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SOCIETY OF COLLISION REPAIR SPECIALISTS

Membership Newsletter

SCRS NEWS

SCRS Continues Efforts to Protect Repairers Data

The Society of Collision Repair Specialists (SCRS) Board of Directors recently released a statement regarding the use and ownership of the EMS extract in October 2007. The EMS extract was developed by the Collision Industry Electronic Commerce Association (CIECA) in the 1990's as a means of creating an electronic standard by which estimate information could be seamlessly shared in an effort to improve accuracy and efficiency. It was subsequently adopted by the industry as the standard in which electronic information is shared.

The EMS extract is used by collision repairers for several different purposes, including but not limited to, uploading estimates into their management system and sending information to their vendors or to an insurance company. While all of the aforementioned are valid reasons for sharing data, SCRS has several concerns. The EMS extract is an exact copy of the estimate. Currently, the collision repair facility doesn't have the ability to only send specific pieces of the data. The EMS extract contains everything. As a result, collision repairers may be violating state and/or federal privacy laws. Furthermore, there are companies that are abusing this situation. In a few extreme examples, collision repairers have unknowingly signed contracts which contain language which gives permission to these companies to use, report upon and sell their estimate data.

Immediately after our October press release was issued through the press, SCRS was contacted by several companies offering their support and concern with the system-wide abuse. Coincidentally, the companies that contacted us have written a privacy policy which in effect prohibits them from sharing or selling the data provided by collision

repairers to any third party. Unfortunately, not every company provides this type of protection to the repairer. In fact, there are companies that avoid such privacy policies because of the revenue stream they generate from the estimate data.

SCRS is imploring collision repairers to take immediate action to:

1. Read through any contracts you've signed, specifically with companies that you electronically transmit estimate data to. Provide those contracts to your attorney and review them in their entirety to ensure you are not violating any state or federal privacy laws. Furthermore, look for language that provides that company permission to use, sell or report upon your data to a third party.
2. Send a formal request to those companies that you electronically transmit estimate data to and request a copy of their privacy policy and a written response to the following questions below:
 - A) Explain in detail how my data is used, as well as whether or not the data is used outside the collision repairers' intended purpose.
 - B) Explain in detail what specific data elements are used.
 - C) Explain in detail if ANY of my estimate data is shared, sold or reported upon to another party. Then if the answer is yes, provide the company name, their privacy policy and how the data is used.
3. You may want to consider developing your own privacy policy and have those companies you electronically transmit estimate data to sign it.

SCRS recognizes there are companies that are doing the right thing. The SCRS Board of Directors strongly encourages those companies to step forward and illustrate the measures they've taken to ensure privacy and confidentiality. We are pleased to report that several companies have taken the initiative to change the

language in their contracts to illustrate their commitment to the industry and to protect collision repairers' data.

The SCRS Board of Directors stands firm on their position that any company that is electronically gathering the EMS extract (estimate data) should provide full disclosure as to how the data is being used, who it is

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Contact SCRS

Executive Director Dan Risley:
 1-708-598-3384 / danrisley@scrs.com
Administration Office – Linda Atkins:
 1-877-841-0660 / info@scrs.com

Insurance Company Abuse - SCRS Members Identify Some Disturbing "Trends"

The Society of Collision Repair Specialists (SCRS) has been monitoring for some time the actions of a number of insurance companies and how their processes and procedures have affected collision repairers, and ultimately their customers. During this review, SCRS has determined that it is in our membership's best interest to offer our position as it relates to what we view as questionable (at best) business conduct by those insurance companies guilty of these actions.

SCRS recently commissioned a survey of its membership, and during this survey process, a considerable amount of input was received from member and non-member repairers from all over the country. It is with this information that SCRS has based the following position.

SCRS can not accept any actions from any segment of the industry that exhibits blatant disregard for its members. SCRS members are made up exclusively of collision repair shops from across the United States. In our opinion, blatant disregard includes, but is not limited to, the following:

Deceptive referral practices of a malicious nature. Utilizing language and word tracks that cause the consumer to question the quality, services and integrity of any repairer that is not a part of an insurers' Direct Repair Program (DRP) or "referral" program.

Disparaging Statements. It has been reported to SCRS that there are some insurance company employees making disparaging remarks to consumers in an effort to apparently "steer" them to one of their DRP, referral or concierge-type shops. In our opinion, this is in clear violation of the laws in place in many states that prohibit an insurer from steering customers to a specific repair facility.

Secondary steering tactics. It has also

been reported that there are various field appraisers that often-times write a repair estimate that is as low as 50% of what the repair shop has written. When the consumer is given this information, their immediate reaction is: "What do you expect me to do with this, it is only half of what XXX shop needs to fix my car?" Apparently some of those field appraisers readily respond with, "If you go to XXX shop (Their company DRP, referral or concierge-type shop) they can fix your car for our figure." In many cases, the end cost is equal to or greater than the original shops estimate.

Vague and Ambiguous remarks about repair "delays". It is reported that various insurance company employees have time and again insinuated, or worse yet, stated to a consumer that the repairs will take longer if they are NOT done at one of their DRP, referral or concierge-type shops.

