

# AUTO BODY ASSOCIATION OF CONNECTICUT NEWS



INDUSTRY NEWS FOR PROUD MEMBERS & VALUED CUSTOMERS

FEBRUARY 2004

## CONNECTICUT ATTORNEY GENERAL MEETS WITH ABAC BOARD

Connecticut Attorney General Richard Blumenthal recently met with the Auto Body Association of Connecticut board of directors for approximately one hour. The results were very positive, with the Attorney General receiving **valuable information regarding law violations committed by insurance companies**. He also learned about the **unsatisfactory routine performance of the Connecticut Department of Insurance** regarding enforcement of laws and the department's lackluster responses when answering consumer complaints involving collision repair.

This meeting was made possible due to the diligent efforts and communication skills of ABAC First Vice President Tom Bivona who was responsible for arousing the interest of Mr. Blumenthal. Tom should be congratulated for his expertise, time and persistence for making this meeting become a reality!

In the following pages you will read about the culmination of what was discussed with Mr. Blumenthal in this meeting and the return letter the Atty. General sent to Bivona himself.



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## Auto Body Association of Connecticut

21 Preston Avenue • Meriden, CT 06450 • Phone (866) 724-4222

“Pulling together for a better future.”

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January 23, 2004

Attorney General Richard Blumenthal  
State of Connecticut  
55 Elm Street  
Hartford CT 06106-1774

Dear Mr. Blumenthal

On behalf of the Auto Body Association of Connecticut, I thank you and Justin Kronholm for meeting with Michael Brunt, William Denya, Karl Mauhs, and me on January 8, 2004.

The following are our main areas of concern:

- 1) The State of Connecticut Department of Insurance's lack of action.
  - a. We feel they are not fulfilling their duties to protect the public from steering.
  - b. We feel they are not protecting repairers from predetermined insurance company guidelines.
  - c. We feel insurance appraisers are not held accountable for their actions; there is no reprimand or consequence when they violate the law.
- 2) We left with you a large binder filled with these complaints and others that have been sent to the Department of Insurance. A great majority of these complaints were not resolved satisfactorily.
- 3) As proof of the legitimacy of these complaints, we left with you a copy of the letter written by The Hartford Insurance appraisers stating they can't perform their duties according to State regulations while following the mandated guidelines from The Hartford. While these appraisers were the only ones brave enough to voice their concerns, I maintain that most insurance company appraisers are in the same position.

Attorney General Richard Blumenthal

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The members of The Auto Body Association of Connecticut and the consumers of Connecticut need to have the appraisers accountable for their actions under regulation 38a-790. The law already provides for stiff sanctions for any violation, however, we know of very few appraisers who have faced enforcement of those laws. Our efforts to convince the Department of Insurance to do their job have failed. We are asking that you or members of your staff investigate these problems, the practices of the Commissioner of the Department of Insurance, and her staff on behalf of the motoring public and the members of The Auto Body Association of Connecticut.

We look forward to hearing from you.

Sincerely,

*Tom Bivona*

Tom Bivona  
First Vice-President

cc: Tom Bivona (203) 769-4492  
Michael Brunt (203) 481-7287  
William Denya (203) 237-6068  
Karl Mauhs (203) 248-6116



## State of Connecticut

RICHARD BLUMENTHAL  
ATTORNEY GENERAL



Hartford

February 6, 2004

Tom Bivona  
First Vice-President  
Auto Body Association of Connecticut  
21 Preston Avenue  
Meriden, CT 06450

Dear Tom:

I thank you again for visiting with me and my staff earlier this year, and providing some valuable insight into current practices and problems relating to your members. I appreciated as well the material that you left with us, which will provide good direction in our further inquiry.

I understand that potentially significant issues of public policy are involved, and I hope that my office can play a constructive role.

Again, I am grateful for your interest and concern, and hope that we can continue to exchange information and views.

Many thanks, and warmest regards.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Blumenthal", is written over a faint, larger version of the same signature.

RICHARD BLUMENTHAL

RB/pas

# "Take a Stand and End the Abuse"

By John Shortell

[www.bodyshopsolutions.com](http://www.bodyshopsolutions.com)

Have you ever been picked on by a bully? If you haven't, consider yourself lucky. If you have, you know that helpless feeling. But the interesting thing about most bullies is that they usually aren't as tough as you or the bully thinks. A good effort at fighting back usually sends a bully running, and very often, creates a situation of mutual respect.

I think everyone has been told that the best way to deal with a bully is to call his bluff and fight back. Why then do so many body shop owners and managers find it so hard to stand up to the insurance industry?

