining complex repair procedures, avoiding jargon.

- **Quality control checks:**

Show customers the quality checks being done to ensure the repair meets factory standards.

Benefits of customer involvement:

- **Increased trust and satisfaction:**

Customers feel more confident in the repair process when they are kept informed and involved.

- **Reduced misunderstandings:**

Clear communication helps avoid potential disputes about the repair scope and cost.

- **Positive reputation:**

A positive experience with customer involvement can lead to referrals and positive reviews.

Reducing the footprint of DRPs

It's nothing new to see insurance companies squeeze shops. But more shops today seem willing to fight back. I think this is an appropriate step toward a fairer and safer environment for shops and consumers. When customers pay the difference for safe repairs, and they understand why, they appreciate the position their insurer is putting them in – and that is to pay out of pocket when they shouldn't have to.

I am clear with appraisers and inside insurance personnel: what you don't pay for will be billed to the customer. We are not doing free work. If an insurance company wants to breach its contract with its insured, that's a problem the carrier is going to have to deal with – not me.

Sometimes we will assist our customers to get reimbursed from their insurance carrier. This is a service we provide, and it can and does often result in our customers being reimbursed for the short pay. Sometimes, the customer chooses to file a complaint with the DOI or litigate in court. Either way, we stand by our services and charges and assist in any way we can. In fact, I have a hearing coming up soon for one of our customers who is pursuing full reimbursement. I look forward to telling the court how the insurance company is unfairly treating its insured and the ways in which it neglected to pay for necessary repairs. In that case, for example, our customer was forced to pay out of pocket for parts, calibrations, labor, etc. All because their insurance company refused to cover these necessary items. The customer filed a complaint with the DOI and also sought to pursue recovery through the "**Arbitration Clause**" of the customer's insurance contract.

If the consumer requests to have their case looked at by a mediator, they have a right to do that through the DOI. A mediator looks at both sides as an independent, unbiased person and that decision is final. There are many examples where mediators sided with the consumer and shop because shops are doing what is required by the manufacturer, which is necessary and safe. Insurer refusals to pay for necessary repairs is a tough position to come from. Judges and mediators see that.

It's time to change the mindset in collision repair and get more courts, mediators, and arbitrators involved in holding insurance companies accountable.

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The main disadvantages of being a DRP

The main disadvantages of being a DRP (Direct Repair Program) shop include: potential pressure to prioritize cost over quality repairs by using cheaper parts or rushing jobs, reduced control over pricing and repair procedures due to insurance company guidelines, potential conflicts of interest where the shop may prioritize the insurance company over the customer, and limited freedom of choice for customers who may feel obligated to use a DRP shop recommended by their insurance provider; essentially, the focus on cost-efficiency can sometimes compromise the quality of repairs and customer service.

Key points about DRP shop disadvantages:

- **Lower profit margins:**

Insurance companies often set lower reimbursement rates for DRP shops, potentially impacting the shop's profit margins.

- **Strict quality standards:**

To remain in the DRP network, shops often must adhere to arbitrary quality standards set by the insurance company. These standards may limit flexibility and productivity without any correlating quality or safety benefits.

- **Potential for customer dissatisfaction:**

If a customer feels their car was not repaired to a satisfactory standard due to cost-cutting measures, they may be dissatisfied with the DRP shop.

- **Limited choice for customers:**

Insurance companies often direct customers to their preferred DRP shops, which may limit the customer's ability to choose a shop based solely on their preferred quality or reputation.

- **Pressure to use specific parts:**

DRP programs may require shops to use specific, often lower-cost parts, which could impact the quality of the repair.

- **Increased administrative burden:**

Maintaining compliance with DRP guidelines can involve additional paperwork and administrative tasks for the shop.

Firing your direct repair program

"Firing your direct repair program" means actively deciding to no longer participate in an insurance company's network of preferred auto body shops, essentially opting out of their "Direct Repair Program" and choosing to not be listed as a recommended repair facility for their insured customers; this allows you to set your own pricing and repair procedures instead of adhering to the insurance company's strict guidelines within the program.

Key points about "firing your direct repair program":

- **Customer choice:**

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By opting out, you give customers the freedom to choose your shop even if the insurance company recommends another from their network.

- **Price control:**

You can set your own repair costs consistent with the market without being bound to artificially suppressed rates dictated by the insurance company's program.

- **Quality concerns:**

Some shops choose to leave a direct repair program if they feel the program's standards may compromise the quality of repairs to prioritize cost-cutting.

