

ABAC NEWS

**MARCH - APRIL
2010**

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The Official Newsletter of the Auto Body Association of Connecticut

SPEAKER THREATENED WITH LAWSUIT

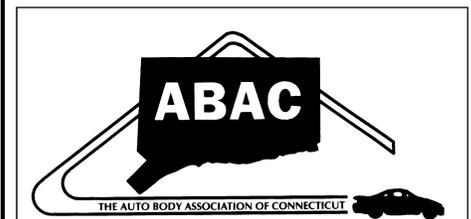
Just hours before industry trainer Toby Chess was to make another presentation about non-OEM bumper and structural parts at last week's Collision Industry Conference (CIC) in Atlanta, Chess said he was threatened with a lawsuit if he did so. He declined to reveal who threatened the legal action - multiple sources have indicated it was LKQ Corporation, parent company of Keystone Automotive - but said because he had not had a chance to consult with an attorney, he chose to forego making his presentation at the meeting.

In presentations at the last two CIC meetings, Chess showed potential problems with a number of non-OEM bumper parts, including apparent significant differences in the material and structure of the parts (CRASH 1/25/10). That has led at least four insurers to pull back from the use of such parts (CRASH 3/1/10); it has also led parts suppliers to develop tracking and recall programs for the parts, and to the launch of several testing and certification programs for such parts. Chess was clearly frustrated by the threat of legal action against him, saying he never portrayed the demonstrations as scientific research but merely as a way to "bring light" to a potential problem. "I was asked last month why I did this," Chess said. "I said that I don't work for insurance companies, I don't work for parts companies, I don't work for body shops. I work for the consumer. I'm a trainer. I teach. So I have no vested stake in this. I thought it was necessary to say these things. I think

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we've demonstrated to the industry that there has to be more than just selling these parts. I hope that after I get some legal counsel on this, I can come back to you and show you more of what I did find. Some (of the non-OEM parts) are very good. And I was prepared to tell you about that."

RESPONSE AT CIC:

A number of CIC participants in Atlanta expressed outrage that legal threats would be used to prevent a presentation and open discussion at the meeting. Speaking as a past CIC Chairman, Chuck Sulkala said this was the first such incident he was aware of in CIC's nearly 30-year history. He said Chess was merely raising awareness of issues that had been discussed for decades, and commended parts suppliers for finally taking action in the months since Chess' presentation last November to address traceability of the parts. "To have something stopped because of a potential lawsuit is shooting the messenger," Sulkala said. "The day of stopping discussions at CIC because of a legal issue has got to come to an end. It should never have come to be in the first place."

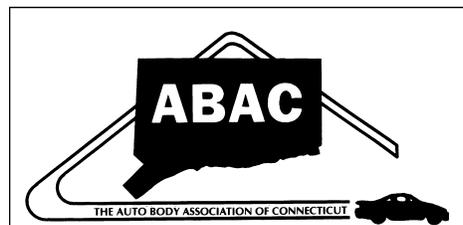
Industry consultant John Bosin, who chairs the CIC Parts Committee, also called such a threat of legal action "reprehensible" and told Chess he would help start a legal defense fund if necessary. "Whoever has initiated this (threat of) legal action passed up the opportunity to use this as the forum it is, to express their views," Bosin said. "We would have been open. We may not have liked what we heard, but they could have come here. They were welcome. Whoever it is, why aren't they here talking about the issue and telling us what their concerns are and explaining their actions. I think they're chicken." CIC Chairman Russ Thrall assured CIC attendees he would "figure a way through this to make sure the things that need to be said get said." Like Bosin, he said CIC's mission is to serve as an open forum for the industry. "If there's a presentation up here that you find uncomfortable or you feel is wrong, that's why the microphones (throughout the room) exist," Thrall said.