Refusal to reimburse for proper repairs. Certain field appraisers have apparently developed their own terminology, as well as redefining, what a "proper" repair is. As it relates to an area of the vehicle that may not be visible without removing a trim panel or floor covering, it seems as though various field appraisers have made the determination that finish work on a "Non Appearance Panel" is not necessary. In our opinion, this goes firmly against the contract language which calls for the repairs to be made to "pre-accident function AND appearance."

Misleading service offerings or insinuations in the name of consumer service. There are a number of insurance programs where the consumer is duped into utilizing the insurers DRP, referral or concierge-type program which leaves the consumer with little to no information as to where the vehicle will be repaired, what the amount of the repairs will be, the methodology of the repair, etc. It is our opinion that the owner is left with little or no say in any of these important decisions. We are gravely concerned that through all of their marketing efforts,

some insurers have convinced the state insurance departments or regulatory bodies that this very process brings value to the consumer, when in reality, the recent surveys by SCRS as well as J.D. Power and Associates indicate otherwise.

Database manipulation and representing it as 'market acceptable processes'. The manipulation of the databases used in the various estimating guides is a practice that cannot be tolerated. At least one insurer has convinced one information provider to alter their system so the insurer can set the default to an arbitrary figure of 50% of the actual refinish time required for a proper repair. This is all without merit, and goes firmly against the vast research and posted times developed through time studies and other means by the information system provider.

Intimidation techniques and threats to keep DRP, referral or concierge-type shop operators from discussing the details of the various programs. It is reported that some insurers seemingly intimidate their participating shops from discussing the values and faults of the programs through the fear of retribution. Repairers have stated that they fear losing work by discussing these unfair practices surrounding the questionable repair methods used by many of the inexperienced appraisers and adjusters handling these claims.

Utilizing inexperienced claims staff to negotiate repair hours and methods based on a consumer's loss. It is reported that there are insurers employing a significant number of inexperienced claims personnel. This causes serious delays and issues when trying to negotiate a fair claim settlement between an inexperienced claims adjuster and an experienced collision repairer. The tactics employed by these inexperienced staff members causes production delays for the repairer, parts issues and overall increased cycle time which lowers customer satisfaction due to obvious missed or ignored items.

Denigrating a collision repairer because of the lack of a DRP, referral or concierge-type program relationship. Based on our discussions with multiple repair facilities, some insurance personnel seemingly employ tactics and word tracks to leave doubt in a consumer's mind as to the quality of the shop when they are not a participant in one of their DRP, referral or concierge-type programs. These word tracks include such verbiage as: "Due to your decision to take your car elsewhere from our network, you may encounter delays and incur additional repair costs or rental car expense that we will not be responsible for."

Prey on the consumer's lack of knowledge in their rights or repair expectations to gain leverage against the informed repairer. The vast majority of consumers do not have the skills or experience needed to make sound collision repair decisions without guidance and input. Unfortunately, it appears as though some insurers take this situation and use it in their favor. The end result is a consumer who is coerced into a situation that may not be in their best interest. In fact, if repairs are done in a substandard way, the consumer is often times at a loss on how to rectify the situation.

Unnecessary delays for estimate completion and authorization. Some insurers are reported as having their adjuster or appraisers come out and inspect the vehicle and write an estimate. In many cases, it appears as though those adjusters have no authority (or possibly don't have the skills needed) to write an accurate or complete estimate of the damage. Shops must go through several layers of management in order to get simple required procedures that are missed on the estimate. Our members also indicated that to completely fix the vehicle, they must write many supplemental increases because the original insurer's estimate was grossly incomplete.

Refusal to negotiate in good faith. Some insurers have been noted to arbitrarily state that repair market conditions prohibit reimbursement for certain procedures, labor rates and other required work (without a proven valid survey performed

in those market areas). This appears to merely be a negotiation tactic on the part of these insurers, to not properly reimburse the repairer for the required work. In particular, there are some insurers that grossly disregard the vehicle manufacturers' repair procedures and recommendations, and in fact, have flat out refused to reimburse for those procedures frequently.

In conclusion, it is both a belief and concern of SCRS that there are some insurers (or their representatives) that have utilized word tracks and their size to influence or intimidate consumers into utilizing their programs or to follow their misleading direction. It is unfortunate that seemingly these insurers have no consideration for ensuring their customers receive quality, cost effective repairs and instead convince unsuspecting consumers to accept what has been proven in many cases to be inferior repairs for what appears to be driven by price-only decisions. In fact, there are a number of instances where insurers have purchased a "repaired" vehicle back from a consumer in order to minimize the issues that improper repairs (from their recommended shops) and the refusal to pay for needed operations has seemingly caused.

