

ABAC NEWS

MAY 2004



The Official Newsletter of the Auto Body Association of Connecticut

ABAC Meetings Continue To Educate

A message from ABAC President Karl Mauhs:

Thank you to everyone who attended our last few meetings and a special thank you to those of you who spoke.

Many people attended our quarterly meeting held March 23rd at the Country House Restaurant and said it was the most informative meeting in 15 years.

The highlights are as follows:



ABAC President Karl Mauhs addresses the attendees



Attorney Louis Federici

Is it worth it to sue an insurance company? We had the privilege to have **Attorney Louis Federici and Attorney John Michael Parese from the law firm of Parrett, Porto, Parese and Colwell** inform members on this subject. Both attorneys provided excellent information for shop owners. The simplified form is to document and provide specific details when handling claims. The attorneys reported a success rate in the 80% range for Auto Body Association of Connecticut members. They advised that third party claims are most favorable to pursue. They expressed continued willingness to work with all ABAC members who are being manipulated by the insurance industry. If you need their assistance they can be reached at 203-281-2700.

Tony Catapano of Walt's Autobody shared his success story regarding a small claims action against a Geico policyholder. He was victorious with Attorney John Michael Parese at his side in this third party claim. Tony stated, "The win in court vindicated my belief that our labor rate is fair for the quality and range of service we perform for our customers. However, the small battle we won has re-insighted the war with insurance companies. They are working harder to head customers off before they reach my shop and have tightened their pens and procedures."

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Bob Amendola of Autoworks of Westville advised us to document, perform and charge for all labor operations. Any insurance appraiser who fails to recognize these operations or short changes his shop gets a chance to make the correction and, if not, is asked to leave the building. This has proven to be very effective for him.

Tom Vicino of Superior Autobody said, "I find that most insurance adjusters themselves aren't sure how to repair the car. So a little preparation and investigation work while writing your estimate can go a long way. If you don't ask for it, you won't be able to get it."

Bill Romaniello of Richard's Chevrolet gave his personal view on whether or not it is beneficial to be a direct repair pawn. In quoting Bill, "Why give profits away? You need to know your cost of doing business and stand your ground. Chart, graph and analyze each insurance company's policies and procedures. Profile your invoices against industry benchmark and then decide if it is financially feasible to have a business relationship with that company. Only you know your numbers as they apply to your shop. Make your decisions based on fact and figure!"

Joe Santoemma of Town & Country stated, "We were a direct repair shop with 12 insurance companies just two years ago. We were very busy but our net profits were less than favorable. Being a direct repair shop the insurance company controls your business; they don't pay a fair labor rate, they don't pay for proper procedures as sanding and buffing, cleaning, seam sealers, tape jams and car covers, as well as, requiring you to give up your parts discounts for their benefit. Since removing ourselves from the direct repair agreements and dealing with each insurance company on an individual basis, our volume has decreased but our gross and net profits have increased. Also, if you don't ask for it, you won't get it. You run your own shop, not insurance companies running it for you. For all members who continue to have direct repair agreements the message is clear – constantly monitor your net profits.

Dave Fogarty of the Lorensen Auto Group talked on the ever changing parts industry. Said Fogarty, "Major players in the wholesale parts business have recently struggled and a few have closed their doors due to low net return on investment, high cost of receivables and parts returns from shops, just to name a few reasons." Dave continued, "Hey, if I owned a shop I'd be looking for the best discount too but in the process I may be forcing that particular dealer one step closer to parking their trucks and getting out of the wholesale business. Take care of your good parts vendors. They are trying as hard as they can to earn your business and give you the service that you as a professional deserve!"

Going back to our February 2004 meeting, John **Shortell of Secor's Collision Center** stated, "Remember the concept of "Supply and Demand" when running your business. Your supply, your available labor hours are infinite. You cannot sell labor hours in bulk. You cannot produce and stockpile labor hours when business is slow and sell them later when demand increases. You cannot discount large quantities of labor hours without seriously affecting your net profit margins. And yet, every day, tens of thousands of us do just this. We run our businesses in the most self-destructive way. And every day we help fatten the bottom lines of thousands of insurance companies. Every day the insurance industry laughs at us; they pity us, while hoping that our ignorance will continue to lead us along the path of mere survival.

