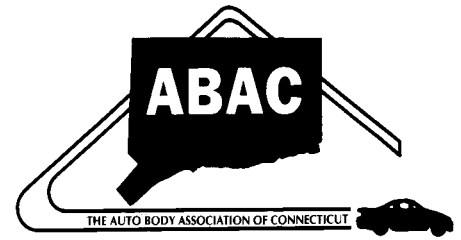
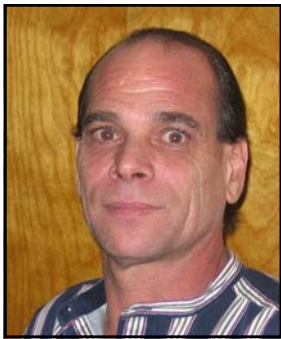


# ABAC NEWS

NOV-DEC 2004



*The Official Newsletter of the Auto Body Association of Connecticut*



## A Message From ABAC President Tom Bivona



I would like to take this opportunity to wish all members of the Autobody Association of Connecticut a very happy and safe holiday season!

When I assumed the position of president in May, 2004, I knew that the challenges would be great with our many objectives to create positive changes for our collision repair industry. My first objective was to strengthen the board of directors by adding new energetic and talented members from all counties in Ct. We presently have the strongest representation that the ABAC has had in recent history. It takes dedicated people and enough of them to work on key issues that affect all of us. It is a pleasure to work with the team that has been assembled.

Things have happened this year that have not happened in the recent past. As you all know, Ct. Attorney General Richard Blumenthal was our guest and featured speaker at our May 2004 annual meeting. Mr. Blumenthal has been true to his word, pledging to work with delegates from ABAC to try to solve some of the key industry problems. In August, 2004 we met with Governor Jodie Rell's staff to discuss our concerns about the insurance department's failure to act. In September 2004, we met with Attorney General Blumenthal and his assistants, Justin Kronholm and Richard Keough. Also in attendance were members of Insurance Commissioner Susan Cogswell's staff including Raymond Claytor, (consumer affairs division), Kathleen Kiernan-Pagani, (insurance company liason), and Mark Franklin, (legal counsel for the insurance dept.) As a result of these meetings, investigations are continuing and a positive relationship and communication appears to have developed with the attorney general's office. I will keep all of our members up to date with progress and developments as they occur.

My goals for the year 2005 are as follows: We will continue to pursue key issues such as reasonable and customary labor rates, steering, and conviction of any insurance companies or their employees who violate Connecticut state statutes involving collision repair. We will also make a key effort to pursue paint and material guidelines and proper reimbursement.

Input from our entire membership is very important to the success and future of our industry. Your board representatives and I are ready to continue to do whatever it takes to help our members. If you have not contacted your accountant to go over your present cost of doing business, it may be a good idea to do so. Start out 2005 on the right foot. Know your cost. Know your desired profits, and do not accept less than you deserve to have!

Merry Christmas and Happy New Year!

## Also In This Issue!

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# ADP's Infidelity

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Most crooks get caught because they can't keep their stories straight. It's pathetic. If you're going to lie, you have to come up with a plausible story, and more importantly, you have to stick to it. Also, you cannot assume that the people you are lying to are stupid enough to be fooled. This is, perhaps, the biggest mistakes crooks and

liars make. They assume no one is smarter than they are. And because crooks and liars usually aren't too smart themselves, they greatly underestimate the intelligence of the people they are lying to. ADP has made this classic mistake and they have been caught red handed.

As everyone knows by now ADP's October update includes paint times that, on average, are about 10% lower than they were the previous month. By some mysterious act of divine intervention, all collision repairers using ADP have suddenly found a way to decrease the time it takes to paint most panels by 10%. How did you do it folks? Share your secret.

ADP's official response is that there was a problem with their database, and somehow, inadvertently, database procedure times were reduced in their October update, but they'll make certain their next update corrects the problem. Don't believe it. The only problem with their database was that the insurance industry complained about ADP's reasonable paint times. The insurance industry is their bread and butter. The insurance industry whined and ADP changed their diapers. They then took those diapers and used the contents to explain to the collision repair industry what happened. Thus, the load of crap they call an explanation.