SCRS fully supports those repairers that have invested in the efforts of bringing to task perpetrators for their unacceptable tactics and gross disregard for proper repairs. We fully support any repairer who stands up for what they believe has been an injustice to their business, such as what North State Custom from Bedford Hills, New York alleges in their lawsuit against Progressive Insurance Company. In our opinion, it is totally unacceptable for any industry segment to utilize "bully" tactics in an effort for their own gain. Specifically, in our opinion, it is the **OBLIGATION** of **ALL** insurance companies to make their insured's as well as their claimant's whole after such a loss. This means that they must fully compensate those directly involved to ensure a cost effective, high quality and timely repair be performed.

SCRS is extremely disappointed in the tactics of a select few and fully recognizes that there are a large number of insurers and repairers alike that work together each day to ensure the goals of high quality,

timely and cost effective repairs are performed.

As has been offered a number of times, **enough is enough!** If you feel that any insurance company is employing any of the tactics outlined above, it is your responsibility to put a stop to it. Do **NOT** accept this type of behavior!!! You should all support those that have taken on the challenges of fighting for what is right on your behalf.

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SCRS Continues Efforts to Protect Repairers Data

shared with or sold to and should be required to obtain the collision repairers' written consent prior to gathering, using, sharing or selling their information to a third party as this is the sole property of the collision repair facility.

The EMS extract file contains **EVERYTHING** contained within the estimate. Repairers that utilize the EMS format don't have the ability to send specific pieces of information. For example, if the repair facility only wanted to share parts information, it's not possible; the entire EMS file must be sent.

The good news is that the next generation of EMS is available today. The BMS is a modified version of the EMS that allows the end user to select what information is sent. The repairer could send just the parts information for the purposes of soliciting a quote, and no additional information would be sent. Unfortunately, this standard or next generation hasn't been widely adopted. To our knowledge, there are only a select few insurance companies that will accept this format from collision repairers. If you have any information or the names of companies that are known to be selling, sharing or reporting upon the collision repairers estimate data, please contact SCRS Executive Director Dan Risley at 708.598.3384 or e-mail to dannrisley@scrs.com

Consumer Federation Says Insurers Systematically Overcharge, Underpay

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The Consumer Federation of America (CFA) released a [new study](#) concluding that the property/casualty insurance industry made record profits in 2007 by systematically overcharging consumers while reducing the value of home and automobile policies.

The study estimates that insurer overcharges over the last four years amount to an average of \$870 per household and says that insurance companies are paying out less in claims than at any time in decades. The pure loss ratio, the actual amount of each premium dollar insurers pay back to policyholders, was only 54.6 cents in 2007- a dramatic decline from over 70 cents per premium dollar paid out 20 years ago, the report says.

"Consumers ultimately pay the price for the unjustified profits, padded reserves, and excessive capitalization that exist right now in the insurance industry," said J. Robert Hunter, the Director of Insurance for the Consumer Federation of America (CFA) and author of the study.

"The insurance industry reaped record profits in 2004 and 2005, despite significant hurricane activity," said Hunter. "Profits in 2006 rose to unprecedented heights and 2007 may set a fourth consecutive profit record," he said. "Unfortunately, a major reason why insurers have reported record-high profits and low losses in recent years is that they have been methodically overcharging consumers, cutting back on coverage, underpaying claims, and getting taxpayers to pick up some of the tab for risks the insurers should cover," said Hunter.

The loss and loss adjustment expense (LAE) ratio for 2007 is estimated to be 66.7 percent, the second lowest in the 28 years studied. Five of the seven lowest loss and LAE ratios in the last 28 years have occurred since 2003.

The study also says that insurers have maximized their profits, sometimes through illegitimate means such as using programs designed to systematically underpay claims. Computer programs like "Colossus" and "Claims Outcome Advisor" allow insurers to determine the amount of overall claims savings they want to achieve before claims are assessed for legitimacy.

The report suggests that states consider setting up programs and offering insurance to consumers, even automobile insurance, which could be run so that the states would, over time, make only a small profit or break even on its insurance offerings.

Another suggestion in the report is to repeal the McCarran-Ferguson Act's antitrust exemption for insurance. "The excessive pricing and unjustified claims practices documented in this report are abetted by collusive and anticompetitive behavior allowed under this law." Congress should impose the same antitrust law relative to insurance with which virtually every other business in America must comply.

Insurers Respond

AIA President Responds to Consumer Federation of America's False Allegations Marc Racicot, president of the American Insurance Association (AIA), said that the Consumer Federation of America is ignoring the facts and trying "mislead the public into believing something that isn't true."

The Insurance Information Institute (I.I.I.) said that consumers are the ones who benefit from such a financially strong insurance industry. "A healthy and strong insurance industry is vital to consumers because it enables insurers to pay claims when major catastrophes occur and stimulates greater competition among insurers." said Dr. Robert Hartwig, an economist and president of the I.I.I.

Hartwig said the CFA study is full of errors that mischaracterize insurer profits. He also challenged the notion that insurers were paying less out to consumers. He noted that insurers were paying out more on an absolute dollar basis ("hundreds of billions of dollars

over the past few years"), but did not address the record-low loss adjustment expense (LAE) ratios reported in the study.