LKQ RESPONDS:

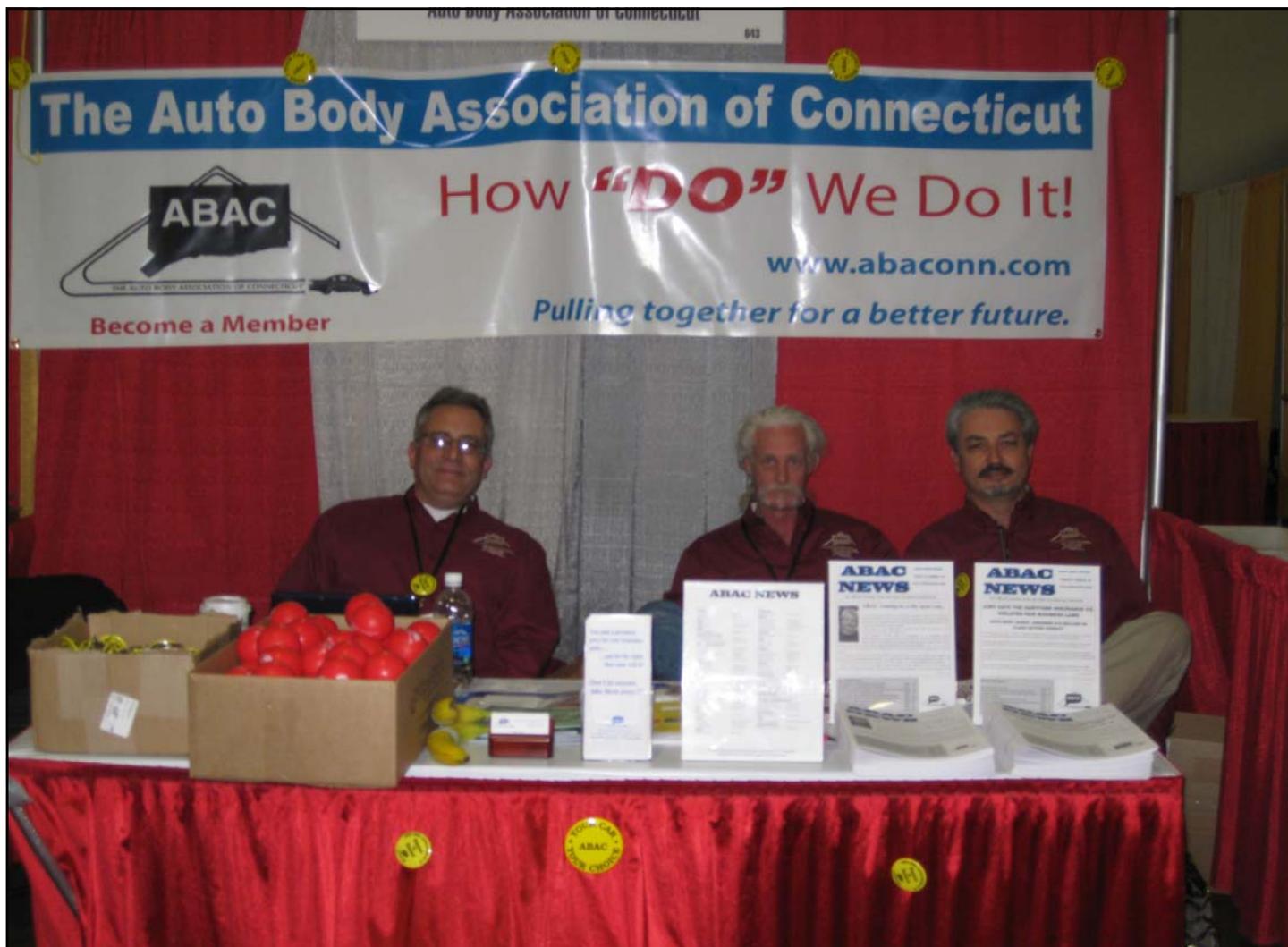
Without explicitly confirming or denying it was the source of threatened legal action against Chess, LKQ Corporation following the CIC meeting issued a written statement about Chess' presentations, including the one last November in which he used a firefighter's extrication saw to show how much easier it was to cut through the metal used to make a non-OEM bumper bar being sold as a replacement for an OEM part made from ultra-high-strength steel (CRASH 11/23/09). In its statement, LKQ Corporation said it tried to replicate such a test and found "the saw cut through the OE rebar with relative ease," raising concerns that "there is a lot of misinformation being spread."

The company pointed to crash testing it did that it says showed both an OEM and non-OEM bumper passed federal safety standards for passenger protection (CRASH 3/1/10). "LKQ believes that it is important for the consumer and the industry to receive relevant and accurate information, so we have communicated that message to the parties involved," the company wrote.

