

ABAC NEWS

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The Official Newsletter of the Auto Body Association of Connecticut

ABAC Holds Quarterly Meeting

The Country House Restaurant in New Haven was once again host to the ABAC's Quarterly Meeting held on September 11th, 2007.

Master of Ceremonies, Dave Fogarty of the Lorensen Auto Group welcomed everyone and thanked the Sponsors of this event: Security First Insurance Group and Hertz Corporation. Fogarty discussed the upcoming ABAC Raffle which will conclude at the November 8th, 2007 meeting (also to be held at the Country House Restaurant) with the winner claiming the top prize of a 2008 BMW CIC Convertible! Many thanks to ABAC President Tom Bivona for orchestrating this fantastic raffle. All of the proceeds will go towards benefiting the ABAC and members in the constant battle of our automotive industry.

Our first guest speakers of the evening were Gerard Carbonaro and Tony Renzoni from Security First Insurance Group. Security First offers many types of insurance coverage packages for auto body shop owners at very competitive rates. Gerard explained the different types of coverage and how they apply and benefit the shop owner. Gerard and Tony then fielded questions from attendees.

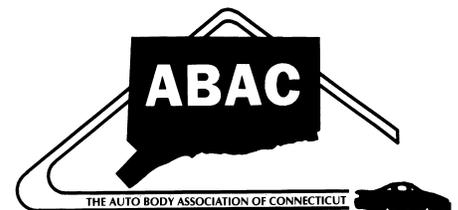
Our next guest speaker was Attorney John Parese of the firm Buckley & Wynne. Attorney Parese brought all of us up to speed on current legislative issues. He touched upon the meeting with the CT. Insurance Commissioner and also of the relationship that the ABAC enjoys with Attorney General Richard Blumenthal. Parese also spoke of the meetings with the new Commissioner of the DMV and Governor Rell's staff. Attorney Parese then took questions from the audience.

Michael London of Michael London and Associates then took to the floor and spoke of the possibility of a big media event coming soon (like the ABAC's past Truck Rally). He is also in the process of putting together a

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“What are your Rights” brochure along with a “Benefits of ABAC Membership” brochure. London will keep everyone apprised of what is going on as more updated information becomes available.

Past President Mike Wilkowski of Stanley’s Auto Body then introduced our next speaker for the evening, Milton Rodriguez of VinMark Corporation. The VinMark system utilizes state-of-the-art technology to insure that vehicles and its parts will be permanently marked with its VIN number to prevent theft and aid in vehicle recovery. Milton tells us that insurance companies are beginning to pay for this service if you use it. Milton guided us through the VinMark process and everyone agreed that this technology is invaluable to our industry. For more information contact Milton Rodriguez at VinMark 203-250-8204 or email info@vin-mark.com to view their informative video.

As the meeting came to a close, Mike Wilkowski raffled off several gift baskets provided by Hertz Corporation. On this particular night, instead of a 50/50 raffle, President Tom Bivona raffled off 8 tickets to the BMW Car Raffle.

Another fun, exciting and very informative meeting of the ABAC came to a close.

What’s the latest on Diminished Value?

Attorney John Parese of Buckley & Wynne recently set out to get some answers on the question of whether the Insurance Department prohibited the collection of diminished value payments on repaired vehicles. Apparently, Heather Hinkley of Progressive told Attorney Parese that the Insurance Department does not allow Progressive to provide diminished value coverage to its insureds, and therefore, Progressive was “sorry” but it was not able to provide that coverage to Attorney Parese’s client.

This interesting representation prompted Attorney Parese to write to the Insurance Commissioner for confirmation. Contrary to what Ms. Hinkley represented, Richard Reid of the Insurance Department wrote back to Attorney Parese stating: “The Connecticut Insurance Department does not prevent claims made for diminished value and an insurer can request to include provisions of diminished value in their policy.” Moreover: “If the diminished value can be proven Progressive would be required to pay for that documented loss”

Attorney Parese then spoke with Matt Stokes, a claims manager at Progressive, so as to set up payment arrangements for his client. But, Progressive would not budge; again stating that it would not pay diminished value regardless of what the Insurance Department said. Mr. Stokes said that Progressive believes that if the car was repaired properly, there would be no inherent diminished value, and that if Attorney Parese’s client had a problem with his car, he should take it back to the repairer and get reimbursed from the body shop. The Insurance Department is currently investigating the matter.