The National Association of Mutual Insurance Companies (NAMIC) also said that the insurance industry's financial strength is good news for consumers. "Once again, consumers can rest easier knowing their insurance companies are in a strong position going into 2008," said Carl Parks, NAMIC's senior vice president for government affairs.

Parks said the report contained absurd allegations calling it misguided. "This report is grandstanding and finger pointing and has no basis in economic principle," he said.

The Property Casualty Insurers Association of America (PCI) was also quick to respond. David A. Sampson, PCI's president and CEO, said, "Repeatedly stating that insurance industry profits equal abuse doesn't make it true."

"Traditionally, insurers have not made money through underwriting insurance," said Genio Staranczak, PCI's chief economist. "In recent years, interest rates have fallen to historically low levels; consequently, insurers have had to improve their underwriting performance to offset declining yields on their bond and money market investments. The charge that insurers are overcharging can not be substantiated by the facts."

The report was written by the Consumer Federation of America and released with national and state consumer organizations, including Americans for Insurance Reform, Center for Economic Justice, Center for Insurance Research, Center for Justice and Democracy, Consumers Union, Empire Justice, Florida Consumer Action Network, Foundation for Taxpayer and Consumer Rights, Neighborhood Economic Development Advocacy Project, New Jersey Citizen Action, Texas Watch, and United Policyholders.

Download the full [Consumer Federation of America report](http://www.consumerfed.org/pdfs/2008Insurance_White_Paper.pdf): http://www.consumerfed.org/pdfs/2008Insurance_White_Paper.pdf (Adobe Acrobat 39 pages)

Two States Introduce Bills Requiring complete Use of Estimating System

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Lawmakers in Missouri and Kansas have introduced legislation that would make it an unfair practice for an insurance company not to use an estimating system in its entirety. The measures address a common repairer complaint that some insurance companies intentionally misinterpret the estimating guides, or arbitrarily refuse to pay for repair procedures stipulated by an estimating system.

Kansas House Bill 2655 and Missouri Senate Bill 868, introduced by Senator Wes Shoemyer, would make it an unfair practice for an insurance company "not to follow all components of a repair manual when appraising a damaged vehicle."

Both measures also prohibit an insurance company from modifying any published manual or any automated appraisal system relating to auto body repair without prior agreement between the parties.

In addition, the measures make it an unfair trade practice for an insurer to refuse to compensate an auto body shop for documented charges as identified through industry recognized software programs or systems for paint and refinishing materials in auto body repair claims.

The bills are modeled after a nearly identical measure passed last year in Rhode Island. Like the Rhode Island bill, the provisions of the new law would not apply if the insurer and shop are contracted under a direct repair program.

SB 868 further states that if an insured elects to have his or her vehicle repaired at an auto body repair shop of his or her choice, the insurer shall not limit or discount the repair costs based upon the charges that would have been incurred had the vehicle been repaired by the insurer's chosen shop.

In Rhode Island, lawmakers supported the measure strongly enough to override the Governor's veto in order to pass the bill.

The Missouri bill has been assigned to the Senate Small Business, Insurance & Industrial Relations Committee. The Kansas bill has been assigned to the Committee on Insurance and Financial Institutions.

Audatex (UK) Finds Paint Prices Up 5.9 Percent

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Audatex has announced that it has completed its annual paint material price review. The price table adjustment that will be applied to the materials cost calculator in its estimating system, AudatEnterpriseGold, will be an average price increase of 5.9 percent.

This adjustment is effective as of 1st February 2008 for both online and offline system users.

Audatex said the increase is based on the recalculation of a sample of 14,152 random jobs, and reflects the mix of operations in the job and the proportion of wet and dry goods used.

The review is based on compliant product only. Where non-compliant paints are used, customers are advised to negotiate on a job-by-job basis with their work providers.

Mass. Auto Body Association Brings Repairer Concerns to Lawmakers

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The Massachusetts Auto Body Association (MABA) is holding a series of dinner meetings with state legislators to inform them of repairer and consumer concerns about certain insurer practices. MABA said the meetings will focus on illegal and unethical practices, policies, and procedures of certain insurers when handling auto insurance claims. The association said it will also present the legislators with

information that shows a long standing pattern of lax enforcement by several agencies such as the Division of Insurance and the Auto Damage Appraisers Licensing Board.

The first of these meetings was held recently in Holyoke, MA. Over 100 shops owners, managers, employees, and consumers attended the meeting. The discussion touched on several important topics, including labor rate and paint and enforcement of the new paint and material regulation. Repairer after repairer approached the microphone and described an industry under siege by aggressive insurer tactics, as well as a lack of regulatory oversight, in particular the problem of insurers who are simply refusing to pay repairers in accordance with a new regulation that governs the payment method for paint and related materials used in the repair process.

"No one should be above the law," said Mike Beal, of Michael's Frame and Collision in Westfield, at the Holyoke meeting. "We complain and complain to these state agencies about insurers and nothing happens. All we are asking is that they do their job so that my customers will be treated the way they should be under the law and their insurance policy. That shouldn't be too much to ask for."

