

ABAC NEWS

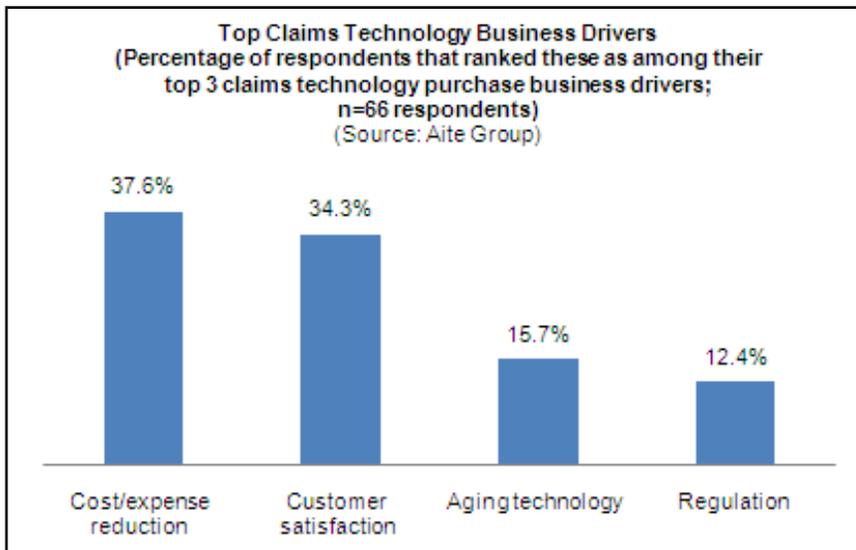
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The Official Newsletter of the Auto Body Association of Connecticut

Reducing Claims Costs Drives Insurers to Adopt New Technology

A new report from Aite Group, a financial services consulting firm, reports that the single biggest motivator for property casualty insurance companies to adopt new claims management technologies is their drive to reduce claims costs. The second most important reason: customer service.



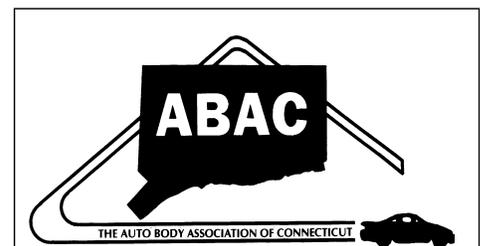
Based on interviews in Q1 and Q2 2011 with 35 stakeholders in the P&C insurance industry, the report also describes emerging opportunities for further cost reduction, claims service excellence, improved customer satisfaction, and industry best practices relating to claims management.

According to Aite Group, since 2000, a deluge of new, powerful, and cost-effective claims management systems (CMS) have come to market, and the

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number of offerings and the adoption trend show no sign of abating. These new systems have demonstrated a number of tangible business benefits, including lower claims costs and expenses, higher efficiency, improved regulatory compliance, and higher customer satisfaction.

"Claims transformation is no longer exclusive to a few selected innovators or companies that can afford the necessary investment; it has quite simply become a table stake required just to remain in the game," says Stephen Applebaum, senior analyst with Aite Group and author of this report. "The most successful property and casualty carriers will be those that can best leverage new claims technologies and implement continuous claims process innovations."

Among the many technology providers named in the report are Audatex, CCC Information Services, and Mitchell International.

Source: www.collisionweek.com

New Database to Track Insurer Collision Payment Practices

Collision Billing Services (CBS) announced the launch of a new Claims Database that will provide a very unique approach to assist repairers in obtaining payment from insurers for repair work. The database will track insurer payment information submitted by repairers that will be used to document what repairs, rates, and materials have been charged and what payment has been made by an insurer on the consumer's behalf. This enables CBS to track the procedures, materials, rates, and costs actually paid on the invoice and those charges that were not paid. The database will be used to identify each specific insurer's practices and enable CBS to assist repairers in obtaining payment for legitimate charges. The data collected will also be used to provide reports to state departments of insurance and other agencies regarding insurers' practices.