Source: www.crashnetwork.com



ABAC GAINS NATIONAL RECOGNITION & SUPPORT



It has been an extraordinary couple months for the collision repair industry in our area. First, on March 19-21st we had the Northeast Trade Show at the Meadowlands, sponsored by AASP/NJ. This is the annual trade show and conference that has been held in our back yard for many years. This year's show was a little bit different. The ABAC had a booth set up on the expo floor for the sole purpose sharing of our association to the surrounding states, and to network with all attendees to gain more strength and awareness of the issues that face us every day. We had a number of board members that donated their time, to play host at the booth, and hand out literature, and answer questions to all who passed. We gave out over 300 copies of recent ABAC news, hundreds of "Enough is Enough" and "Your Car, Your Choice" bright yellow pins. But the biggest hit of the show was the nearly 1000 bright red stress relief balls with the catch phrase "Appraiser stress relief, brought to you by The ABAC". They were the hit of the show.

While there, we were also invited to attend and present at The Northeast Leadership Forum, where a dozen or so state associations gathered in conference form. All association leaders were asked to tell the rest of the

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attendees what's going on in their state. I presented our news of the recent year, our accomplishments, as well as our future plans for the current year. As always, we were very well received.

It was refreshing to hear from attendees from surrounding states giving us their thanks for all The ABAC does, for Connecticut shops, as well as all surrounding states as well. Check out the photos from the show, you will notice our banner with the new slogan "How DO we do it!"

Another great happening that came from the show, which was totally unexpected, was the outpouring of new advertisers for The ABAC news and financial supporters for upcoming member meetings. Be looking for them in upcoming issues. They came on board because of the value our members give back to them by way of supporting them, because they support us. It works.

Next, on April 13th–15th, Tom Bivona, Attorney John Parese and I ventured to Atlanta, where we were invited to attend and participate in the SCRS/CIC conference. John Parese was a guest panelist, along with Attorney Erica Eversmann, and Paul Hulsebusch, principal of the Sonora Insurance Group of Bethlehem PA., discussing the possible liability issues facing us today. What is not covered in your garage policy may surprise, no SHOCK you. This forum was in a Town Hall style meeting with random questions being fired from the floor. Nothing less than exceptional information for all in attendance.

Now, for the upcoming meeting of the full membership of The ABAC, it will be held May 13th at The Chowder Pot Restaurant in Hartford. Guest speaker will be none other than Ron Perretta of Professionals Auto Body chain of Pa. Ron is an award winning speaker that will be discussing topics like front office sales and guerrilla marketing. This is a MUST attend for not only shop owners and managers, but any front office staff that has direct contact with your customers.



This upcoming meeting is sponsored by PPG, Bald Hill Chrysler Dodge Kia, BMW of Bridgeport, and Enterprise Rent-A-Car. More sponsors are expected to "join in" as this is expected to be a sell out crowd. There is guaranteed to be other guest speakers and maybe a surprise or two.

And as always, my personal money back guarantee to you. You will walk out with more knowledge than you walked in with.

Bob Skrip - ABAC President

Practice Pointer from Attorney John Parese

New Law Requires Customer Acknowledgment of Right to Choose on All Repair Authorizations and Estimates

Repair Authorization

Under existing law, prior to performing repair work, a shop is required to obtain written authorization to perform the work. The signature must be on an invoice signed by the customer that includes an estimate in writing of the maximum cost to the customer for parts and labor. Your customer must approve any charges in excess of the estimate.

This law was amended in 2009 to reflect the ABAC's legislative efforts to promote the "Your Car Your Choice" campaign. Under the new law passed in 2009, you are now required to include the following acknowledgement on all signed authorizations:

I am aware of my right to choose the licensed repair shop where the damage to the motor vehicle will be repaired.

If your repair authorization does not currently include this language, you should immediately modify it to include this language.

Estimate or Appraisal

In addition to the new requirements set forth above, any appraisal or estimate must include the following notice in not less than ten-point boldface type:

NOTICE:

YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR SHOP WHERE THE DAMAGE TO YOUR MOTOR VEHICLE WILL BE REPAIRED.

Make sure your repair forms and estimates comply with these laws.

See Connecticut General Statutes §§ 14-65f and 14-65l.

ABAC Membership Drive Continues in Groton

On February 16, 2010, about 75 shop owners and vendors attended an ABAC educational event held at the Groton Inn & Suites in Groton, CT.