"Representative Spellane has become one of our leading advocates for collision repair issues at the State House," said MABA spokesman Stephen Regan. "He is the Chairman of Auto Body Working Group and primary sponsor of House Bill 1085, the so-called labor rate bill, which would establish a minimum threshold for insurer labor rates based upon the national average adjusted for Massachusetts' cost of living. It is important that we support those who support us," Regan added.

While MABA has invited all of the Chapter area Senators and Representatives to the upcoming meeting, they are asking that repairers also reach out to their own Senator and Representative and make a personal appeal for them to attend. If you would like more information about the meetings, or need contact information for your local state representatives please contact Nancy Russell at 1-800-ITS-MABA.

Consumer Survey of Progressive Claims Finds Faster and Cheaper Not Better

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According to the J.D. Power and Associates 2007 Insurance Claims Study just released on December 18, collision repair cycle time may be an important factor for ultimate consumer satisfaction, but not if it comes at the expense of repair quality.

Though J.D. Power noted that several insurers are experimenting with services similar to Progressive's Concierge service, the research firm focused its latest study on 568 recent customers of the most mature concierge service- that belonging to Progressive, now with 54 service center locations across the country. Of those consumers surveyed, 41 percent reported using the Concierge service for their vehicle repairs.

J.D. Power research has firmly established that lower repair cycle time, one of the stated advantages of Progressive's Concierge service, is one of the key drivers of customer satisfaction with the repair experience and has a profound impact on customers' overall satisfaction with their insurer.

While less than half of all Progressive vehicle damage claims are processed through a concierge facility, those repairs are completed in an average of only 11.4 days, outperforming the industry average of 16.2 days, and better than Progressive's non-concierge cycle time by more than 3 days (11.4 vs. 14.6 days). Shorter cycle times not only lead to higher customer satisfaction, but for Progressive, they can also mean significant savings on rental cars and labor costs, as well as increasing claims adjuster productivity.

However, J.D. Power acknowledges that repair quality also has a major impact on how customers view the overall quality of the claims service they receive. Industry-wide, most claimants (87%) reported that their vehicle was fixed correctly the first time. Of the Pro-

gressive customers who used the traditional claims model, 90 percent reported that their vehicle was fixed correctly the first time while only 84 percent of Progressive concierge customers indicated their vehicle was repaired correctly the first time- "significantly lower than non-concierge and the second-highest failure rate in the industry," noted the J.D. Power report.

According to the report, "...concierge customers rate the quality of their vehicle repair an average of only 7.9 on a 10-point scale, significantly lower than the industry average of 8.3. This score also compares unfavorably to an average 8.1 rating among Progressive customers who elected not to go through a concierge facility but rather manage the repair process themselves."

This lower repair quality reflects badly on Progressive according to the report. In general, J.D. Power found that, under normal circumstances, 82 percent of customers acknowledge that the repair shop is accountable for the quality of the work performed, the remaining 18 percent feel that the insurer is responsible for repair quality.

However, by taking control of the body shop relationship, the Concierge business model radically changes that impression. Under Concierge, a majority of their customers (63%) believe that Progressive is primarily responsible for the work performed, a situation that presents, "...some cause for concern, given the inferior impression among Progressive concierge customers for repair quality..." the report notes.

In summary, J.D. Power notes that, "If there is a chink in the armor for Progressive, it is that the end product, the vehicle repair, lags the industry both in terms of customer perception of quality as well as necessity for repeat visits to the body shop," a situation that works to drive up the overall claims costs, offsetting the savings realized from the initial faster and cheaper Concierge repair.

Overall, Concierge customers report satisfaction scores that are "merely comparable" to the industry average, the report concludes. And while there may be financial benefits, "the repair quality drawbacks hamper Progressive's claims performance from becoming a satisfaction leader." This is critical because,

according to J.D. Power, the claims experience drives 48 percent of a customer's overall impression of their insurer, and less satisfied customers are far more likely to shop for insurance when their policy expires and are less likely to renew their policies with the same insurer.

Wall Street Sees Record Underwriting Profits Through 2008

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Each year the Insurance Information Institute (I.I.I.) invites a panel of Wall Street stock analysts and industry professionals to review the prospects for the insurance industry in the year ahead. This year's survey results indicate that the strong performances in virtually all major lines of property/casualty (P/C) insurance will propel the industry to one of its best underwriting performances in the past 80 years.

Analysts expect the industry's profitability to continue in 2008 with an underwriting performance that will generate only a moderately smaller underwriting profit.

The poll also shows that analysts uniformly expect premium growth in 2007 to come in below expectations while the outlook for 2008 remains completely flat to slightly negative. The average forecast calls for negative growth in net written premiums in 2008 of 0.3 percent, a slight deterioration from the zero growth (0.0 percent) estimate for 2007.

The I.I.I. report noted that while premium growth came in below expectations in 2007, the combined ratio estimate for 2007 is anticipated to come in much better than expected- at 93.8 compared to the 97.6 figure predicted a year ago. The combined ratio recorded in 2006 was 92.7.