Important considerations:

- **Potential loss of business:**

Leaving a direct repair program could mean fewer customers referred by that insurance company, but this comes with tradeoffs that may outweigh the decision for your shop.

- **Marketing strategy:**

If you decide to leave a DRP, you need a strong marketing strategy to attract customers who value your independent repair services.

*Submitted by ABAC Immediate Past Present Tony Ferraiolo
A & R Auto Body Specialty- Wallingford, CT.*

New Hampshire Insurance Department addresses aftermarket part use, 'like kind and quality'

The New Hampshire Insurance Department (NHID) held a webinar Thursday titled "Understanding Aftermarket Parts in the Repair Process" during which frustration was evoked by collision repair participants in attendance.

The webinar was intended to focus on the use of aftermarket parts in vehicle repairs including their impact on cost, quality, and consumer choice. A presentation was given on the key aspects of [RSA 407-D](#) such as definitions, limitations, and disclosure requirements for insurers and repair shops.

Many of the repairer frustrations centered on the quality of aftermarket part materials and insurance company practices.

"Ultimately, it's the consumer's choice of what goes on the car," said Douglas Rees, NHID property and casualty market regulation chief examiner. "You may pay out of pocket for some of those parts or you can work with your shop to determine what's best for you. I've seen many shops or dealers price match for, or discount for, an OEM [part] if they know an aftermarket part is out there. Sometimes the shops will work with you on a price but they're not obligated to do so."

Rees said the department has found the availability of aftermarket parts can alleviate longer repair cycle times due to avoiding OEM supply chain shortages, and can also prevent some total losses because they are typically cheaper than OEM parts.

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He also said aftermarket parts keep OEM part prices and insurance premiums down.

“While they [aftermarket parts] may not have a use on every repair, it’s not uncommon for a vehicle to be declared a total loss using OEM parts, but using aftermarket parts or like kind and quality parts in many cases can keep that vehicle on the road if you’re not in the financial position to replace it,” Rees said. New Hampshire law defines “non-original manufacturer” as “any manufacturer other than the original manufacturer of the part” and “after market part” as “sheet metal or plastic parts which generally constitute the exterior of a motor vehicle, including inner and outer panels.”

Rees said that would include bumper covers, reinforcements, absorbers, fenders, hoods, grilles, and headlights. It does not apply to glass, he added. “Like kind and quality” is defined under the law as aftermarket parts that are “at least equal in like kind and quality to the original part in terms of fit, quality, and performance.” That includes used or recycled OEM parts, Rees said.

Issues often arise from insurance companies insisting on shops using aftermarket parts, he said. Rees and James Fox, NHID’s Property and Casualty Division director, said if an aftermarket part requires modification to be properly installed, or if the part fails or doesn’t fit, the insurer is responsible for paying the difference for an OEM part.

For example, Rees said if a shop receives an aftermarket bumper cover without holes drilled in it for forward-looking radar collision avoidance or rear-facing collision avoidance and decides to drill the holes, as long as it’s done properly, then the insurer bears the cost of modifying that part. “If on the other side, the part comes in and it fails — it goes on the car, it’s fitted, it’s painted, and then everybody says, ‘You know what? This does not fit. It’s not like kind and quality’ then the insurance company is now responsible for the cost to remove that part and replace it with an OEM part or another part,” Rees said.

“This was specifically written so that consumers are not caught in the middle of the insurance company pushing them towards a warranty issue on the bumper cover, and the shop trying to go to the insurance company to get their time... it puts the burden on the insurance company to make the repair correctly.”

A disclosure is required on every estimate that includes aftermarket parts. “The insurance company will write for aftermarket parts because that’s simply what the contract says — like kind and quality, provided the car is over two years [old] and 30,000 [or fewer] miles. Some companies do offer an OEM endorsement. I think there’s about a half a dozen. Consumers that really feel like they need OEM parts can seek those companies out.”

Another complaint NHID often receives is about part quality. New Hampshire does not require a CAPA-certified part, Rees said, but consumers can specifically ask for them during the repair process “to give them a little more confidence or comfort level.”

“Many people want to go to the appraisal clause for a dispute over aftermarket,” Rees said. “We do not believe the appraisal clause applies to challenge aftermarket parts because it’s in the contract, it’s just not the price. The price is the price, so to speak.

“We recommend you read your policy, see what your policy covers, talk to your agent, and do your own research before you have a loss. Talk to your body shop, get their opinion on them, go to CAPAcertified[.org], and talk to your agent and see what their opinion is on these parts. If you have a loss, work with your shop to determine what’s best for you and your budget and how the car is going to be repaired.”