Board of Director Bill Romaniello kicked off the evening's events with a "thank you" to all in attendance for braving the elements. (It was snowing heavily). Bill called upon Dave Fogarty to step to the podium. Fogarty recognized the sponsors whose contributions helped to make for a successful evening. They are:



- ◆ **Paint World**
- ◆ **BMW of Bridgeport**
- ◆ **Columbia Ford Lincoln Mercury & Kia**
- ◆ **Bald Hill Dodge Chrysler Jeep & Kia**
- ◆ **Enterprise Rent-A-Car**
- ◆ **Grossman Chevrolet & Nissan**
- ◆ **Lorensen Auto Group**

Romaniello then read the Anti-Trust Disclaimer. He then introduced Mike London of Michael London & Associates, the ABAC's public relations firm based in Trumbull. London talked about events that his organization has helped to accomplish for the ABAC with statewide media coverage. London went over the coverage concerning the Hartford lawsuit and the relationship that has been developed with Connecticut Attorney General Richard Blumenthal. Mr. London then played an audio file of Mr. Blumenthal's 60-second radio commercial that the A.G. recorded touting "Your Car, Your Choice" for the ABAC which is available for ABAC member use. Mr. London explained that any ABAC member could use the radio spot and add the verbage "This public service announcement is brought to you by (insert your collision shop information at the end). The AG's message can be heard on the ABAC website, www.abacomm.com.

The presenter for the evening was Allan Smith, N.E. Regional Manager from I-Car. Allan gave us a brief bio of his involvement with I-Car. One of the courses offered through I-Car is the Advanced Material Damage Analysis. This class covers a range of advanced materials that are found on many of today's vehicles. It is recommended that students have an understanding of high strength steel and aluminum, as well as damage analysis processes. For more info log onto www.I-Car.com



Back to the podium Romaniello then gave an overview of what the ABAC has been doing for members

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and the industry. It is imperative that you make every effort to attend an ABAC meeting so that you can become well armed with the necessary knowledge to help make your collision repair facility stronger and more financially successful. Says Romaniello “the ABAC has teamed up with two other national associations. First, the Society of Collision Repair Specialists (SCRS). This organization has recently taken a stronger approach that is more repairer driven. SCRS is 36 states strong and 56,000+ people with a voice. Second, we’ve also become aligned with the CCRE which is the Coalition of Collision Repair Excellence. If you don’t know who they are, please go take a look at their website www.theccre.com. You will find many things on this website that will help you run the business side of your business, understanding what you get involved in when you are doing repairs with insurers involved in it”.



ABAC President Bob Skrip then acknowledged the efforts of Romaniello. “Bill took it upon himself to find every auto body association in the country. He’s to be commended for that huge effort”. Skrip then continued with the accomplishments of the ABAC including the “Code of Ethics” for the State of Connecticut which the ABAC has adopted. This code of ethics is available on the ABAC website www.abaconn.com/abaconn/about_ethics.htm.

Bob also covered current and proposed legislation, member involvement and how important it is to become a member of the ABAC.

Bob then introduced board of director Bill Denya who presented a \$500 bill which, on the back of this bill, listed 50 procedures that may be warranted on the vehicle you are repairing. If you use the steps listed on the back of this \$500 bill on one repair, you will more than cover the cost of an ABAC membership. Denya states that his company uses cameras to record repairs being performed on vehicles and make sure that his shop gets paid for work performed. Denya gave attendees much more information on what has been successful for his business and what can greatly benefit yours.



Skrip then made a personal guarantee. “I think what we should do as an association for anyone who is contemplating joining is to offer you a guarantee. If you join this association and pay your membership fee, next year at this time you can call me up and say ‘Bob, that was a waste of money’ and I’ll give you your membership fee back. That’s how strong I feel about this association.” Bob then brought up all of the people involved in the Hartford lawsuit and went into great detail about the historic decision in favor of the Connecticut Collision Repair Businesses.

Bill Romaniello then wrapped up the evening and gave information to help members and potential members become financially successful. “Join the ABAC now. Your future awaits you!”

Submitted by Don Cushing

ABAC Holds Quarterly Meeting

On March 9, 2010, over 120 guests joined together for another night of education brought to you by the ABAC. This event was held at the Country House Restaurant.

As is the case with every ABAC meeting, Board of Director Bill Romaniello read the anti-trust guidelines to all in attendance.

President Bob Skrip addressed the crowd thanking all for attending. One of Bob's opening remarks was to thank Attorney General Richard Blumenthal for filing a motion on behalf of the ABAC concerning the Hartford law suit suggesting to the Judge that the ABAC should be rewarded punitive damages of \$59 million dollars up from the initial \$15 million dollars. Says Skrip, Attorney General Blumenthal has been a great friend and ally of the ABAC. You all know that he is running for another office. I hope you all get behind him with your support and vote. The AG sends his regards and will hopefully be able to attend a future ABAC meeting.