The implication is that the industry's underwriting performance has not deteriorated nearly as quickly as many had anticipated. Many insurers delivered strong earnings during 2007 powered by healthy underwriting profits that could approach \$25 billion for the year- the second largest underwriting profit on record.

If the prediction for the rest of 2007 proves accurate, this year's combined ratio of 93.8 would represent one of the top 12 best underwriting performances in 88 years, the I.I.I. said. The 2006 combined ratio of 92.7 was the sixth best over this same span of time.

I-CAR Ed Foundation Survey Reveals Snapshot of Collision Industry

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The number of repair facilities in the U.S. has shown a steady decline over the past 12 years, but those that remain are showing dramatic increases in average facility size and number of employees. These statistics are revealed in the newly released 2007 Snapshot of the Collision Industry, a survey conducted by the I-CAR Education Foundation. Since 1995, the survey shows that the average repair facility has nearly doubled its size from 5,761 square feet to 10,034 sq ft in 2007.

Previous surveys, conducted every three years since 1995, confirmed the need for a continual supply of entry-level technicians, while also identifying changes to collision repair business operations and the technician workforce.

Survey responses reveal crucial information about the collision industry, such as average incomes, benefits, technician turnover, technical training programs, and opportunities in the industry.

"The 2007 survey showed a sharp increase in the percentage of new technicians hired from a career or technical school or college," states I-CAR Education Foundation Executive Director Ron Ray. "Over 47 percent of entry-level technicians hired in the previous 12 months had pre-employment training, a significant benefit to businesses in the industry. However, the percentage of technicians who left the trade has returned to the high end of its historic range at just over 11 percent, creating an increased demand for entry-level technicians since the last survey in 2004."

The survey also showed that the average age of technicians continues to increase with the percentage of younger technicians continuing to decline. Average income for technicians continued to rise in the three years since the Foundation completed its last survey, with the average wage

for the top ten percent of technicians now averaging over \$85,000 per year. Average income for all technicians was found to be \$51,312 per year. Even with these potential earnings, the 2007 study showed that 56 percent of entry level technicians are leaving the trade within their first year.

A random sample of 4,001 collision repair facilities from all 50 states was selected by an independent information provider. Replies were solicited by both direct mail and phone calls. Valid responses were received from eight percent of the sample and represent a good cross section of the industry.

A four page [executive summary of the 2007 Snapshot of the Collision Industry Survey](#) can be downloaded free from the I-CAR Education Foundation web site in PDF format (http://www.edfoundation.org/pdf/education_foundation/snapshot.pdf). To request quantities of the printed document for career days, job fairs, or other recruiting events, please contact the Education Foundation at 888.722.3787, Ext. 282.

The I-CAR Education Foundation acknowledged the support of Allstate Insurance Company for sponsoring the survey.

Chiropractors Hit with Anti-trust Charges for Boycotting Insurer Network

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This article is an excerpt only—the complete story can be read on CollisionWeek or it can be emailed by the administration office (send email request to info@scrs.com).

Two chiropractic trade associations and their attorney have settled antitrust charges with the Connecticut Attorney General for their alleged attempt to organize a boycott against a new doctor network being organized by a Connecticut insurer.

Attorney General Richard Blumenthal arranged the settlements with the Connecticut Chiropractic Association (CCA) and Connecticut Chiropractic Council (CCC), both non-profit chiro-

practic trade groups having hundreds of state-licensed chiropractor members.

A joint investigation by Blumenthal's office and the Federal Trade Commission (FTC) found that members of both trade groups, spurred on by their leadership, agreed to boycott Anthem Health Plans, Inc.'s intention to form a new network for chiropractic services that would be administered by American Specialty Health Networks, Inc. (ASH).

Robert Hirtle, a Hartford attorney and long-time council for CCA, facilitated the boycott by urging chiropractors to opt out of the proposed network. Chiropractors feared that the ASH contract would lower reimbursement rates for chiropractic services.

Blumenthal said the illegal boycott improperly influenced the rates paid to chiropractors; raised chiropractic costs for Anthem; and deprived Anthem, ASH and consumers of the benefits of competition among chiropractors.

Under the settlements, the CCA, CCC and Hirtle have agreed to pay civil penalties to the state, as well as adopt several measures to prevent future anticompetitive practices.

"The state's two chiropractic trade groups aggressively persuaded and pressured all chiropractors to join in an illegal collusive boycott that ultimately destroyed a large health plan contract. Anticompetitive boycotts are plainly prohibited by state law, and undermine efforts to lower health plan expenses. The effect of boycotts is to raise prices, which ultimately hit consumers with higher health care costs and premiums.

"Hardworking professionals were misled by trade groups and misadvised by their attorney, who was hired to help avoid law-breaking, not enable or encourage it."

The CCA, CCC and Hirtle have agreed to pay civil penalties to the state totaling \$87,000 (CCA paying \$50,000; CCC paying \$20,000; and Hirtle paying \$17,000). Both chiropractic trade groups have also agreed not to conspire in any form whatsoever to refuse to deal or threaten to refuse to deal with any health insurer. The groups will also establish and maintain antitrust training and compliance programs that will be required of all officers, members and employees.