"We know, for example, that some auto insurers are playing games with labor rates by paying shops lump sum amounts entered as manual generic entries on the insurer's estimate or supplement, rather than openly acknowledging the additional money represents an increase in the shop's labor rate," said Erica Eversman, counsel and a member of CBS. "This tactic allows insurers to claim that shops are continuing to accept low labor rates, when they know the evidence supporting these claims is artificial and manufactured by them. For companies demanding 'transparency' from others, these auto insurers don't appear to provide transparency in their own actions. The only way to demonstrate this duplicity is by tracking the information on repairer charges and insurers' claims payment by an entity wholly independent of the insurance industry."

Beyond enabling shops to use tools provided by the Claims Database, CBS levels the playing field by identifying if an insurer is denying a charge's reimbursement for the consumer as a wide-spread

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practice or if the insurer is simply focused on refusing to pay one or a small group of repair facilities. With CBS tracking repair facility charges, insurance companies will no longer be able to unjustly assert to the shop that, "You're the only one charging for that."

According to the company website, when inconsistencies or outright payment denials are discovered, the company will pursue payment on behalf of all claims. CBS can present the insurer with hundreds or even thousands of claims and offer two options: Pay past claims and start paying for the operations going forward, or justify their "policies" in a court of law.

"We saw the need to create a solution for many of the collision industry's issues over proper payment that allows shops to participate without running afoul of antitrust or other laws," said Chuck Gosney, President of Collision Billing, LLC. "While launching and working with our Full Billing Services clients, we saw how thinly supported insurer arguments were as to why they refused to pay for legitimate charges, and realized we could expand the database we developed to enable it to become a large and powerful resource for body shops and their customers."

Shops can submit requests to CBS during a repair if an issue arises to identify other repair jobs where the same or other insurers have paid for the activity or for which other repair facilities have also charged. CBS sends the information to the insurer with confirmation to the repairer identifying the insurer has paid for the same charge, other insurers that have paid for the charge, or other collision repairers who also charge for the activity.

According to CBS, many insurers use the practices of their direct repair shops, usually dictated by a written arrangement between the repairer and insurer, to substantiate denials of legitimate charges to independent shops. As often, insurers will pay their network shops for activities they refuse to pay independents. "If shops have agreed with insurers not to charge for certain activities, that is their own business decision," said Eversman. "But that fact should not be used against other shops that receive no benefit from the arrangement with an insurer. Our mission is to provide fair, reliable data of activities charged by collision repairers and insurer practices paying, or not paying, for those charges on behalf of consumers."

Claims Billing, LLC based in Jackson, MI originated as a billing company designed to assist collision repairers to obtain full payment from insurers reimbursing on behalf of consumers for their billed repair activities. Focused exclusively on obtaining payment for the repairers' charges, CBS takes the burden of substantiating charges off of the shops and lets them focus on repairing vehicles. With the newly launched Claims Database, CBS expands its services to include broad-spectrum information tracking on collision industry charges and insurer payment practices. More information about Collision Billing, LLC is available at: www.collisionbilling.com.

Source: www.collisionweek.com

Crash Tests Show Consequences of Improper Repairs

Study shows methods considered competent only 10 years ago can result in an unsafe repair today.

A research project carried out by KTI GmbH & Co in Germany shows that improperly repairing collision damage, especially in newer vehicles constructed with high tech materials, will lead to an unsafe vehicle in subsequent collisions.

In a research paper presented in June at the 22nd International Technical Conference on the Enhanced Safety of Vehicles in Washington D.C., KTI detailed the results of its effort to objectively quantify the influence of non-professional repairs on the behavior of a car's body structure in a subsequent crash.

KTI, with the support of Volkswagen, subjected a 2005 VW Passat to two separate side impact crash tests; one on the undamaged car having never been repaired, and a second crash test after repairing the car using only "traditional" repair methods. According to KTI, the repair methods conformed to a typical repair standard carried out about 10 years ago, as if done today in a body shop with no information about the correct way to repair this particular car and without the correct tools or welding machines for the high-strength steels.