Attorney Parese shared this matter with Attorney Erica Eversman, who wrote an article about it on her national Web Blog. Attorney Eversman was kind enough to give us permission to reprint her article in full, which reads as follows:

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Progressive Admits Claims “Specialist’s” Representation of CT Law is Wrong October 8th, 2007

If you are or have been a party claiming diminished value against a Progressive insured in Connecticut, you might have been put off by a misleading statement by a Progressive claims representative. One such claimant’s attorney was told blatantly that the Connecticut Insurance Department refuses to allow insurers to offer diminished value coverage, and, therefore, no diminished value claims can be paid. CT Diminished Value Correspondence

Say, *what?*

Here is “Claims Specialist” Heather Hinckley’s July 9, 2007 response to a third party claimant’s demand for the inherent diminished value suffered as a result of a Progressive insured’s negligence:

At this time, the State of Connecticut, Department of Insurance does not allow Progressive Insurance or any other company to sell Diminished Value coverage for a vehicle. As the State doesn’t allow sales of the Diminished Value coverage, we are not able to afford Diminished value coverage. For these reasons, but not limited thereto, Progressive Insurance must respectfully deny your claim for damages. I am sorry that I could not advise you more favorably regarding this matter, but trust that you will understand our position.

Counsel for the claimant took the issue up with the Connecticut Insurance Department, which responded on September 26, 2007 stating that:

Heather Hinckley of Progressive Insurance has responded that the Connecticut Insurance Department does not allow diminished value coverage to be sold and therefore claims for diminished value cannot be made in Connecticut. In response to Ms. Hinckley’s assertion this is not correct. The Connecticut Insurance Department does not prevent claims made for diminished value and an insurer can request to include provisions of diminished value in their policy.

The CID also included a letter from a Progressive Claims Manager responding to the complaint that said:

I am writing in reply to your inquiry dated Aug. 21, 2007. I reviewed the complaint as well as the claim file and am able to provide you with the following information.

The letter sent by Heather Hinckley dated July 9, 2007, is incorrect.

Well that’s nice. Glad we got that all cleared up.

Of course, several questions remain. Has the Connecticut Insurance Department taken any action to ensure this misstatement of Connecticut law/regulation does not occur again? Has Progressive taken any action to make certain that its employees do not make this misstatement of Connecticut law/regulation again? But the one that has me really wondering is whether Heather Hinckley is still a “claims specialist” or whether she’s been knocked down to “claims representative”, “file clerk”, or “doughnut person”? After all, inquiring minds want to know.

It also bothers me that someone labeled a “claims specialist” by an insurance company can’t tell the difference between what is owed to an insured (first party) and what is owed to someone making a claim against an insured (third party). Ms. Hinckley’s comment about Progressive not offering “diminished value coverage” has nothing to do with a third party claim. The only portion of the policy any third party cares about is the section that tells the insured, “We’ll pay for anything for which you become liable up to the policy limits” (excepting, of course, intentional torts). How much of a specialist is a claims specialist who can’t tell the difference between a first party and third party claim? That’s covered in Insurance 101.

Probably, the most pertinent question is how many other people accepted the Hinckley line about diminished value not being permitted to be paid and simply went away? Well, Connecticut, your Insurance Department has spoken. Demand your diminished value. It’s really not illegal after all.

HOW IMPORTANT IS A SIGNED REPAIR ORDER?

Although the Department of Motor Vehicles requires collision repairers to obtain a signed authorization (repair order) from customers in order to repair their vehicle, it is amazing that some shop owners and even insurance companies apparently do not understand legal importance or definition of this type of document. However one shop owner specifically understood the value of a customer signed repair order recently.

A claims handler from Progressive Insurance attempted to change a policy holder's mind regarding their choice of repair facility. The Progressive employee did a great job intimidating their policy holder and convincing them to have their damaged vehicle repaired at the Progressive Concierge Facility. The only thing the policy holder neglected to tell the claims person was that he had signed a repair authorization form at the original body shop of his choice. Now the fun began! The Progressive claims person contacted the shop owner, explaining that the customer had changed their mind and would be removing their vehicle to the Progressive Concierge Facility.

When the claims person inquired what the charges would be for the body shop to release the vehicle, the shop owner pulled the file, got his calculator fired up, came back to the phone and stated that the vehicle would be released as long as someone from Progressive came down with a certified bank check for what amounted to several thousand dollars! There was a shriek at the other end of the phone. The claims person asked the body shop owner to explain these ridiculous charges. The shop owner, glad to oblige, explained that his customer had signed a repair order, the vehicle was already disassembled in the body shop, and the charges would be as follows: Towing, Storage, the total labor estimated to repair the vehicle, the profit on the parts, paint and materials estimated to repair the vehicle. WOW! The shop owner explained that the options were clear for Progressive. Either pay the several thousand dollar bill and bring the vehicle to their Concierge Facility for repair, or a smart option would be to have an appraiser call and make an appointment to visit the shop owner, negotiate the claim and the shop owner would continue and complete repairs on their policy holder's vehicle. Guess What? An amazing thing happened shortly thereafter. The shop owner received a call from a Progressive appraiser who scheduled an appointment to negotiate the claim the next day, and thus the shop owner completed the collision repair to his customer's satisfaction. A lesson which should be learned from this story is how valuable and responsible is it for all collision repair owners to have their customers sign repair orders or authorization forms. Understand the laws and hold people accountable to do the right thing!