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Dan Bennett, with the National Automobile Dealers Association (NADA), asked what NHID's rebuttal process is for disputes regarding like kind and quality, including who has the burden of proof and who makes the final decision.

Fox said in those cases, the department gathers information to determine whether the part is or isn't of like kind and quality, such as photos and an explanation from the body shop about why the part is or isn't suitable. He noted that whether an OEM part is necessary for a repair is a different issue. "Then we would take a look at it and if we don't think it is then that is our power to tell the insurance company that, in our opinion, it isn't of like kind and quality," Fox said. "[T]he insurance company's responsibility is for the cost of an aftermarket part... then the balance to get to the OEM level would be borne by the insured, or claimant." However, that would only apply to vehicles that aren't "newer," he added.

"This is a little bit of a tricky area because we don't just have two parties," Fox said. "We have a tripartite relationship between the insurance company, the repair shop, and the insured and the contract is still between the insurer and the insured. It does not impact what the autobody shop can or can't do. The autobody shop is autonomous to do what they want to do, and this is just an issue of what the insurance company is going to pay for as part of the agreement they've made with the insured." Fox did not address the contract between the vehicle owner and the repair facility, typically taking place in the form of a repair authorization.

Webinar attendee Lori Nadeau asked if shops have any options through the NHID if insurance companies pick the cheapest aftermarket parts that aren't from the shop's local area and won't pay the difference for OEM parts. "My understanding is that all the estimating systems... are tied into vendors and distributors, populate the estimate, and give the appraiser an opportunity to choose that part," Rees said. "Ultimately, it's not necessarily about the cheapest; it's whether the part fits or not and whether it's like kind and quality.

"You're free as a shop to source your own part prices. If you don't have confidence in the distributor that the insurance company is telling you to buy the part from because you've never used them, you've never heard of them, buy an aftermarket part from your supplier that you're comfortable with. The same rules apply. You don't have to get it from the source on the estimate; it's just that, an estimate."

If insurance companies won't pay the difference for an OEM part Fox said the insured gets the usual and customary guarantees regarding quality under the state's anti-steering law. "At the end of the day, for aftermarket parts, they have to be equal as to like, kind and quality, which means equal as to fit and performance and then they repeat the word quality," he said. "That's the standard we apply."

The debate over aftermarket parts similarities recently came up during a Q&A session at the November meeting of the Collision Industry Conference (CIC) in Las Vegas. Wayne Weikel, Alliance for Automotive Innovation (Auto Innovators) vice president of state government affairs, said over the last 10 years he's talked about aftermarket part issues across the country.

"I've been told by aftermarket part manufacturers and distributors that 'These are the exact same parts. They come off the same assembly line. They just go into different boxes,'" he said. "Stacy, from what I've heard you say today, the only parts that really fall into that category are now the Tier 1 parts. Other CAPA-certified parts and other aftermarket parts generally do not fall in the category of 'they come down the same assembly line. They just go in different boxes.' Did I hear that correctly?"

Stacy Bartnik, Intertek's transportation technologies industry relations manager, responded that she didn't know who had been saying that.

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“I would not say that,” she said. “The CAPA-certified is definitely different than Tier 1. It’s made by a different manufacturer, though those manufacturers may make domestic for where they’re OE domestic. But when you’re talking about a CAPA-certified part, it’s not the same line. We are certifying that it’s functionally equivalent to the standard that we have developed with our engineers; that it’s functionally equivalent to that OE service part. I’m not sure who said that it’s the same part, same manufacturer. Certification and verification are two different things.”

Dave Mollner, training and business development director for automotive parts manufacturer Forvia Hella, was part of a [panel discussion about aftermarket parts before the Q&A](#). He said neutralization by Forvia Hella depends on the product. For example, neutralization for lighting products would be done at one of the company’s plants, he said. “We’re going to make that run and then put in a blank as far as the injection mold so there’s no logo,” he said. “If it’s a radar head, that’s just basically same production line service parts for OE partners over here that just goes off to a different area of production.”

In New Hampshire, NHID webinar attendee Doug Archambault said he’s observed that consumers are told the repair facility is not fair and reasonable when an insurance company won’t pay the difference for OEM parts.

Fox noted that all pre-2000 NHID bulletins aren’t current so repairers should instead refer to [this 2018 bulletin](#) that addresses aftermarket parts laws and like kind and quality standards. “Some insurers have agreed that a part that they have required be used is not of like kind and quality to the original equipment manufacturer part but have, nevertheless, declined to pay the resulting additional costs associated with removing, returning, and replacing the non-compliant part with an RSA 407-D compliant part,” the bulletin states.