As a software developer I can assure you, databases don't just randomly change selected data by themselves. They can be corrupted (much like insurance companies and database suppliers), but the corruption would usually make the database unusable. However, it is quite easy to write a little piece of code that tells the database to decrease certain data entries meeting certain parameters by a certain percentage. Or rules can be written into the codes affecting the calculations for clear coats. Heck, you could even program the code to only affect the software of selected user based on their serial numbers. But ADP is trying to tell us there was an unintended global change of the database? Nah, does not compute. And neither does ADP's new refinish times.

Like I said earlier, crooks and liars fail at their evil deeds because of their inability to keep their stories straight, or due to their arrogance and assumption that their victims' intelligence is such that they will believe everything they are told. ADP thought you were all idiots. ADP also failed to create an explanation and inform its employees to use this explanation when irate collision repairers--*their* customers--called and demanded an explanation. So while ADP's official explanation blamed this mess on an error, ADP's tech support personnel were telling users that the decreased times were due to new time studies. Time studies? Can someone out there confirm that any of the database providers have spent time in their shop doing time studies? And does any sane shop owner believe that if new times studies were actually performed by ADP their databases would reflect decreasing paint times? How about the moronic, artificial blend formula that uses 50% of the base paint time? All three database providers refuse to change this to the more realistic 110% of base paint time. If time studies are being performed in the real world, how come blend times are still from the stone aged lacquer days? Time studies my ass.

I've talked with several of you who were told by ADP tech support that the lowered times reflected the latest time studies. But I've also talked with a few insurance industry people who brought to my attention a meeting ADP held recently for insurers. Details are sketchy because little is known or being revealed, but according to my sources ADP was concerned about its diminishing market share in the insurance industry, and wanted some input from insurers. What could ADP do to seduce more insurers into bed with them? Now you all know the answer. From what I'm told the meeting was held in Pennsylvania. If anyone has more information, please fill me in.

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I've been trying to talk with someone from ADP, someone who can and will answer my questions. I talked to a nice guy in their sales department who assured me he would have someone call me. No one called. But someone did stop by my shop to talk to me.....at 6:30 in the evening. You people who are buried in DRP charity work may still be in your office at 6:30 pm, but I'm at home eating dinner by then. The person who stopped by, apparently, a local sales person, left me a note to call her for an interview. I called and no one has returned my call. So let's look at this again. I called ADP, and no one who can answer my questions returns my call. Several days later, someone from ADP stops by my office at bed time. She leaves me a note to call her for an interview, but never returns my call. If I didn't know any better I'd swear they were trying to avoid speaking with me. That's silly, they would never do that.

Unless you're retarded you can see what's happening here. Mitchell is becoming the software of choice for the insurance industry. Insurers are switching to Mitchell because of their notoriously stingy labor times. ADP understands the estimating software market is insurance company dominated, and without an appeal to that market, they could be left behind in the future. And they have little that appeals to collision repairers, especially now.

ADP said they are rolling back any changes to labor times in their next update. That's kind of like catching your wife in bed with another guy, and she tells you she'll take a shower, rinse out, make you dinner and promise never to do it again. Would you trust her? Would you even touch her again? Will you trust that ADP won't gradually sneak in those decreased labor times? They realize they screwed up, not by decreasing labor times, but by decreasing them in one big swipe. They won't make that mistake again. But they're committed now. Their plan must be followed through. It will just be done quietly and carefully. You aren't as stupid as ADP thinks you are. You were paying attention, and you caught them red handed.

I know that if I caught my wife in bed with another guy she'd be out the door before she had time to get dressed, let alone take a shower. I think most would do the same. Think about the trust you put in your database provider. You keep clicking that mouse button, trusting the life's blood of your entire business—labor hours—to a company that plays both sides of the fence. You have to depend on that company to supply you with fair and accurate information. You've now been betrayed. Are you going to trust ADP in the future? Are you going to continue sending them your hard earned money every month? Or will you be filing for divorce? And what are you going to do to get all the money back you lost by working off ADP estimates for the past month or two? Do you think ADP will be reimbursing you?

Just in case those of you using CCC were wondering if you've been cheated on also, I did an experiment. I printed three old estimates I had put in CCC's storage folder. The estimates ranged from two to five years old. I copied all three estimates item for item, making changes only for parts prices (I was amazed at how much some of the parts prices increased). Here are the results. I'll let you decide how CCC is handling insurer pressure.