In an open and free market system, demand strongly influences price. But for some reason tens of thousands of body shop owners ignore the free market system and continue to hold labor rates artificially low. We're afraid to lose a job. ***Oh My God! I can't lose a job to another shop; I'll lose that customer forever!***

Shops with large backlogs need to take a long, hard look at their operations. Not the repair part, but the financial part of their operations. That group of customers waiting for you to fix their cars is a diverse group. Some of them are willing to pay more than the others for a spot on your roster. Some of them have better insurance companies than the others do. Why would you keep a customer waiting who has a good insurance company, a company willing to pay you what you deserve to repair that customer's vehicle the way it should be repaired, while you work on a vehicle insured by an el cheapo company?

Think about the insurance companies you hate working with. **How'd you like to eliminate them and their headaches from your life?** Using supply and demand and setting some minimum financial goals with each repair order will accomplish just this. Run your collision repair business like businesses are run in other industries and your profit margins will increase dramatically, stress will decrease, and most importantly, you will wrestle control of your business from the hands of the insurance industry."

Karl Mauks—ABAC President

CAPA Finds that Nearly Half of Non-OEM Parts Fail Vehicle Test Fit

Since 1999 the Certified Automotive Parts Association (CAPA) has been conducting vehicle test fits for parts that have been submitted to become CAPA certified. From the inception of the Vehicle Test Fit (VTF) Program through May 2003, CAPA found that out of 1031 parts tested, 44% (458 part numbers) did not meet CAPA standards for fit, finish and appearance.

These part numbers were not CAPA certified, but may still be sold in the marketplace as non-certified. In fact, CAPA warns that 30 percent of the failed part numbers (136) were approved by other part approval programs at the time of testing. These 136 part numbers represent thousands of aftermarket parts in the market.

CAPA reports that common problems found during its test fits include: incorrectly positioned hood strikers, bumper cover mounting holes in the wrong position, tailgate hinge brackets incorrectly shaped, and fenders with serious gap and flush problems. Most of these defects would not be visible to an observer looking at the part; they must be mounted on the vehicle to be detected, CAPA says. Parts with these problems will not receive CAPA certification until the problems are rectified. The report contains photos that illustrate these defects. (see the full Report at www.CAPAcertified.org)

Part numbers submitted to CAPA for certification that do not pass the vehicle test fit do not receive certification until the problems are corrected and the part passes a second vehicle test fit. CAPA also inspects to see that the part is made of the correct material and has the correct weld and adhesive application.

"Collision repairers need the peace of mind that the CAPA Quality Seal provides—knowing that the part number has undergone and passed strict quality standards prior to certification. To have this assurance, all they need to do is insist on CAPA certified parts and check the parts they receive for the distinctive yellow and blue CAPA Quality Seal," said Jack Gillis, Executive Director of CAPA. "Regardless of what the seller says, if the part doesn't have a CAPA seal, it's not CAPA certified."

Massachusetts Collision Industry One Step Closer to Long Awaited Reform

Massachusetts lawmakers are on the verge of introducing a bill expected to make great strides in reforming the collision repair industry in that state. The Massachusetts legislature's Joint Committee on Insurance has released a preliminary draft of the legislation expected to affect many aspects of the collision repair process for collision repairers and insurers, as well as consumers.

Significantly, this draft is the result of meetings held over the last year by a special committee consisting of repairers, insurers, and legislators working together in a specially formed group called the Auto Body Working Group, which included the Insurance Auto Repair Coalition (representing insurers), and the Massachusetts Auto Body Association (MABA) and other associations.

The group considered necessary changes to the statutes that govern the collision repair process. The working group was formed by the Chairman of the Insurance Committee specifically to craft a legislative proposal to many of the problems facing the collision repair industry in Massachusetts. The newly released proposal was prepared by the committee's vice chairman, Representative William Galvin, who chaired the Auto Body Working Group, and contains suggestions for reform that came out of the group's meetings.

Highlights of the proposal include:

- stronger anti-steering language with specific penalties for violations;
- increasing the minimum damage threshold for requiring appraisals from \$500 to \$2,500;
- providing for an expedited supplemental appraisal process;
- eliminates the current mandatory and specific re-inspection requirements;
- eliminating highlighting of any sort from Direct Pay Plan Repair Shop lists;
- eliminating insurers' guarantee of the work of any shop;
- requiring insurers to pay shops a fair and equitable rate;
- increasing the bonding requirement for shops from \$10,000 to \$25,000; and
- strengthening registered repair shop equipment requirements.