“Such a position by an insurer is inconsistent with RSA 407-D’s underlying consumer protection policy and constitutes illegal pressure on New Hampshire consumers to accept non-like kind and quality parts. It is important to keep in mind that non-like kind and quality parts are illegal parts. Any insurer refusing to pay the above-detailed costs consistent with New Hampshire insurance law would be in violation of RSA 407-D and would, as such, be subject to the enforcement provisions provided by RSA 407-D:5.”

Source: www.RepairerDrivenNews.com - Article By Lurah Lowery

Déjà vu - Here we go again with “aftermarket” parts! Opinion by CCRE President Tony Lombardozi

We reached out to CCRE President Tony Lombardozi for his feedback on the article “New Hampshire Insurance Department addresses aftermarket part use, ‘like kind and quality’” that appeared above. Tony has always been a leader in fighting for independent shops. When this article appeared in Repairer Driven News, Tony was the first one I reached out to since this webinar was being discussed in his home State of New Hampshire. The following is Mr. Lombardozi’s opinion and does not reflect those of the ABAC or the ABAC News.

This article is laughable! That’s the industry right there. It was supposed to be an open meeting, but I never knew about it. It’s a serious industry issue. Addressing aftermarket parts, at this point, is a joke. There are too many ways around this now. In my opinion, the only way an insurer can use aftermarket parts is if that insurer elects to take the keys, repair the vehicle, and accept 100 percent of the liability.

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There aren't too many shops in the country that have the wherewithal, the knowledge, and all the equipment to complete a repair following the manufacturer's repair procedures 100 percent. And that includes manufacturer-certified shops since most manufacturers now do not enforce the use of OEM parts recommendations in their contracts. Parts are debatable. If the consumer elects to use aftermarket parts, and the insurance policy calls for that, the OEM certifier tends to look the other way. Because of this, most proposed legislation in the states where shops want to have OEM parts as the standard in repair, fails. These failures are a result of insurer pressure, repair industry apathy, and the fact that most manufacturers are lax in enforcing the use of OEM parts at certified shops. I firmly believe that if the industry succumbs to the type of parts being negotiable, then why not the manufacturers' labor operations also being negotiable? Now you can see the dilemma.

Insurer pressure and power has reared its ugly head and instead of our industry doing what is necessary to stop it, we just go along with it. From a liability standpoint the shop may have to follow manufacturers' repair procedures but if state law regulates the repair parts and said parts are equal in like, kind, and quality, then can a shop use those parts and not be held liable? The battle goes on. Having a vehicle repaired at a certified shop may not mean the vehicle will be repaired based on a proper repair following all manufacturers' recommended procedures.

I would say any future New Hampshire repair parts legislation will set the industry back to the 80's. We fought back then against aftermarket parts, and it was a futile attempt. You can never get the politicians to admit that the insurers can be deceitful for the sake of profit.

I've tried to explain to people over the years that we all have different names for these aftermarket parts, but the real name of these parts is **IMITATION!** Why? Because aftermarket parts are components that are made by manufacturers other than the original manufacturer. Aftermarket parts are created to replace OEM parts and are available in wide ranges of quality and price. The reason the word "aftermarket" was chosen was because these parts are sold in the aftermarket. It has a pretty ambiguous meaning.

What needs to happen is repairers must repair the car for the vehicle owner and get the insurers totally out of their business. This is the only way it should be done. So, as we've seen in a couple of articles that appear in this newsletter, there are shops who repair vehicles properly and safely, they inform their customers of the shortcomings of their policy (before the repair begins), and have the customer pay for items that the insurance company will not pay for. It is then up to the customer to get reimbursed for the shortfall.

I've said this a hundred times if I've said it once, to everyone I've ever spoken with, including association meetings, **stay away from legislation because it doesn't work.** You cannot legislate this industry. You must be active in the industry to make changes. And you must help to accomplish the necessary changes the industry needs. Do not let the legislators make the change. Legislators do not repair cars, and they may not know how to repair cars properly.

Limiting **negotiation**, being careful of **legislation** and complete repairs with **substantiation** and you will be more profitable.

Submitted by Don Cushing

Multi-shop Owner Bob McSherry Offers Insight on his Collision Repair Businesses



Bob McSherry's perspective on running a multi-shop repair business offers a candid look into the challenges faced by independent body shops today, especially in relation to insurance companies and Direct Repair Programs (DRPs). The message emphasizes the importance of trust, empathy, and customer education in navigating the complexities of the industry, particularly in dealing with outdated labor rates and the increasing costs of insurance.