1998 Volvo S70. Original estimate: \$1612.85; New estimate: \$1612.85

2000 Saab 9-5. Original estimate: \$3159.33; New estimate: \$3141.73

1998 Subaru Impreza. Original estimate: \$1697.25; New estimate: \$1588.71

I have no access to Mitchell's estimating software. Maybe one of you can try this experiment with Mitchell and let us know what they've been doing with their labor times lately.

# GM Says Impact Tests Prove Inferiority of Non-OEM Crash Parts

General Motors has released the results of recently conducted impact testing that the carmaker says proves that genuine GM Parts performed better than non-OEM parts, clearly showing that the tested aftermarket parts were inferior in design, fit and performance. General Motors also said that it would be mailing the full test report, as well as a summary intended for consumers, to 52,000 independent body shops and all of their dealers. Performed by Ashton Automotive, GM says the tests showed that the use of non-OEM parts resulted in significantly more damage to the vehicle, increased repair costs by \$1,100, and required additional time to repair. The tests involved two identical 2001 Chevrolet Cavaliers and followed the Insurance Institute for Highway Safety (IIHS) 5 mph rear-into-pole impact protocol.

"These tests proved the inferiority of the non-OEM parts in design, materials and fit," said Bob Clark, director, Collision Business Line, GM Service and Parts Operations. "Installation of non-OEM parts may require increased labor to install - labor that costs collision repair facilities and their customers time and money. There is also the potential for increased levels of damage in subsequent collisions. The impact test results reinforce the findings of our 2002 sheet metal comparison tests - non-OEM parts may look similar, but may not perform to the standards of genuine GM Parts," Clark said.

GM conducted tests on the three main components of the 2001 Chevrolet Cavalier bumper system - the fascia, energy absorber and beam. These components were reviewed for differences in design, shape and construction prior to being assembled to the vehicles. GM made an effort to locate and test the best aftermarket parts available. The parts tested were CAPA-certified, Keystone or Keystone Platinum Plus.

The carmaker cited the following findings:

## Design

In the comparative bumper tests, differences were apparent in the design of the GM energy absorber and rear beam and the non-OEM energy absorber and rear beam. The GM energy absorber has more cells in the main crush zone than the non-OEM part. The non-OEM rear beam is missing a reinforcement channel, designed as a stiffener, preventing the part from unnecessary flexing in an accident.



**Results of impact with OEM parts installed.**



**Results of impact with non-OEM parts installed.**

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The GM beam is formed from a single piece of metal while the non-OEM beam is made from two overlapping pieces spot-welded in nine places across the top and nine places across the bottom of the beam. A five-inch long block of polyurethane foam is located in the center of the GM beam as reinforcement. The non-OEM beam had a single piece of metal located at the center held in place by two spot welds on each side. There were also significant differences in the welds that held the w-brackets to the beam. The GM beam had six significantly larger welds while the non-OEM beam had 10 smaller welds. GM engineers specifically locate welds in certain areas so they will hold better during impact and correctly absorb and distribute energy. Wall thickness helps dictate how the impact of the crash is distributed throughout the part and the vehicle. The walls of the GM energy absorber are up to 2.3 mm thicker on certain areas of the part than those on the non-OEM energy absorber.

### **Fit**

Before assembly, the GM and non-OEM rear fascias looked similar, however, after installation there was a visible difference in the trunk lid and fascia fit. The gaps between the trunk lid and fascia were noticeably larger on the vehicle with the non-OEM parts. The poor fit of the non-OEM fascia required additional labor to position the part and could negatively affect the resale value of the vehicle.

### **Impact Test Performance**

These significant differences in bumper components greatly affected part performance. Replicating the Insurance Institute for Highway Safety's 5 mph rear-into-pole test caused a large dent on the decklid and trunk floor panel of the vehicle using non-OEM parts. The non-OEM parts were drastically deformed after the test, causing an incorrect fit. The car tested using GM Parts showed no significant damage in the rear-into-pole test.