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Significant in this draft is that the stronger steering language, improved supplement process, elimination of highlighted repairer lists, elimination of insurer guarantees on workmanship, labor rate language, increased bonding and increased requirements for shop registration were all part of suggestions that MABA had proposed and advocated.

"This is a significant step in the right direction. The draft frees the consumer from confusing and misleading information and/or pressure as to what their rights are regarding the process and where they can have the repairs done," said MABA spokesman Stephen Regan. "Equally important is that it improves the process of communication between insurer and repairer and requires that those who wish to provide collision repair services in Massachusetts will be required to meet more stringent requirements. This provides additional protection for consumers, removes the need for insurers to be concerned about their policyholders' chosen shop and will result in faster and more cost effective repairs," he added.

Each of the participants in the "Working Group" will now review the draft proposal and may submit any technical or other concerns to the Insurance Committee for review. After that the Committee will convene for one final time and release the final bill to be voted on by the House and the Senate before being signed by the Governor and becoming law. The involvement of so many parties in the process of crafting the legislation is expected to help the bill move through the legislature quickly, as all parties had input in the drafting process.

In a statement released with the draft Representative Galvin said, "This redraft represents a joint effort from insurers, auto body shop representatives, and legislators to develop a system in which consumers can benefit and in which business can thrive. We offer this redraft as a first step towards an overall improvement of the Commonwealth's collision repair system and hope you will find our efforts to be honest, fair, and satisfactory."



CONSUMER ALERT

ATTENTION CUSTOMERS:
**BEWARE OF ANY INSURANCE COMPANY
EMPLOYEES ATTEMPTING TO INFLUENCE
YOU TO HAVE YOUR VEHICLE
REPAIRED AT THEIR RECOMMENDED
COLLISION REPAIR SHOPS!**

**WHO'S BEST INTERESTS DO YOU REALLY
THINK THEY HAVE IN MIND?
YOURS OR THEIRS?**

*INSIST ON HAVING YOUR VEHICLE
REPAIRED AT THE SHOP OF YOUR
CHOICE! DON'T LET ANYONE VIOLATE
YOUR RIGHTS!*

**IF YOU THINK THAT YOUR RIGHTS ARE
BEING VIOLATED, CONSULT WITH YOUR
COLLISION REPAIR OWNER, OR CALL *THE
AUTO BODY ASSOCIATION OF CONNECTICUT*
AT 860-848-0534 TO REPORT OFFENDERS!**

NOTICES AND BULLETINS

NEW ASSOCIATION MEMBERS: The ABAC welcomes the following body shops and suppliers to be a part of one of the most powerful associations in the country! They are listed as follows:

ARTIES AUTO BODY	Wolcott, Ct.
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For information on becoming an ABAC member, please contact any officer or director listed on the back of this publication.

NEW ABAC NEWS ADVERTISERS: We are proud to introduce eleven new supporting advertisers to this edition of ABAC NEWS! They are listed as follows:

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For information on joining the supporting advertisers directory, please contact Don Cushing (401-578-0536), Dave Fogarty (860-227-0653) or Denise Banta (860-848-0534). Support the ABAC and grow your business all at a very affordable price!

SPECIAL ACKNOWLEDGEMENT: WURTH USA continues to be a very active supporter of the ABAC through membership, advertising in the ABAC NEWS, and also was a sponsor for a recent ABAC Quarterly meeting. The sales directors at WURTH gave an informative presentation at the March 23rd ABAC Town Hall meeting held at the Country House Restaurant. WURTH continues to offer special discounts, free shipping, and other incentives to ABAC members who purchase their products. For additional information, you may contact WURTH USA at the phone number listed in the supporting ad directory in this news letter!

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BEWARE OF D.M.V. INSPECTIONS! The Dept. of Motor Vehicles Dealers and Repairers Division recently sent inspectors to visit a number of body shops based on complaints filed by insurance companies. The complaints were based on what the insurers considered excessive charges, including gate fees charged by towers, higher storage rates charged by body shops than they would like to pay, and even administrative labor charges on total loss vehicles. It is too bad that the D. M. V. employees dispatched to these shops apparently did not review the details of these individual complaints along with having total comprehension of their own regulations regarding towing and storage! In many of these cases, shop owners who did not own wreckers were not in violation at all. As a matter of fact, it appears that some of the cloudy information regarding the towing and storage regulations seems to have given way to a brighter direct clarification for the future. If you get a visit from the D.M.V. based on this type of complaint, be sure to contact the ABAC (860-848-0534).

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