Getting the Customer Involved

The insurance companies always stand behind the fact that they don't owe us, the body shops, they say they owe the vehicle owner, says McSherry. So, we bill the customer for the balance owed on a claim (minus their deductible). The first thing we do is try to win them over as a customer. The three

words you need to remember are **trust, empathy, and direction**. That's what our customer is looking for. When a customer comes in with their insurance estimate, we do a repair review. We go over the estimate, where it's lacking and why, including parts usage. You know the age-old battle cry, 'I want all factory OEM parts.' We remind the customer that they should have bought a policy that paid for all new OEM parts. Go read your policy carefully. We'll try as best as we can, but there are some things we just can't do. If they want to pay the difference out of pocket, that's fine. Then we go through the labor rate difference in depth. And then they always ask, 'well, how much is it going to be?' And I can't tell them that until we get the car disassembled because the insurance estimate is incomplete. We review the repair process upfront with the customer after we look at the car, and go through all of our certifications, calibrations and safety inspections.

We ask the customer, 'Has your insurance gone up?' Their reply? 'Yes.' In most cases it's almost doubled in the last four years. For some people, even more.

We use different analogies comparing a plumber's labor rate or a bicycle repair shop, of which both are over \$100 per hour. How can you compare a collision shop with all the latest technology and with state-of-the-art equipment certified in multiple car brands working for \$62.00 per hour and paying your staff just a few dollars less than that? It is an unsustainable math quotation.

insurance companies are paying labor rates from 2010. In the past three years, auto insurance has gone up an average of 43%. It's the number one driver of inflation. Auto insurance is 24% of the total inflation in the country. Our labor rate hasn't gone up 10% in the last 14 years! What makes us different than the next guy? We don't badmouth anyone. We always focus on what we do. At the end, we explain our labor and we tell our customers, 'We're not interested in you paying for anything other than your deductible.'

Did you know that cost is the #6 deciding factor in anybody's decision when having repairs done? Customers are more worried about making the wrong choice than spending money. We just need to be better talkers than the insurance company. They don't trust their insurance companies, they trust us. If you explain it properly, it will all work out.

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What we see is the carrier may not want to pay us, but they are paying their customers afterwards.

Another factor is that it's going to be cheaper for the insurance company to leave the car. Some carriers will still yank it, and I'm fine with that. If you want to cut off your nose to spite your face, fine. I make more money anyway. And I tell the customer, 'Your insurance company is doing you a big disservice.' If the insurance company wants to die on that hill. Let them.

It's an uncomfortable conversation to have with your customer. I always use the medical field as an analogy. Again, explained correctly and properly, this is usually not an issue for most customers. We will not cut corners. Our repairs reflect our business. I don't want someone to see our customers' vehicle improperly repaired and ask, "**wow who did that work?**" and have the customer reply, "North Haven auto body." Not a chance. We fix the vehicle properly and safely!

It's a discussion that happens, like I said, when we do the repair review. When we book the appointment, the customer service reps go over it again. When we confirm their appointment, we text them their paperwork. We also make them sign a disclosure form. The customer knows that they're responsible for the balance. When a customer signs your repair order, they're responsible for payment. The carrier isn't nor are we. It's the customer's responsibility. They are the vehicle owner. They authorize repairs. Our contract is between our shop and the customer who signed that repair order. The insurance companies get caught up with the fact that our contract is between US and the policyholder. We don't care what the carmaker says. We don't have a contract with the carmaker.

We make sure the message stays uniform throughout the process. Once the process is repeated over and over, the message becomes subliminal.

It also takes a lot of training to get your staff on the same page with all of this. The approach to training staff, the focus on customer satisfaction, and pushing back on unrealistic insurance company demands all reflect a proactive, customer-centered mindset.

I have no qualms telling people that I deserve to get paid more. Our staff works hard. They train hard. They put out a quality product. They have quality of life, which is extremely important. We work a four- and 1/2-day work week, and they've earned that. They deserve it.

We may lose 10% of the people that come through that door. If you're a good salesperson and they trust you, you have nothing to worry about.

Once we have the car, you have a lot more negotiating rights with the carriers because they know if they pull it out of your shop, the charges are going to go with it, storage, etc.

Distancing your shop from Direct Repair Programs

McSherry's approach to surviving without relying on DRPs, is by negotiating labor rates and parts usage up-front with customers, which demonstrates a strategy that puts customer relationships first. By educating customers about the realities of the repair industry, and by focusing on quality and transparency, Bob seems to have carved out a path that not only supports the business but fosters trust and loyalty.