Board of Director Bill Denya then gave us all some real time important information on VOC's. Denya also brought us up to speed on current legislation.

After a short break Bob Skrip returned to the podium and recognized the ABAC News Supporting Advertisers. "On your table you will find a listing of all the ABAC News supporting advertisers. I really encourage you all to support these vendors. If not for their financial support, things would be much different (financially) for the ABAC. Our lawyers, our economists, our lobbyists and our media firm do not come cheaply. These vendors make it happen. You really, really have to support them. And if a vendor that you use is not part of the ABAC or an ABAC News advertiser, ask them why not. Maybe those vendors will see the value of supporting the ABAC. Look at the list, call them, use their services and thank them for supporting the ABAC".

Skrip then acknowledged the sponsors for this meeting. They are:

- ◆ **Environmental Risk Services**
- ◆ **Kent Automotive**
- ◆ **Hertz Rent-A-Car**
- ◆ **Buckley & Wynne**

Bill Romaniello then spoke of the upcoming Northeast Trade Show brought to you by AASP-NJ. The ABAC will have a booth at this show. Bill asked for support by attending this event. (See article on pages 3-4) Also, Bill mentioned the next ABAC meeting which will be held at the Chowder Pot Restaurant in Hartford. (See ad on page 11). Says Romaniello, our focus this year is to educate our members.

Skrip then introduced the guest speakers for the evening. First up, Mike Lucas from Environmental Risk Services. This company (ERS) is a leading provider of environmental compliance and safety programs for automotive repair facilities on the East Coast. Whatever demands, Environmental Regulations and

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safety issues place on your facility, you only need to turn to one company for the experience and the strategic partnerships to handle these matters. Their service packages will provide your facility with peace of mind and competitive advantage that will ensure successful operations. For more info go to www.erscompliance.com.

Our next presenter was Milton Rodriguez from VINMARK. The VINMARK system provides powerful security that deters professional theft and increased vehicle recovery. The stencil used for the application is computer generated with a vehicle identification number cut into it. The VINMARK's patented migrating gel will adhere to any surface. This unique patented application will embed a permanent tamper resistant vehicle identification number on the vehicle's body parts. The body parts are what a professional thief wants most. One of VINMARK's newest products is the availability of Federal Safety Certificate Labels (Tire pressure labels, VIN labels and any label that may not be available from the OEM) within 24 to 48 hours. VINMARK offers, only to ABAC members, these labels at a reduced price. Milton went on to show the many labels now available through his company. VINMARK is one of our most recent Supporting Advertisers in the ABAC News! For more info go to www.vin-mark.com.



Our last presenter of the evening was John Michael Parese from the Law Office of Buckley & Wynne. Mr. Parese covered everything that he has been involved in while working with the ABAC. He talked of the recent trip to Washington, DC to meet with officials from the Department of Justice. John then talked about his firm. For over 100 years people in Connecticut have relied on the law firm now known as Buckley & Wynne. Today the law firm's Connecticut Injury Attorneys focus their experience and resources on helping injured people recover compensation.



Mr. Parese then presented a booklet that he put together and had printed for the ABAC. The booklet is titled "Auto Accident Rights & Responsibilities". It is a step by step guide for what to do after an accident and how to protect your rights. These booklets have a blank space on the front cover so that any collision repair shop can place their business name label on it and give this informational item to their customers. John offered to supply members' shops with these books and that label with that info on it. You can contact John Michael Parese at www.buckleyandwynne.com.

President Bob Skrip then brought the meeting to a close thanking everyone for their attendance and stressed once again the importance of education to better your business.

Submitted by Don Cushing

Connecticut AG Asks to Intervene on Body Shops' Behalf in Suit Against The Hartford

Connecticut Attorney General Richard Blumenthal wants to intervene in a body shop group's class action lawsuit against The Hartford Insurance Co. to help "prevent unfair and biased automobile body damage appraisals."

The Auto Body Association of Connecticut (ABAC) announced that Blumenthal has asked the Stamford Superior Court for permission to file a brief in support of the ABAC motion for a permanent injunction to prevent The Hartford from exclusively using in-house representatives to perform appraisals. The injunction stems from a [\\$15-million court decision](#) in November in a class action suit on behalf of state body shops against The Hartford.