The body structure of late-model vehicles is typically made up of a number of modern steels, as seen in the diagram of this 2005 Passat.

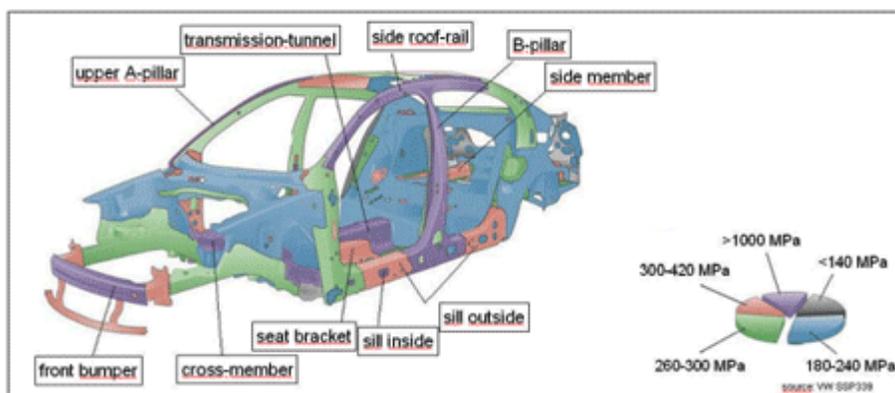


Figure 1. Distribution of steel grades in a VW Passat B6 (Source - VW)

With a side impact at 30 mph (the 50 km/h Euro NCAP standard) it was shown that a non-professional repair compromises the protection afforded by the original body structure. The specific results of the KTI test showed more than two inches of additional intrusion into the passenger compartment, increased damage to adjacent sections of the vehicle, and the failure of the side curtain airbag.

The Set Up

Following a first side impact crash of the original car using the Euro NCAP procedure, the repair of the damage caused by the first crash was carried out using traditional repair methods and older equipment that, today, would be considered a non-professional repair, no matter how competently those traditional repair methods may have been performed. Finally, differences in deformation behavior between the two crashes were analyzed to determine the implications for passenger safety.

The Passat was chosen for the tests because its structure represented a state of the art car body with several high-strength and ultra high-strength steels with one of the highest torsional stiffness values (about 30,000 Nm/°) in

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its segment. Also, KTI said it chose to test the side of the car because only small changes in intrusion distance can present a higher risk for the occupants than in frontal or rear-end impacts at similar speed.

The damaged car was repaired with an older spot welding machine with fixed pressure and 6.4 kA maximum current. For this repair, the OEM recommends an Inverter type welding machine with 10 kA maximum current and a variable pressure to join the high strength steel safely. The deformed inner sill, made from ultra high strength steel, was re-shaped and partially replaced on a bench then reinstalled using a MAG welding process.

The OEM procedure calls for complete replacement of the B-Pillar and other deformed components constructed with high strength steel. Repairing these components is not acceptable because the structure and strength of the material is severely degraded by welding and reforming.

The Results

After completing the repair, the car was again subjected to an identical side impact crash test.



Side structure after first crash

Side structure after second crash

"It was immediately evident that there was a substantial difference, with far more comprehensive deformation of the car body after the second impact. The B-pillar had noticeably higher intrusion into the passenger compartment in comparison with the first crash, especially at the lower part at the connection with the sill," the report showed.

Measurement of the car body confirmed there was 60 mm (2.3 inches) more intrusion after the second test, compared to the first crash.

Other differences noted by KTI included damage to areas that were unaffected by the initial crash due to the change in load paths caused by the substandard repair. The roof and the transmission tunnel both displayed severe deformation not seen in the first crash, and the top right corner of the windshield was damaged in the second crash.