STATE FARM CONTINUES TO ADJUST LABOR RATES

State Farm Insurance is the only company doing business in Ct. that actually attempts to recognize collision repair labor rates charged in the market place. The company has continued to encourage shop owners to submit their business labor rates and criteria . State Farm will adjust labor rates in given market areas based on data received. In the old days shop owners would fill out an annual survey and either fax or mail the form to State Farm . The procedure is presently conducted in a different manner. You need to contact the company and they will issue a repairer's identification number to allow you to log in to their website and submit your labor rate information on line.

Sources in the field report that State Farm recently increased body, frame, and mechanical labor rates substantially in a specific market area bordering approximately from Old Lyme to East Haven. Apparently the shop owners in that market area pay attention to detail and were diligent in submitting their business data to the insurance company. Shop owners in other market areas should not complain about being paid less. Instead ,

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maybe it would be more appropriate to stop complaining and start submitting true individual business labor rates in a responsible manner!

Think about the following. State Farm is presently paying labor rates in various market areas that are much higher than any other insurer pays. They are also the only carrier that collects true data from the collision repair industry in order to determine what reasonable and customary rates should be in given market areas. With class action lawsuit verdicts looming on the horizon and Ct. State legislators becoming more aware of the clever yet misleading practices of many insurance companies, one would think that these insurers would finally understand what reasonable and customary labor rates paid should be, and follow a similar practice and study of data like State Farm. The alternative for these other insurers may not be pretty. They just may be held legally accountable!

Notices and Bulletins

- The ABAC extends sincere appreciation to Albert Kemperle Inc. for joining the membership and becoming a supporting advertiser in the ABAC NEWS. We wish Albert Kemperle great success both now and in the future!
- November 8th is the big night at the Country House Restaurant. The ABAC's first annual auto and prize raffle drawing will be conducted. CT Senator Len Fasano will pull the three lucky numbers out of the hat. A limited number of tickets may still be available at the door. Do not miss this event!
- Any company wishing to be a sponsor for a future ABAC meeting or event may contact Executive Secretary Denise Banta for information and details at (860-848-0534) or (203-767-5731).

***Sincere Thanks to the following sponsors of our
September 11th Quarterly meeting
Their generous financial support helped make
this event a big success!***

**Security First Insurance
Group**



HERTZ CAR RENTAL

State Farm to Test Electronic Parts Ordering through Select Service

State Farm on Friday released initial details of long rumored test of parts ordering program.

State Farm announced Friday that it will begin testing an “enhanced automotive parts process” during the fourth quarter of this year in two local markets. The test does not change the financial or business relationships the participating repair facilities currently have with their parts supplier, providing the supplier signs on to participate with the electronic system.

According to George Avery, a State Farm claim consultant, State Farm will begin a limited market test of the process with Select Service repair facilities and their vendors in both the San Diego, CA and Indianapolis, IN markets using electronic parts-ordering systems from several vendors.

The test will be limited to OEM crash parts as State Farm states it continues to evaluate its position regarding the specification of aftermarket crash parts and will maintain its current policy of not specifying aftermarket crash parts during this test. However, the company continues to believe that “policyholders benefit when repairers have access to all sources of quality collision repair parts.”

According to Avery, “The initial steps in creating the process include building business relationships with part manufacturers, suppliers and electronic ordering system providers for auto parts. It involves electronic ordering and the application of an OEM provided discount. Repair facilities will still purchase parts from who they want and it does not involve their parts profit.”

State Farm will test repairers’ use of electronic parts-ordering systems that provide access to vehicle information and help increase order accuracy and efficiency. The company believes this new approach will improve both the repair and estimating process.

“While we recognize that this will represent change for the repair industry, it is important to continuously look for ways to create efficiency in the process and provide value for our policyholders and shared customers,” said State Farm Claim Consultant George Avery. “As this process developed, we asked for and considered input from members of the collision repair industry. We believe Select Service repairers will have an enhanced ability to obtain quality parts that allows them to provide customers with the best combination of quality, efficiency and competitive price. And as always, our customers are free to choose which repairer will fix their vehicle.”

Avery and State Farm spokesman Dick Luedke both stressed the distinction that they are testing, not piloting, the new process. “We are conducting a test. We need to truly test the process involved before or if we decide we are moving ahead with a roll out,” explained Avery. “All of our Select Service partners in the markets we are testing the process on have agreed to participate and provide us with feedback.”

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CONSUMER ALERT!!!

Beware of any insurance company employees who require or influence you to bring your damaged vehicle to a specific repair shop for repairs or an appraisal.

This is a direct violation of Connecticut Anti-Steering Law that protects you, the consumer. The law specifically states that no insurance appraiser, adjuster or employee shall require that repairs or appraisals shall or shall not be made at a specific repair facility.

**Protect your rights as a consumer!
Choose the collision repair facility of your choice,
not the choice of an insurance company.**

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ABAC NEWS

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