Executive Director's Message - SCRS Addresses the Ongoing Issue of Steering

The Society of Collision Repair Specialists (SCRS) Board of Directors has taken the past few months to aggressively expose the most pressing issue in the collision repair industry; Steering. Seemingly, there are various different definitions used to describe this industry-wide problem. Even though DRP shops, non-DRP shops, insurance companies, field staff and agents can't agree on one standard definition, nobody can argue the fact that this exists. Steering isn't the by-product of one insurance company, and it's not a direct result of direct repair programs as many have alleged. A complete elimination of DRPs would not change steering. If you think back to the time prior to DRPs, customers were steered by tow truck drivers, insurance agents and alike to the shops they had relationships with. Some would say that it's a referral. It's not a referral, rather another form of steering. Regardless as to whether or not you agree with me as to what constitutes steering, the fact is steering is alive and well.

Unfortunately, steering has no bias and virtually every insurance company in the industry can assume some level of responsibility. Although some insurers are less guilty than others, it shouldn't change any carrier's approach to taking corrective action to address the issue. There isn't a company that we are aware of that condones steering. Their challenge is control-

ling the actions of several hundred or thousands of field staff. This is no different than the challenges repairers face, ensuring their technicians are doing a proper repair 100% of the time. So what is SCRS doing? SCRS has taken several steps on this long journey. The SCRS Board of Directors felt it was imperative that we substantiate the issue with facts. That being said, we commissioned a third-party vendor to do a statistically valid study to underscore the severity of the issues impacting repairers. Second, we gathered supporting documentation (on specific cases of steering) from members that confirm the repairers' complaints. In one extreme example, we had a letter from an insurer to the vehicle owner which clearly attempted to steer the customer to one of their preferred facilities while disparaging the customer's shop of choice. Third, the board created an official position statement on steering that our members could utilize in their respective states. We also issued a few other press releases on the topic emphasizing the need for change. Fourth, we assembled a legislative committee comprised of representatives from our state affiliate associations. This committee provides our affiliates an opportunity to share pending legislation and/or bills on topics such as steering. It also gives them a chance to exchange ideas as to what is and is not working in their state, such that future legislation can be strengthened. Fifth, we have contacted

many of the top ten insurers. SCRS maintains, "Working Together Is The Most Important Work We Do" and we will do our best to work with those insurers that are interested in identifying mutually beneficial solutions to curb steering. Last but not least, we began the arduous process of educating people along the way. This will be a never ending process, but one worth pursuing. We have been in contact with legislators, state insurance commissioners, state deputy commissioners, TV media, journalists, etc. explaining the depth of the issue, the negative impact it is having and how the consumer can be affected. What can you do?

- 1) Continue to send SCRS documentation of specific cases where steering can be substantiated.
- 2) Work with and support your local state association to create a position statement on steering. Draft an anti-steering bill.
- 3) Educate your state legislators, Department of Insurance and local media.

Together we can make a difference!

Respectfully submitted,
Dan Risley, SCRS Executive Director

The logo features the words "Stay Connected" in a blue, stylized font. Below the text is a graphic of a globe with latitude and longitude lines, rendered in a golden-yellow color.

Remember to visit the "Members Only" section of the SCRS website to view new postings on industry issues. Obtain login information from Linda in the Administration Office. Phone: 1-877-841-0660 or email info@scrs.com.

AFFILIATE ASSOCIATION NEWS

Massachusetts Auto Body Association - Legislation Gets a Favorable Recommendation From Key Committee

*Cooperation of three associations is key factor in success.
Article submitted by Stephen Regan*



On Tuesday February 12, 2008, the Massachusetts Legislature's Joint Committee on Financial Services gave a favorable recommendation to several bills that the Massachusetts Auto Body Association (MABA) had filed for this legislative session. In addition, the Committee also gave a key labor rate bill drafted by the AASP-MA/RI chapter, with assistance from the Central Mass Auto Rebuilders Association and support from MABA, a favorable recommendation as well.

MABA had filed nine (9) separate bills on issues ranging from arbitration to shop equipment requirements, steering and labor rate. Of the nine five were either favorably reported or combined into other redrafts that were reported favorably. This is an unprecedented success for the advancement of collision repair related bills that are favored by the collision repairers and collision repair associations. A sixth bill dealt with labor rate, but at a May 9th hearing earlier this year MABA endorsed the AASP-MA/RI labor rate bill and asked the Committee to take no action on theirs.

Much of the success of the legislative efforts by MABA has been credited to the professionalism that the association showed over the years through their participation in the legislature's 'Auto Body Working Group' created by the Chairman of the Insurance Committee, State Representative Ron Mariano. At a February 19th meeting of MABA's Southeast Chapter, Chairman Mariano addressed some 100 repairers in attendance and credited MABA with being professional, consistent in their position, and willing to work with insurers and others to come up with viable solutions to the problems in the industry.