We've heard all the excuses. "They'll blackball my shop." "They'll tell my customers lies and steer work away." "We'll lose a lot of business." "It will cost me money." These are all very good arguments, but, in fact, the opposite is more likely what will happen. Some insurance companies are simply bullies. An insurance company is nothing more than a group of people. Some of these people have egos, psychological problems, Napoleonic complexes, the desire to have their heads firmly implanted in their bosses' backsides, or are just plain mean....you know like us mean Republicans.

Unlike being at school where tattling on a bully could amplify his wrath, we are now adults, and we now can use the law to stifle a bad guy. Businesses rely on reputation and good will for their success. Being known as a bully can harm that reputation. Millions of dollars in advertising and putting cereal snacks back together can help repair some of this harm, but it's just a temporary fix.

The collision repair industry is in its current situation—insulting labor rates, aftermarket parts, materials caps, steering, etc—because we have not stood up to the insurance industry. We've been bullied for 40 years. We're head shy. We'll do whatever we can to avoid the conflict, not make waves, keep the peace. Yeah, let's lie, cheat and steal to make a profit so we don't have to confront the bully.

How about we grow up and put these bullies in their place.

Sometimes the advice about fighting the bully doesn't work. Sometimes the bully really can kick your ass. If this is the case you have to get some friends together and even things up a bit. Your friends are all around you folks. The other collision repair shops in town are probably having the same problems you are. Reach out. Call the other shops. Get to know your competitors. It's not an anti-trust violation to talk with other body shop owners as long as you don't enter into agreements to fix prices. If your state doesn't have an auto body association, start one. If they do, join it and make it stronger.

Information is your most potent weapon against an unsavory insurance company. Study your state insurance and motor vehicle laws. You can probably find everything online. Hold your nose and spend the time it takes to read the convoluted crap written by your state lawmakers. It can be difficult to get through. Everything is written in page long sentences with words that no one but a lawyer would ever write, let alone speak. This is by design; it keeps the lawyers in thousand dollar suits.

If you believe an insurance company has wronged you, take action. Contact your state's insurance department and attorney general. Don't be afraid of retribution! The law is on your side, if you understand it. Convince the other shops in your area to take on the fight also. **IT DOES WORK!**

Insurance companies pull their crap only because they know they can get away with it.

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In Connecticut we have been fighting the insurance companies and are winning many battles. The insurance companies are reluctantly learning to respect many Connecticut shops. They still walk all over those shops that let them, but they are beginning to understand that changes are on the way. The hundreds of complaints the Connecticut Department of Insurance has received this past year have forced them to pay attention but they still fail to act. However, Connecticut body shops now have the attention of our attorney general, and he is not happy with what he has learned. We feel confident that he will be the catalyst for important changes in the near future.

A handful of shops in Connecticut have been challenging the insurance companies on the labor rate issue in court. Most cases have been decided in our favor; precedents are being set. The larger insurance companies are still playing the bully by moving small claims suits to superior court. They are playing the bluff. But some shops have called them on their bluff, paid an attorney and won. The problem for the insurance companies is that every judge has paid a dealership their mechanical labor rate to service his car. When the judge hears that some insurance company only wants to pay half that mechanical rate, and the shop owner produces proof that customers are willing to pay a fair rate themselves, the decision is easy—"Pay up insurance company!"

Yes, it is scary to stand up for yourself. It takes guts. It takes work. It's so much easier to just submit and keep the butterflies out of your stomach. This is why women abused by their husbands put up with it. It's easier to take a punch once in a while than it is to leave him. But we all know that this is cowardly. We all know that this is harmful. If we all can advise an abused woman to take a stand and end the abuse, why can't we follow our own advise? Why can't the collision repair industry end its abusive relationship and stop living with a black eye?

## ***SHOP OWNER WINS LABOR RATE BATTLE IN COURT***

Tony Catapano, owner of Walt's Auto Body, located in North Branford, CT recently **won a decision against the Geico Insurance Co. in small claims court.** Catapano repaired a customer's vehicle that was damaged by a Geico policy holder, thus making his customer a third party claimant. Catapano filed suit directly against the policy holder who caused his customer's vehicle damage due to **Geico failing to pay his posted and charged labor rate.** The rate that the Geico appraiser was willing to pay was substantially lower than the rates charged on the repair. The appraiser added in a \$500.00 labor rate concession, hoping to reach an agreed price, but Catapano refused, noting that that only added approximately \$ 5.00 per hour to the labor rate on the repair bill, which still left the two sides far apart on a final agreed price.