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**Sincere thanks to our co-sponsors of our November 2004 ABAC Quarterly Meeting for their generous financial contributions.**

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## **ATTENTION ALL CUSTOMERS AND SHOP OWNERS!**

Connecticut State Laws protect **your right to choose the collision repair shop of your choice.**

**Beware of any insurance company employees attempting to induce or persuade you to have your vehicle repaired at one of their so called recommended, pro, or preferred shops. This may be not only a violation of Connecticut Anti Steering law, but also may violate the C.U.I.P.A. (CT Insurance Unfair Practice Act), or other similar laws.**

To avoid this type of harassment, you may wish to **voice record the insurance company employee when calling in your initial claim, either from the collision repair shop, or from your home or business.**

**Violators of your right to choose should be reported to Attorney General Richard Blumenthal's office immediately! Phone#(860-808-5318). Fax#(860-808-5387).**

Please refer to Connecticut Statutes regarding voice recording conversations. All parties in conversations must be made aware of voice recording in most cases.



## State Farm Ends Annual Survey

State Farm Insurance has now confirmed that they have suspended their annual surveys. I know, I know, I was told they weren't ending the practice. Apparently, this manager wasn't informed of the plans. This is not good. Many collision repairers rely on insurance companies to set their labor rates. In areas where State Farm insures large numbers of drivers, their labor rate survey was often the spur that goosed the labor rates higher. Even in Connecticut where they have just started selling insurance and have a very small share of the market, their survey was an icon used by those of us fighting for fairness and justice. We often use their survey in our arguments with the Insurance Department and Attorney General. Did the rest of the insurance industry put pressure on State Farm to end this practice? Or did the pressure come from within?

All is not lost though, at least not yet. You can go to State Farm's website and print out a survey form, fill it out and mail it in. You can also fill one out online, but you'll have to call your local State Farm claims office and ask for your shop ID number. Any shop that has filled out a survey form in the past will have a shop ID number on file. If you do fill out the online survey, be sure to call the claims office a couple of days later to make sure they received it. My source at State Farm told me that any survey sent in will be added to their database and a new average will be calculated. Whether that will actually happen remains to be seen. Type this link into the address bar of your browser to get to the survey [http://b2b.statefarm.com/b2b/roles/arf\\_public/rfs.asp](http://b2b.statefarm.com/b2b/roles/arf_public/rfs.asp). The menu on the left gives you the option of the "automated survey" or the "paper form."

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## INSURANCE RUMORS AND SCUTTLEBUT

### **Travelers Insurance Co:**

Sources in the field report that the Travelers Insurance Company has made major modifications to their Direct Repair Program in recent months. The carrier will no longer allow shops on their program to write the estimates or damage appraisals on first or third party claims. Direct repair referrals seem to be down substantially. Apparently Travelers is concerned about steering law suits. It is rumored that some other insurance carriers may soon follow in the same foot steps of Travelers. Fear of law enforcement may prevail after all!

### **Progressive Insurance Co:**

Beware of Progressive appraisers not allowing for proper procedures and possible paint time reductions on certain repairs. Pay attention to your own appraisal based on your estimating system, and do not settle for less than you deserve!

### **D.R.P. Shops on Decline:**

Many shop owners seem to be analyzing their true cost of doing business and must be realizing that on many D.R.P. programs, the only one making a true profit is the insurance company, not the body shop! Thus they are getting rid of any D.R.P. arrangements that they are not making a profit on. The result seems to be a positive one with many shop owners claiming that after they removed themselves from certain D.R.P. programs, their profits increased dramatically! Ah, there is hope for some members of our industry after all!

## NOVEMBER QUARTERLY MEETING A HUGE BENEFIT FOR ATTENDEES

The ABAC meeting held on November 9<sup>th</sup> at the Country House Restaurant produced a truckload of education for members who attended. Those who were unable to attend really missed out on the opportunity to incorporate the information they received into making their collision repair business more successful in the immediate future!

Todd Ransom, an industry analyst from Sherwin Williams Automotive Finishes Corp. gave a very informative overview of trends that are presently taking place. Ransom revealed the following statistics with a slide show presentation. According to national studies performed, 30% of the body shops that were in business 10 years are now closed! The number of repair orders for collision damage is also down. Vehicle total losses have risen due to higher repair costs, plus insurance companies are determining total losses at a lower percentage of the actual retail value of the vehicles than in past years. The number of technicians coming into our industry is down quite substantially. The few technicians that are available are being scooped up by consolidators and auto dealers who realize their value by offering a competitive financial and total benefit package. Ransom stressed that unless shop owners become more aware of the correct ways to hire and retain good employees, their future may be less than desirable.