Perhaps most notable is that in the second crash, the front and rear passenger side airbags and front passenger belt pre-tensioner were correctly deployed, but the passenger side curtain airbag failed to operate.

Source: www.collisionweek.com

ABAC Member Shop Battles for What They Deserve!

Submitted by Dave Fogarty

Rich Irzyk, Car Manager for New Haven Truck & Auto Body (NHTAB), prepared to finalize a repair for a customer with a third party claim owed by Progressive Insurance recently. The process going forward would turn out to be anything but ordinary. Upon meeting with the Progressive appraiser at the body shop to go over the final supplement to complete the repairs, Irzyk reviewed on the customer's behalf and agreed with the final content of the appraiser's supplement.

However, there was one small problem: Labor rate difference! Irzyk explained that although they had a content agreement, the labor rate written by the appraiser was unacceptable, citing that there was a deficiency of slightly over \$1800.00. The final supplement check including the labor rate adjustment needed to be slightly over \$4200.00. The appraiser argued that NHTAB's labor rate was much higher than the shops in that area agreed to and there was no way he would consider paying that rate.

Rich told the appraiser that he had better re write his appraisal and make proper adjustments to pay the claim fairly. He further explained that if Progressive could not pay the final price, then he could not deliver the customer's car to them on Friday, and that inside storage charges would start on that Saturday and continue until their claim was settled. Realizing that he had a fight on his hands, the appraiser said that he would review his appraisal, make adjustments and email a copy later that afternoon.

The appraiser did send an email but did not do as he promised. He stated in his correspondence that upon further review, there was nothing he could do, and unfortunately he was going on vacation. Irzyk responded immediately, returning the appraiser's email while attaching a statement of his own: "Per our conversation earlier this afternoon, you have failed to honor your obligation to adjust and settle your claim. If we do not receive a check for the supplement and labor rate difference, we will not release the vehicle as scheduled on Friday. Please be advised that inside storage charges per our posted rate will incur starting Saturday morning and will continue until your claim is settled."

The following Thursday morning, Irzyk received a phone call from the appraiser's supervisor, a claims manager from Progressive. The manager informed him that he was taking over on the claim and asked what the problem was. Rich explained his dealings with the appraiser, reinforcing the fact that the vehicle would not be released until full payment had been issued, while the customer would remain in the rental car that Progressive was responsible to pay for.

The claims manager stated that there was no way in which Progressive would honor NHTAB's labor rate, but he would review the supplement and get back to him shortly. Approximately one hour later, the manager called back and said, "I have rewritten the supplement and have made adjustments and am prepared to pay you \$3500.00 plus an additional \$200.00 for storage. Do we have a deal?"

Irzyk replied, "I'm sorry, Sir, but that figure is unacceptable. I've got a better deal for you to consider. If you issue a check for our total billing invoice, I will waive the storage charges which would incur."

The claims manager was frustrated and baffled. He said that he could not authorize that, but would have to discuss this with his supervisor and get back to him. Irzyk replied, "I thought I was talking to the boss, but if you

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have to go higher, suit yourself and get back to me.”

A short time later, the manager called back and confidently said, “Alright. I’ve got your final billing invoice approved. Do we have a deal?” Irzyk replied, “Not quite yet.” This time, the manager was exasperated. “What else do you need?” Irzyk calmly replied, “The only thing that I need is for you to issue the check made out to NHTAB and to fax a copy of it to me. Then, we will have a deal.”

The fax came through shortly thereafter. The vehicle was released on time, and Irzyk received the check in Saturday’s mail. Claim settled!

Bill Snow Sr., NHTAB Owner, commended his manager for his perseverance and professional skills. Bill stated, “It is my opinion that if our customers who pay out of pocket for repairs have no problem paying our posted labor rate, why should we settle for less when insurance companies are responsible for the bill? It is my hope that other shops will be inspired to stand up for what they deserve.”

Allstate Pushing Cycle Time with New DRP Mandates

Repairers must guarantee delivery dates and provide extended hours.