We have no choice. You can't survive. In the industry with the labor rates that DRPs are paying anymore, it's unrealistic.

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To walk away from a DRP, there's a couple of things you need to look at. There are very few less than 5 programs that you can actually negotiate and be profitable. You need to look at what your net profit is at the end of the repair. If your net profit is 10% or less with a particular carrier, you need to get rid of that carrier. It's very simple to do the math on each repair. If you're doing \$1,000,000 a year with one carrier on a DRP, that's a lot of money, 10% on that is \$100,000. Are you willing to kill yourself for \$100,000? By not participating in a DRP, it makes it easier for you to make decisions. No more waiting for approvals and other hoops they make you jump through. Our average severity rate has actually gone up by a couple of grand per car since we stopped these programs. I'd rather do more with less.

We also do not do any virtual supplements. The carrier must send someone out because it's very hard to say no in person. It's easy to say "no" over a keyboard. We send the carrier an attachment that says, 'we will not send you invoices or estimates, so please send a field appraiser.' It's being requested and it's required in the state of Connecticut. Sometimes the carrier will drag their feet and complain that it's going to take longer without that information, and we tell them, sorry, it's not our job to do your job. The learning curve is a little steep, I'm not going to lie to you.

Documentation is a MUST

Once you make this decision, the turnaround time is challenging, but the carriers are learning that you're not backing off and it's all **documentation, documentation, documentation**. Your staff must document every conversation because at the end documentation wins the day and when they try to turn it, and they try frequently, we can show them our call log and e-mail log showing the date, and time and ask them if they'd like a copy of the communication.

Be prepared

Is it extra work? Absolutely. Is it worth an extra \$20.00 an hour more in extra administrative work? In my eyes it is. It does increase your administrative workload, and if anyone thinks differently, you're in for a rude awakening. If you're running your office lean, you better figure out a way to get more people. We do charge our carriers for administrative fees, and it's all about communication with that carrier and again, documenting every time that communication occurs.

You need to beat them at their own game, and they are great at documenting everything. We just need to do the same. And we as an industry are still weak at this. We made our change just over a year ago, and it's not for the faint of heart. We are more profitable now.

Do you lose some customers? Yes, but like I said, I'd rather do less and make more.

Do the laws in Connecticut favor you?

Not at all. This state is so geared towards the insurance companies it's disgusting. The laws here do nothing to help us. The insurance commissioner here. Does nothing but complaints. Everything is not a violation of state law.

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Do you help your customers recoup their money?

We do. We try not to get them involved with the insurance company. We do most of it. Everything needs to be factually based. It's easy to get emotional when money is coming out of your pocket.

And once you get emotional, you lose the thrust of the content of your argument. I've had customers file insurance complaints, go to mediation with the insurance commissioner via Zoom, and win.

This is a huge learning curve for the industry. The percentage of independent shops in the country is 74%. So, let's not get caught up with consolidators taking over the industry. We're not going anywhere for a while.

Prove your worth! Earn their trust!

Bob's perspective highlights the crucial point that, despite difficult circumstances, independence can still lead to profitability if done correctly. His final note focuses on maintaining a clean shop, updating the website, and fostering good reviews ties everything together with the importance of presenting a professional and trustworthy brand.

People like people. Make sure your office is clean. Make sure your website is right and up to date. Make sure your reviews are good. Remember, word of mouth carries, it's your best advertising in the world. Spend the time to train your people. We've had good luck negotiating and we've been doing this a little over a year now. They know we're not going away. We're not backing off. We're a bigger player in the market, so we can push a little harder.

Additionally, Bob is advocating for an industry-wide shift toward fairer compensation for body shops, using tools like LaborRateHero.com to provide a platform for transparency in labor rates.

I'm pushing all the shops to start using **LaborRateHero.com**. On this website you can enter your labor rates there. We use it and many of the shops in my area use it. It's free to enter your labor rates on there. So, when someone comes in, we can use it as a labor rate survey in mediation.

"I wish good luck to all my brothers, sisters and colleagues in the collision industry."

It sounds like Bob is leading by example, making tough decisions while advocating for broader industry change. It's a reminder that the success of a business often comes down to how well you understand your worth, and how you convey that to both customers and partners.

Thank you Bob for taking the time to share your thoughts. It's colleagues like yourself that make our industry stronger.

Submitted by Don Cushing



ABAC Government Relations Update

By Andy Markowski, Esq.