Walt's Auto Body was represented by Atty. John Michael Parese of Parrett, Porto, Parese, and Caldwell, who did an excellent job presenting the legal arguments needed for victory. After hearing testimony for almost one hour, the judge said that he had heard enough evidence to make his decision, which only took forty eight hours to reach. **The judge awarded full settlement to Walt's Auto body based on the posted labor rate charged for the repair, citing that Walt's labor rate was fair and reasonable!** He even made Geico reimburse Walt's the \$35.00 small claims application fee. **Chalk up a well deserved victory!** The moral of this true story should be: **Do not be intimidated by insurance companies because of their size and strength! Do not settle for less than you deserve to have!**

*Go for it, and JUSTICE may prevail!*

*This story is printed with permission from CollisionWeek.com*

Friday, February 13, 2004

## PCI Responds to CBS Story on Insurer-Owned Repair Shops

The Property Casualty Insurers Association of America (PCI) issued a stern response to the February 11th CBS Evening News because the story contained allegations that insurer-owned auto body shops are a "colossal conflict of interest."

Carl Parks, PCI's senior vice president, federal government relations, was interviewed for the story. "The reporter did allow us the opportunity to make our case that when it comes to auto repairs, insurers and consumers have exactly the same interests - happy, satisfied customers. However, the story contained unsubstantiated allegations that insurers are somehow trying to cut corners on these repairs in an effort to increase profits or under serve consumers. That simply isn't the case," said Parks.

Parks pointed out that consumers have the right to have their car repaired anywhere they like. Insurer-owned body shops and direct repair networks provide consumers the opportunity to have their cars repaired at a business where the quality of the work is not only guaranteed by the body shop, but also by the insurer. "Insurers want consumers to receive quality repairs. The inability of insurers to find this on a consistent basis nationwide is one factor that has spurred companies to create direct repair networks and invest in auto body repair facilities," said Parks.

The CBS News story focused on the experience of one California consumer with one body shop -- Caliber Collision. "Some segments of the auto body repair industry are attempting to paint everyone with the same brush," said Parks. "That is unfair and misleading. It all comes down to competition and consumer choice. Consumers will decide to use the repair shop that they feel is best. Insurers should not be prohibited from providing consumers options that can eliminate much of the guesswork on auto repair questions, guarantee quality repairs, and keep costs down."

The most glaring oversight in the story, said Parks, was the failure to understand the need for insurers to provide their customers the best possible repair job. "Insurers have a huge stake in making sure their customers get the highest quality service at the best possible price. Customers link their satisfaction with collision repairs to their insurance company. An unsatisfied customer will take their business elsewhere."

The story concluded by indicating that 10 states are considering legislation to ban or restrict insurers from owning repair shops. Parks said that the Texas legislature passed a law last year that prohibited the expansion of insurer-owned body shops in the state. However, last month a federal court judge issued an injunction against enactment of the law saying that it fails to protect consumers or promote fair competition. "The judge said that the state cannot protect businesses from competitors so that they can maintain their profit margins," said Parks. "And we agree with that conclusion."

### **New Supporting Advertiser**

The ABAC NEWS would like to thank and welcome the **Tony March Auto Group** for joining the Supporting Advertising Directory of this newsletter with five individual listings. All shop owners reading this should support the supporting vendors in the directory when ordering their supplies and products!

If you would like to advertise in the directory please contact Karl Mauhs at 203-248-6116

## INSURANCE RUMORS AND SCUTTLEBUTT

**AMERICAN EXPRESS (AMEX):** It appears that this company is selling many more auto premiums to consumers lately based on the number of claims showing up at collision repairers in Ct. Although independent appraisers hired by AMEX initially offer to write their damage appraisals at a pre-determined rate, the inside claims supervisors at AMEX seem to understand the real costs of repairing collision damaged vehicles when approached by shop owners. According to shop owners that have spoken to a claims supervisor or representative for AMEX, they have usually been fair and reasonable in settling claims based on the individual shops labor rate charged. It sure would be nice if more carriers took a lesson from this company by negotiating individual claims by offering fair compensation, instead of keeping their heads in the sand!

**LIBERTY MUTUAL:** This carrier has several law suits filed against them by individual shop owners that are pending. Most of these suits center around the same issue; Liberty's refusal to pay fair and reasonable labor rates! One small claims suit filed by a shop owner was transferred by Liberty Mutual to Superior Court in the hope that the shop owner would drop the case out of fear. Guess what? It did not work! The shop owner maintained his suit. Apparently the Superior Court was not too pleased to see this case transferred to tie up valuable court time for such a small money issue and thus bounced the case out of their court back to a pre trial. According to sources close to the case, the pre trial judge advised Liberty Mutual's legal counsel to settle the case by paying the shops posted and charged labor rate which again was considered to be fair and reasonable. Despite the sound advice from the judge Liberty chose not to settle, but wishes to go to trial. Again, another possible miscalculation by the carrier! The shop owner is not going away. In fact, he is looking forward to the trial. Stay tuned. More news will be forthcoming when the trial begins and reaches a verdict!

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