As part of a Customer Service Initiative for 2011, Allstate Insurance Company is rolling out what it calls "several key process changes" within its Good Hands Repair Network that the company says are designed to positively impact customer service and cycle time.

As outlined in a network communication distributed to its DRP participants on July 11, the new elements of the program will require shops to guarantee delivery dates (and assume all costs caused by late delivery), expedite estimate completion times, and extend their hours of operation for the convenience of Allstate customers.

According to the letter signed by Tracy Tramm, Allstate Claim Service Manager, the four key points of the program are: (underlining added by Allstate)

- Repair Facility will give Priority Service to vehicles being repaired under the Good Hands Repair Network program. A high level of service and communication to the customer will be provided.
- Estimates will be completed within 24 hours of receipt of the vehicle.
- Repair Facility will be required to commit to a guaranteed delivery date for all vehicles repaired under the Good Hands Repair Network program. Repair Facility will be responsible for any and all costs caused by a failure to meet the guaranteed delivery date.

At customer's reasonable request, Repair Facility will provide extended hours of operation and extended pick-up and early delivery times for services related to customer's specific needs.

The new program requirements were introduced to shops in a series of cycle time web conferences held over the past couple of weeks.

According to Tramm, in a [separate video produced for the DRP network](#), "Compliance with these items remains a core requirement for your participation in Allstate's direct repair program."

"It goes without saying," Tramm says in the video, "that the quicker you reach out to the customer, the sooner they know, they're in our good hands."

Source: www.collisionweek.com

Data Base Enhancement Gateway

DEGWEB.ORG

Submitted by Tony Ferraiolo

The database enhancement gateway website has vast amounts of information for help in getting educated, news and updates, the ability to submit a database inquiry, articles from major trade publications and a whole lot more!

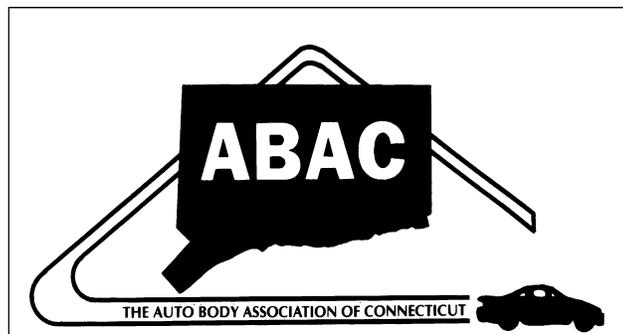
The database enhancement gateway (DEG) is an initiative that was developed to help improve the quality and accuracy of collision repair estimates through feedback from the collision repair industry and others. The DEG is created, equally funded and maintained by the Automotive Service Association (ASA), the Alliance of Automotive Service Providers (AASP) and the Society of Collision Repair Specialists (SCRS).

In my first look on the DEG website I noticed I could download all the big three database providers' P-Pages. I make copies of my estimating system P-Pages then I make copies of whatever estimating system the insurance company is using on the vehicle that we are repairing. You would not believe the differences! Use this as a tool to get paid, in full, for your necessary repairs. One important note to keep in mind (and to remind the appraiser) is that all databases are developed and marketed as guides and are based on new and undamaged parts being replaced on new and undamaged vehicles.

You can submit an inquiry through the DEG. There is no charge associated with using its services. By submitting an inquiry you are networking with other shops on possibly the same concerns. For instance, if you are doing a repair on a 2009 VW Jetta and you are replacing the rear body panel; your database time for replacement seems very low. Your technician tells you that he replaced the same rear body panel on the same year and make 6 months ago and he went over the replacement time. You could go to the DEG website and look to see if any other shops have had this issue or if anyone has submitted a request. Without the information from this website you would be told again that "you are the only one".