Blumenthal's petition said, "The State seeks to prevent unfair and biased automobile body damage appraisals and unfair suppression of labor rates – conduct which not only violates (state law), but which also has a direct and adverse effect on Connecticut's general economy."

Further, it said the "State has an interest in preventing the unfair suppression of labor rates that significantly harms the State's economy and results in extreme economic hardship for independent automobile body repair shops."

In November, a jury awarded \$15 million to Connecticut auto body repair firms, saying The Hartford engaged in unfair business practices. The lawsuit filed by ABAC and three of its members alleged that the insurance company artificially suppressed body shop labor rates by eliminating the use of independent appraisers and relying exclusively on its own automobile service representatives to perform appraisals so the company could control their content, including labor rates.

Following the verdict, ABAC filed a motion for a permanent injunction to prevent the unfair business practices and asked the court for punitive damages in addition to the \$15 million. Those motions are pending. The Hartford has said it would [appeal the court's decision](#).

"Attorney General Blumenthal has been a champion of small business and has been with us every step of the way," said Atty. David Slossberg of Hurwitz, Sagarin, Slossberg and Knuff, of Milford, co-counsel for ABAC. "The Attorney General's intervention in this action sends a strong message – The Hartford's unfair trade practices must stop, it must follow the law, and the hundreds of auto body shops in our state must be able to run their businesses on an even playing field, absent The Hartford's influence and control. We are delighted with this development."

Thomas Hambrick, spokesman for The Hartford, told the *Hartford Courant* that the insurer was

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disappointed with Blumenthal's actions, saying body shop owners are trying to increase costs to Connecticut consumers.

"It is important to us that our customers have access to a repair program that provides great service at a fair price," Hambrick said.

ABAC President Bob Skrip said that shops in his state need to be fairly compensated for the work they perform.

"Automobiles have become increasingly sophisticated over the years. Ongoing training is necessary. Expensive, sophisticated equipment is continually required to keep up with ever-more complex vehicles," Skrip said. "Those who work in our profession today are extremely talented craftsmen and professionals. It's time for compensation to catch up to our expenses."

Skrip added that ABAC plans to pursue legal action against other insurers in the state that are allegedly engaging in unfair business practices similar to those of The Hartford.

"Enough is enough," Skrip added. "We can no longer allow huge insurance companies to force their will on businesses and consumers. It's your car. It's your choice where to have it repaired."

Source: www.collisionweek.com

Mark Your Calendars

Thursday May 13th, 2010

ABAC Quarterly Meeting

Chowder Pot Restaurant

Hartford, CT

Become part of the Strongest Auto Body
Association in the Nation!

Watch for more information on your fax machine!

ABAC OFFICERS 2010

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THORTON J. SCOTT (Scotty)
Family Garage - Bridgeport

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Stanley's Auto Body - Waterbury

The goal of the ABAC News is to provide a forum for the free expression of ideas. The opinions and ideas appearing in this publication are not necessarily representations of the ABAC and should not be construed as legal advice.



Connecticut DOI Fines GEICO Companies \$177,500

Four GEICO subsidiaries were fined a total of \$177,500 for improper rating, claim delays, failing to for pay loss of use and employing unlicensed adjusters, among other violations, Connecticut Insurance Commissioner Thomas R. Sullivan announced.

The total fine amount is a result of smaller fines assessed to subsidiary companies. Violations and fines varied by company:

- **GEICO Casualty Company, Maryland – \$49,000**
- **GEICO General Insurance Company, Maryland – \$31,500**
- **GEICO Indemnity Company, Maryland – \$64,500**
- **Government Employees Insurance Company, Maryland – \$32,500**

Although the violations varied by company, most companies did not comply with a state law that requires that optional coverage for safety glass repair or replacement be offered at all deductible levels.

Connecticut law requires insurance companies to formally appoint and license with the state all agents who sell, solicit and negotiate insurance products on their behalf. The market conduct examination revealed instances of unlicensed adjusters within these subsidiaries.

Other violations included instances where companies did not include loss of use payments in claims settlements.

“Connecticut statutes are in place to protect consumers, and violations of these laws are unacceptable,” said Sullivan. “We will continue to scrutinize companies in this industry to ensure they are committed to conducting business within the boundaries of our insurance laws.”

The company complied with the stipulation and final order and will submit a compliance report to the commissioner within 90 days.

Source: www.collisionweek.com