Chris Perini, a financial consultant from Smith Barney Citigroup presented a variety of ideas and financial opportunities to shop owners and their employees. Mrs. Perini whose husband is a collision repair shop owner himself, was able to relate well with the audience while giving her presentation.. She offered a variety of financial packages, giving shop owners the advantage of maximizing their business profits both in the long and short term. She detailed many different options on retirement and benefit packages for owners and their employees, again stressing the same clear message that the previous speaker Todd Ransom had presented. She warned shop owners that they need to offer employment packages that are creative and attractive if they hope to hire quality technicians and retain them. Members wishing to obtain additional information may contact Chris Perini at the following Smith Barney Citigroup phone numbers: (203-625-4838, or 1-800-243-5977). Don't miss out!

Larry Montanez and Ramon Soto from I-Car provided technical analysis and information to members that was excellent. Montanez delivered an educational blockbuster performance on repairing today's complex automobiles with facts that left shop owners with worried looks on their faces. He covered so many different scenarios and complex repair procedures that they are too numerous to mention! Ramon Soto, I -Car's Bilingual instructor explained the programs that are available to technicians who have difficulty understanding English. He explained that there are special courses and tests that are presented for example in Spanish, which would benefit those who require such education. The message became crystal clear upon completion of the I-Car presentation. If you plan on being in the collision repair business both now and in the future, the time is now to grasp the education that I-Car has available. Remember that ignorance of proper repair is not acceptable in court!



The final event of the evening was the ABAC 50/50 Raffle. Rick Rondeau (P&B AutoBody) was the lucky winner. All members in attendance walked away with a lot more than anticipated, most importantly, the priceless power of knowledge!



# Keystone Suspends Sale of Two Aftermarket Headlamps

Keystone Automotive Industries has voluntarily suspended the sale of aftermarket headlamps for the Ford Taurus ('96 - '04) and for the Pontiac Grand Am ('99 - '04) as a result of independent tests indicating that those headlamps do not fully comply with the federal standards.

Keystone said that as a result of the publication of the independent test results, at least six insurance companies have indicated that they have also suspended the use of the headlamps in repairing damaged vehicles. In addition, Keystone believes that one or more insurance companies may have discontinued specifying all aftermarket headlamps in vehicle repair.

"Rigorous testing and ongoing evaluation of products are fundamental to our industry. While the temporary suspension of the sale of these headlights is unfortunate, this action highlights Keystone's commitment to product safety and quality. Aftermarket parts are an important alternative to OEM brands, providing favorable economics compared with original equipment parts. This factor and Keystone's quality assurance programs continue to drive the acceptance of the company's products by collision repair shops, the insurance industry and consumers," said Richard L. Keister, president and chief executive officer of Keystone Automotive.

The company noted that sales have not been adversely affected by the suspension of the two headlamps; however, a discontinuance of the specification of all aftermarket headlamps by a number of insurance companies would have a negative impact on the company's financial results.

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## ***NOTICES AND BULLETINS***

The ABAC is proud to welcome **West Chevrolet (Woodbury, Ct.)** as a new member.

The ABAC NEWS extends sincere thanks and appreciation to **Enterprise Rent A Car** for becoming a supporting advertiser in this news letter.

Mark your calendar for the next quarterly meeting slated for **March 15<sup>th</sup> 2005 at the Country House Restaurant**. Guest speakers at this time include representatives from **ADP**. Also on tap for this event will be a select group of former insurance appraisers who will offer ideas and education to all members on how to deal with insurance claims. These appraisers are body shop owners or managers presently, and their expertise should be beneficial to all members who attend. Details will be forthcoming.

**Security First Insurance Group**, one of our co-sponsors for the September 14<sup>th</sup> meeting held at the Country House Restaurant, has been receiving quite a number of calls from members interested in saving money on their health care plans and other insurance needs for their body shop businesses. Any ABAC member who is interested in obtaining information can contact Security First representatives **Gerard Carbonaro or Anthony Renzoni III** at 203-574-5200 or 1-800-647-7321. With the rising cost of health care and insurance coverage, don't miss an opportunity to save money and have the right protection!

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