The DEG administration serves an advocacy role processing all submitted database inquiries until they reach conclusion. You will be able to view all database inquiries that have been submitted through the DEG. You can view the responsiveness of the information providers as it relates to the database inquiries raised by the "end users" of their products. So please take a moment of your time and go to DEGWEB.org and check it out for yourself. Submit a request and be part of a change. Use this website as a tool to get properly paid for your repairs!

Together we CAN make a difference!



CONSUMER ALERT

Does this apply to you?

You have recently been involved in an accident.

It was the other person's fault.

Your vehicle is not drivable due to damage from the accident.

* * *

If this applies to you, it is important for you to know that the other party's insurance company is liable to reimburse you for the loss of use of your vehicle, regardless of whether or not you incur a rental car expense.

* * *

You are entitled to compensation from the date that your vehicle was non-drivable until the date that your repairs have been completed.

* * *

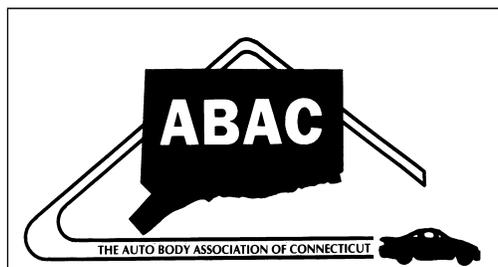
If you DO choose to rent a vehicle during this time, the other party's insurance company MUST provide reimbursement for a rental vehicle that is COMPARABLE in value to your own.

* * *

DO NOT be intimidated to accept less than you deserve. If an insurance company fails to award you proper compensation, it may be in violation of Section 38-61(6), entitled, "Unfair Claim Settlement Practices."

*(For more information on this law please contact any
ABAC Board of Director!)*

PROTECT YOUR RIGHTS AS A CONSUMER!



QR Codes – a quick review



QR codes – we’ve all seen them, it’s those small black and white square designs on packages and in magazines. They are a great marketing tool for connecting a static image like a brochure or business card to digital information like a mobile-website or Google+ page.

But does this technology really benefit auto body business; and who’s actually using it?

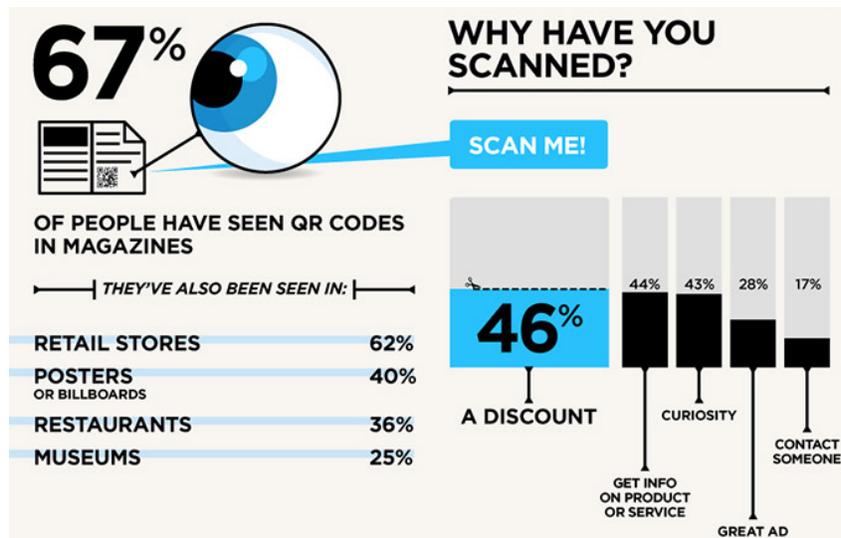
Quick Response (QR) Codes were created by a division of Toyota Motor Company in 1994 to track automobile parts, a component of Toyota’s “lean manufacturing system”.

Today however, it’s widely used for marketing applications that use smartphones as the vehicle to convert a visual image (the code) into online information.

A recent 2010 report by [dubitresearch](#) suggested low consumer usability of QR Codes at that time simply because people didn’t recognize it as a marketing form.