"You were really the ones who wore the white hats in this effort," said Mariano. "You were always consistent and professional and considering how long this effort took I was surprised that you didn't walk away from the table. But

your persistence has paid off and this is not the end of my efforts on your behalf by getting these bills a favorable committee recommendation; It is the beginning of my effort to get them passed into law," Mariano concluded.

Another key reason for our association's legislative success was our cooperative working relationship with the two other associations in Massachusetts, the Central Mass Auto Rebuilders Association and the AASP-MA/RI Chapter. The solidarity shown by the three state associations truly impressed the legislators and regulators we were lobbying. I know we all have some differences of opinion and philosophies but when they are kept private you don't give your opponents an advantage. When legislators realized we were unified and the insurer representatives were not, it helped our credibility immensely.

The timing of these bills receiving a favorable report by the Committee and becoming eligible for a vote could not have been better. MABA has just completed hosting four regional legislative forums where state Senators and Representatives were invited to meet with repairers in their districts to hear about the problems they are having and to get them to support our legislative proposals. In addition we recently participated in a Lobby Day on Beacon Hill on February 27th that was organized by AASP-MA/RI and supported by all the associations.

At the MABA regional legislative meetings, in addition to talking directly with our elected officials, attendees were instructed on calling, writing, or visiting the Senators and State Representatives not in attendance and ask them to contact the House leadership and ask that the collision repair legislation supported by Chairman Mariano and Vice Chairman Representative Bob Spellane are brought up for a vote.

MABA has also prepared a draft letter that repairers can mail to their Senator and State Representatives that describe the legislation, what it means to them

and their business, and what they can do to help. In addition, if someone is unaware of whom his or her Senator or State Representative is we will provide that information through our state office in Hanover, MA.

While there were many collision repair related bills reported from the Committee on February 12th MABA is asking that repairers focus on the legislation that addresses Labor Rate, anti-steering language that makes steering an Unfair Claim Settlement Practice and provides specific monetary fines not less than \$100 or more than \$500 for each steering offense, provisions that would require insurers to recognize and use the manual a repairer used to create a supplement, increased shop equipment requirements, and at the shops discretion, allow repairers to send a supplement request electronically with digital photos rather than requiring a personal inspection.

MABA is also asking repairers to support another bill, House Bill 1049, which received a favorable recommendation by the Committee. This filing of this bill was announced by MABA at last years East Coast Resolution Forum in Suffern, NY. It was submitted by MABA with the intent of incorporating into Massachusetts law relevant portions of the 1963 Consent Decree, which is an agreement between 250 insurers and the US Department of Justice to avoid an anti trust lawsuit filed against insurers by the federal government. The bill would specifically prohibit insurers from directing appraisers from following insurer guidelines instead of state regulations, steering, and most importantly dictating what parts and procedures are used during a repair, and the prices that are paid to repairers for parts, services, and labor.

MABA understands that getting these bills out of Committee with a favorable recommendation is a great first step, but is still just the first step. We are now focused on the intense lobbying effort needed to get the bills voted on and passed into law. We hope that our success can somehow inspire other SCRS affiliates to continue fighting for their proposals or to begin a process of initiating and lobbying for changes to their state laws that will be beneficial to them.

WELCOME NEW MEMBERS:

Corporate Members

1-800 Radiator

Gerber Collision & Glass

Company Members

ComSearch, Inc.

Affiliate Associations

Oregon Collision Repair
Specialists

General Members

Mark McDaniel — McDaniel's
Quality Body Works, Inc.

Mark Holland — Pacific Coast
Auto Body

Kenneth Erhardt — Kittredge Auto
Rebuilders

Platinum Members

Ted McClintic — Church Brothers
Collision Repair

Dale Matsumoto — Auto Body
Hawaii

BOARD MEETING SCHEDULE

Tuesday & Wednesday, April 15 & 16, 2008

Philadelphia, Pennsylvania

Crowne Plaza Philadelphia

1800 Market Street

Reservations: 1-215-561-4484

NOTE: Mention **CIC Room Block** for Special Event Rate

SCHEDULE OF EVENTS

Tuesday

Open Board Meeting: 11:00 a.m. – Noon

Annual Meeting/Election: 5:15 p.m.

Corporate Awards Dinner*: 6:30 – 10:30 p.m.

***RSVP Required, contact Linda in the Admin. Office**

Wednesday

Panel Discussion: Lean Manufacturing*: 8:30 – 10:00 a.m.

Presentation: Role of PA Dept. of Insurance*: 10:15 – 11:30 a.m.

Attendee Luncheon*: 11:30 a.m. – 12:45 p.m.

***RSVP Required, contact Linda in the Admin. Office**

(CIC follows luncheon)

SCRS Annual Election – Nominated Candidates

Nominees:



Ron Reichen — Oregon



Joe Skurka — Michigan



Dale Matsumoto — Hawaii



Steve White — Missouri

Incumbents Seeking Re-Election:

Toby Chess, National Director — California

Tim Waldren, Treasurer — Nevada

Craig Griffin, Secretary — Arkansas

****Individual bios are available for review — follow the link posted on the homepage of the SCRS website: www.scrs.com****

“Working Together Is The Most Important Work We Do”