Statehouse Partners, LLC

ABAC Lobbyist

2025 State Legislative Session Begins... It Will Be A Long And Busy Session In Hartford

The 2025 state legislative session started in Hartford on January 8th and is scheduled to run through June 4th, has already seen several legislative proposals introduced of interest to auto body repairers and the collision repair industry in Connecticut. Key areas of focus for the state legislature include consumer protections, insurance policy regulations, and environmental initiatives affecting the automotive sector.

After a somewhat slow January, the legislative session has finally started to pick up the pace in February. Despite a tremendous volume of over 3,000 individual proposed bills already introduced this year, the real work of the legislature has just begun. In early February, Governor Lamont gave his state budget address to the General Assembly. Although having convened in January, the Governor's budget speech is seen by some as the "unofficial" or "real" start to the legislative session.

Over the next several weeks, legislative committees will hold public hearings and develop more specifics on of the bills before them. While ABAC will be watching and weighing-in as appropriate, there are already several bills or concepts introduced that could impact the repairers, the auto body industry at large, and of course, our consumers. Below is a summary of some of the key legislative proposals being discussed in Hartford so far.

Vehicle Storage and Towing

- **House Bill 5215:** This bill seeks to authorize wreckers to use blue lights while preparing to tow motor vehicles. The intent is to enhance the safety of wrecker operators as they clear damaged or disabled vehicles from the state's roads.
- **Senate Bill 1225:** This proposal would increase the time for a towing company to sell a towed motor vehicle and is intended to align Connecticut's regulations with those of neighboring states.
- **Senate Bill 1085:** Similar in intent to SB-1225, this bill also focuses on modernizing motor vehicle towing laws and implementing consumer protections for motor vehicle owners.

Insurance Company and Policy Regulations

Several bills have been proposed to address insurance practices impacting both consumers and repair professionals:

- **House Bill 6815:** This bill mandates that automobile insurance companies provide written notice via certified mail to policyholders if they intend to terminate coverage.
- **House Bill 6130:** This bill seeks to increase the minimum insurance coverage limits for motor vehicles to \$100,000 and \$300,000, as well as requires automobile liability insurance policies to include at least \$5,000 in medical payment coverage.

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- **House Bill 6140:** This bill would prohibit the use of credit history or race in underwriting or rating automobile liability or homeowners' insurance policies, enhancing consumer protections against potentially discriminatory practices.
- **House Bill 6898:** This bill proposes eliminating the age requirement for drivers who complete an accident prevention course. Additionally, it mandates that the Insurance Commissioner conduct a study comparing Connecticut's automobile liability insurance laws with those of neighboring states.
- **House Bill 5368:** Like HB 6898 above, this legislation also would require the Insurance Department to evaluate automobile liability insurance laws in neighboring states. The study aims to identify coverage issues and practices that could potentially help lower automobile liability insurance premiums in Connecticut.

Environmental Legislation

- **Extended Producer Responsibility (EPR) for Consumer Batteries (HB 5019):** This bill proposes establishing an EPR program for consumer batteries, requiring manufacturers to manage the lifecycle of batteries, including collection and recycling. If
- **Tire Recycling and Management (HB 5017):** Aimed at creating a structured tire recycling system, this bill would expand upon new requirements for tire manufacturers to develop and implement a recycling program, potentially impacting how repair shops manage and dispose of used tires.
- **Zoning Approval for Repair Shops (SB 242):** This proposal mandates that certificates of approval for the location of motor vehicle dealerships or repair shops be issued by the zoning commission or other designated municipal authority, removing this responsibility from zoning boards of appeals. This change could affect the establishment or expansion of repair facilities.

While details are still being crafted and many votes will have to take place at the Capitol in order of any of these bills to ultimately become law, it is important for ABAC members to stay informed about these and other legislative developments. What goes on in Hartford has the potential to influence your shop operations, state compliance, and consumer interactions. Stay tuned!

The 2025 State Legislative Session Is Underway – Your Local Legislators Need To Hear From You – Reach Out And Tell Them What Matters To You, The ABAC, And Connecticut's Collision Repair Industry!

Have a question? Want to express your opinion? Just want to know who now represents you in Hartford? Go to the website below and enter your home or business address to look up your state legislators; with a few quick clicks you can visit their official webpage, email them, or get their office phone number to make a call. Remember – as an ABAC member, your voice matters!

<https://www.cga.ct.gov/asp/menu/cgafindleg.asp>

As always, if you have questions on legislation or regulations or if you would like more information on an issue, please feel free to contact ABAC Lobbyist Andy Markowski at: (860) 707-3620 or andy@statehouselobbying.com.

*Information provided in this article is for educational purposes only and does not constitute legal advice.