“Our research questioned 1,000 teens aged between 11-18 years of age with an equal balance between gender and age. When shown an image of a QR code only 43 per cent correctly identified that it could be read by a mobile phone while 19 per cent admitted they didn’t know what it was. Eight per cent of girls suspected it might be a magic-eye picture.”

This marketing medium has picked up a lot of steam since that report a year ago – so much so you’re probably seeing it in every magazine and newspaper you read!



Talk of businesses taking their website mobile and using this QR technology seems all the rage – maybe even in-vogue – but few businesses follow through.

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Here's the reality:

Just because your business website shows up on a mobile phone; doesn't mean it's mobile-friendly.

The destination and format of a QR code could mean immediate success or failure – here are some quick tips:

- ✓ Use single-color QR codes – black/white work best
- ✓ Allow for a white border around the code to separate it from the background
- ✓ Placing on light background gives best contrast when scanning
- ✓ Short web-addresses work best - link shorteners give the best results
- ✓ If using outside, make sure there is good cell reception (it won't work if there isn't)
- ✓ Be certain the user can read what they scanned by pointing to a mobile-website or common app like LinkedIn, Twitter, Google+, or Facebook (55% of Americans are on Facebook – that's a safe bet)

So what does this mean for ABAC members?

Well – if you are going to start using the QR Code medium as part of your marketing strategy (*and you should*); do your homework – but do it quickly – do it right – consumers are watching!

Want to know more? Call: Sidewalk Branding Company (aka: Autobody Consulting Group) 401-481-4939 <http://SidewalkBranding.Co>

Esurance Brings Repair Monitoring Service to Facebook

Esurance, a direct-to-consumer car insurance company, has introduced a service that will allow its customers to post images of their car being repaired directly to their Wall on Facebook.

Using the insurer's RepairView online repair monitoring service, customers who have their car repaired at one of the Esurance E-star repair facilities can monitor the process from any computer or smartphone and will now have the option to share the photos on Facebook. Once a user links RepairView to a Facebook account, the most recent repair photos post automatically to their Facebook Wall.

Esurance is the first insurance company to integrate this technology into Facebook.

"Online repair monitoring has been a customer favorite since we first started offering it in 2007," said Joe Laurentino, Esurance vice president of material damage. "Integrating RepairView with Facebook helps us provide a more seamless online experience for customers and leverages the power of social media."

Recent Esurance statistics found that, in the first quarter of 2011, consumers that used RepairView rated their claims experience nine points higher than those that did not and consumers who integrate RepairView with Facebook have their repair photos viewed seven times more often than those who don't. Women aged 35 and over, in particular, find RepairView's Facebook integration particularly useful. The number of female users in the 35+ demographic who used RepairView via Facebook outnumbered male users by eight percent during the first quarter of 2011.

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In Memoriam: Timothy Scott Weller - PT's Custom Auto

Timothy Scott Weller, 49, of Seymour, died July 22, in the loving embrace of his beloved wife, Patty (Tema) Weller.

Tim was the proud owner of PT's Custom Auto, a business he built with pride and joy, his family said. He proudly served his country with the U.S. Marine Corps, and was honorably discharged with the rank of Corporal; Semper Fidelis.

Tim's passion to live life to its fullest was evident in many dear friends whom he shared his love of cars and drag racing; their friendships, especially with Joe Waskiewicz often carried Tim through some of his toughest of life's battles and will be forever grateful to them, his family said. Diesel, his "little buddy" will miss him. Tim's life was filled with good family and friends, and will be missed tremendously, especially by his wife, his "Forever One-Patim."

Besides his wife Patty of 25 years, survivors include sisters and brothers, Tina Dube, Dawn Yacano, Mona Klaudt, Keith Weller, and Daren Weller, and their respective spouses; as well as Patty's extended family, who called Tim their own. He also leaves many nieces and nephews.

He was predeceased by his best friend and father, Fred Weller; his mother, Liz; his sister, Darlene; and brother, Tom

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