



# Press Release

**Society of Collision Repair Specialists** • P.O. Box 909, Prosser, WA 99350 • (877) 841-0660 • Fax (877) 851-0660

## **FOR IMMEDIATE RELEASE**

For Further Information

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## **SCRS Unveils Steering and Suppressed Labor Rate Practices**

*Further Validating the Industry's Call for Reform and Assistance*

*Prosser, WA, November 19, 2007* — The Society of Collision Repair Specialists (SCRS) is issuing the following information as further validation of some of the abuses by insurance carriers in the collision repair industry. In addition, this information reaffirms the findings of SCRS' recent survey results indicating that steering and suppressed labor rates are having the most dramatic impact on collision repairers.

The following letter, provided by an SCRS member, was sent to the vehicle owner from management within one of the top ten insurance carriers in the country. SCRS has intentionally omitted the carrier's name. This issue is not an isolated incident, and the problem exists throughout the country with many carriers. We have brought this letter to the attention of senior management within this company and corrective action was taken immediately. Unfortunately, the damage has already been done.

SCRS hopes this letter serves as an example to the states' attorney generals, insurance commissioners, U.S. senators and representatives as to the types of behavior which should not be condoned. These types of messages to the consumer not only have a negative impact to the repairers in that market, but also serve as a black eye to the entire industry. The word, "unscrupulous," was used in this letter to describe any repairer in that market that charges a higher labor rate than what the insurance company arbitrarily believes is reasonable. Unfortunately, those repairers that have set out to differentiate themselves from their competition by investing in tooling, training and equipment, or that chooses to not participate in an insurer's direct repair program, can't charge more than what this insurer felt was appropriate. The message to the consumer is clear; anyone can fix your car properly, provided they charge "x" dollars per hour.

As an association representing over 6,000 collision repairers through affiliation, we can assure you that not all shops are created equal. In fact, collision repairers need to make significant capital investments in tooling, equipment and training to be able to repair many of the newer vehicles. These investments could surpass \$250,000. Furthermore, we pose the question, "Does price fixing factor into the equation when an insurance carrier is assessing what an independent business can or can not charge for the service they provide?"

The insurance carrier further states that repairers have a "common ploy" to "inflate labor rates". That statement is deceptive at best, and libel (defamation communicated by writing, television, radio, or the like) at worst. If you were the consumer, would you choose a collision repair facility that wasn't one of

the three shops the insurance carrier listed on the second page of the letter (purposefully not included with this press release)? The sad reality is that these practices are conducted in writing and verbally to vehicle owners on a regular basis. The senior management of most insurance companies does not find this acceptable, although it continues to happen. There are several reasons why this continues to occur, and the lack of significant penalties and oversight are at the top of that list.

SCRS is requesting vehicle owners and collision repairers to submit any similar examples of these abuses. SCRS is also asking repairers to stand up for their rights by challenging any injustices in your market or to your individual repair facility. The industry is in need of change, and it starts in your own backyard. If you have information that you would like to share with SCRS, please e-mail it to [danrisley@scrs.com](mailto:danrisley@scrs.com) or fax it to (708) 876-5899.

Through its direct members and 34 affiliate associations, SCRS is comprised of 6,000 collision repair businesses and 58,500 specialized professionals who work with consumers and insurance companies to repair collision-damaged vehicles. Additional information about SCRS including other news releases is available at the SCRS web site: [www.scrs.com](http://www.scrs.com). You can e-mail SCRS at the following address: [info@scrs.com](mailto:info@scrs.com).

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**Attachment**  
**SCRS Press Release – Steering and Suppressed Labor Rates**  
**November 19, 2007**

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May 24, 2007

Dear Insured/Claimant,

**(Insurance Company) is pleased to issue you a check for the repairs to your vehicle. Attached is a list of shops that will do repairs for the labor rates listed in the appraisal we have provided to you.**

**Of course, you may choose any shop to repair your vehicle. Unfortunately, due to the limited competition among (City) repair shops, some repairers are compelled to charge inflated labor rates and repair costs.**

**A common ploy is to add additional costs without informing you, and then tell you that the vehicle will not be given back to you unless the additional amounts are paid. Please be aware that this unscrupulous practice exists and to protect you the best option is to make sure the shop fully agrees to the labor rates in (Insurance Company's) appraisal before work is commenced. This will eliminate any unpleasant surprises that will undoubtedly lead to delays and frustration.**

**The list is provided to guide you to the (City) shops that we know do not inflate repair costs or engage in unscrupulous practices. If you choose a shop that inflates the repair costs, those additional charges are your responsibility.**

**We appreciate your business and hope that your experience with your claim has been positive. If you have any questions about this letter, please contact your claim representative for additional information.**

Sincerely,

**(Signature/Insurance Company Representative)**