Right to Repair

If you're anything like me, and chances are you are NOT, you may have thought to yourself: "What is all this talk about 'Right-to-Repair', and similarly, why does everyone hate me so much?" I intend to take up the latter question in this article, leaving the former for my autobiographical book out in August entitled "Everyone Sucks".



John M. Parese is a partner at the New Haven-based firm of Buckley Wynne & Parese

So, what's all this hubbub about? Let's start here. This is what the fembot ChatGPT had to say about Right-to-Repair.

The Right-to-Repair movement purports to advocate for the notion that consumers and independent repair shops should have access to the tools, parts, and information needed to fix modern products – including cars, electronics, and agricultural equipment—without being forced to rely on the original manufacturers. The key issues in Right-to-Repair for Auto Body Shops include:

1. Access to Repair Data – Many modern vehicles are equipped with complex computer systems that require diagnostic tools and software updates. Automakers often restrict access to this data, making it difficult for independent shops to perform repairs.
2. Proprietary Parts and Tools – Some manufacturers use proprietary parts or require specialized tools that only they provide, limiting repair options outside of authorized dealerships.
3. Software Locks and Remote Diagnostics – Some manufacturers can restrict access to software that controls essential vehicle functions, preventing repairs unless done through their network.
4. Legislation and Legal Battles – Efforts to pass Right to Repair laws have been gaining momentum, with courts in some regions ruling that automakers must allow access to necessary repair data.

Right-to-Repair purports to be good for consumers because it promotes competition, potentially lowering repair costs and increasing convenience. Independent shops generally advocate for Right-to-Repair laws because they can ensure the shops have the ability to continue servicing vehicles without being locked out by manufacturers. Environmentalists also advocate for Right-to-Repair since it theoretically encourages repairing over replacing, reducing waste.

SCRS has advocated Right-to-Repair on behalf of the industry in Washington DC and throughout the country. In July of 2023, organizations representing the country's independent automotive repairers, collision repair experts, and leading automakers reached an agreement on Right-to-Repair. The agreement confirmed that "independent repair facilities shall have access to the same diagnostic and repair information that auto manufacturers make available to authorized dealer networks." (SCRS Press Release: **Independent Auto Repairers, Automakers Strike Major Right-To-Repair Pact**, July 11, 2023, <https://scrs.com/independent-auto-repairers-automakers-strike-major-right-to-repair-pact/>). The release noted that "consumers deserve access to safe and proper repairs throughout a vehicle's lifecycle [and] it is built to last because it anticipates changes in automotive technologies and market evolutions."

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There is, however, more to this story. Of course. While I do not purport to appreciate all of the nuances here, this is the gist of what I am gathering. At the same time as this Right-to-Repair movement is happening, the folks trying to sell aftermarket parts and pay out less on claims are advocating at the federal level for alternative legislation. Since these legislative movements are all swimming in similar waters, it's worth mentioning them: The REPAIR Act (H.R. 906) and the Save Money on Auto Repair Transportation (SMART) Act (H.R. 1707). These acts purport broadly to protect consumer's right to repair, but they should be viewed with some skepticism given who is advocating their cause. In Autobody News, Aaron Schulenburg noted that these bills should be viewed with skepticism: "The CAR Coalition [(opponent of Right-to-Repair and proponent of The REPAIR and SMART Acts)] is comprised of used and aftermarket parts groups, alternative parts sourcing platforms and insurance companies. All those groups, interestingly enough, have been waving this banner claiming to be in support of consumer choice and right to repair because independent businesses are being deprived of the information needed to fix the cars properly. But all of those companies have a financial interest in pushing consumers to the cheapest possible repair. Many of those businesses have also opposed initiatives that would hold repairers accountable to using the data already made available to them." (SCRS Executive Director Responds to Criticism of Right to Repair Pact Signed with Automakers, Autobody News, Abby Andrews, July 19, 2023, <https://www.autobodynews.com/news/scrs-executive-director-responds-to-criticism-of-right-to-repair-pact-signed-with-automakers>).

Any time you start talking about legislation, you know things can get ugly. In this space, parts and insurance interests will advocate for laws that make them the most money. Those laws can and often are counter to the better interest of the motoring public. Accordingly, we must view them with skepticism.

I set out to give a short overview of this industry term-of-art: Right-to-Repair. Did I do that or just make more mud soup? I guess that's up to you. If you're unhappy with this article's lack of clarity, or more generally have thoughts on why everyone wants to punch my face so much, please let Don Cushing know in the online comments section of this publication. Stay warm!

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