



Nebraska Autobody Association

News Capsule

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The Nebraska Autobody Association today announced that eligible members of NABA's workers compensation safety group will receive dividend checks totaling more than \$52,000. The dividends resulted from the qualifying safety record of all group members. NABA recognizes Farmers Insurance Group and shop participants for making this program a success. Future dividends will depend on the safety record of participating shops. The Workers Compensation dividend program is another membership benefit of belonging to the Nebraska Autobody Association. NABA will mail individual dividend checks toward the end of the month. To participate in the NABA safety group, contact Jeff Vinson at Farmers Insurance Group at 308 382-3404 or email jvinson@farmersagent.com

The 18th Annual Last Fling 'til Spring Car Show, rolls into West Point, Nebraska on Sunday, September 16, 2007. If you've been at the show before, you know that this is a car enthusiast's dream come true. With between 600-700 Custom, Classic, Antique cars, trucks and motorcycles, you don't want to miss out. The show is stretched out along over 10 blocks of the downtown streets of West Point, Nebraska, which provides plenty of shopping for your whims and promises a day of fun for the entire family. There will be live entertainment, a model car contest, vendors selling t-shirts, food and drink, car-related merchandise, and more. Free admission to the public, show will be held on Main Street in West Point, Nebraska on September 16, 2007 from noon to 5 PM. Full program information is available at the Road Gems web site at <http://www.roadgems.com>

Insurers are being condemned for reaping record profits while systematically denying claims and reducing payouts for homeowners' claims, according to an article in Bloomberg News. "Insurance companies routinely refuse to pay market prices for homes and replacement contents; they use computer programs to cut payouts; they change policy coverage with no clear explanation; they ignore or alter engineering reports; and they sometimes ask their adjusters to lie." While Bloomberg's article focused on hurricane-related claims, ongoing reports also point to a pattern of abuse in settlements of automotive property and casualty claims.

In a case that has considerable implications for collision repair, a contractor working on Boston's Big Dig was charged with involuntary manslaughter in quality-of-material issue, which led to the collapse of part of a tunnel that killed one woman. The criminal indictment came after the NTSB said the ceiling collapse was avoidable had worker and contractors considered that fact that the adhesive used to hold support anchors could weaken. "Anyone performing a repair service should pay attention to the manslaughter charges", said Norbert Zaenglein. "There is little distinction between using unsafe adhesives in the construction of a tunnel and using substandard parts or procedures to repair a vehicle. "It does not matter if an insurer promotes or recommends certain procedures, the ultimate liability rests with the shop."

While the body shop industry has few friends in high places, insurance companies executives move freely to and from positions that directly influence the day-to-day business of repairers. Recently, Mitchell Process Development Vice President, Nick Notte, a former Allstate executive returned back to Allstate, where he served for 21 years before joining Mitchell. While insurance industry influence continues to creep into every aspect of a body shop's business, collision repairers must begin to fortify their positions before losing complete control of their own businesses.

The National Collision Industry Alliance (NCIA) has issued a position statement on industry labor rates. 'Prevailing hourly labor rates' are questionable measures of a shop's overall competitive rank or standing. Relying on a 'prevailing hourly labor rate' to choose, recommend, or otherwise favor one shop over another promotes cost-shifting, fraud and creates unfair competitive advantages and disadvantages. The opportunity to compete in the market for customers, claimants or policyholders must offer each shop an equal opportunity based not on any isolated cost factor but on the entirety of the repair including quality of parts, quality of materials, quality of workmanship and quality of service. NCIA's fair-competition labor rate statement is available on the alliance web site at <http://nationalcia.com/posters/faircompetition.pdf>

Automotive crumple zones can transfer the impact of a collision to remote vehicle components and that may affect consumers in new ways. In a report originally published in Auto Bild, a VW seemed to go relatively unscathed after a rear-end collision that left dents in the C-pillars. A more detailed inspection, however, revealed a buckled frame. Auto Bild concluded that the full extent of a collision could lead to damage in areas located a considerable distance from the original impact. Drivers of such vehicles, who rely only superficial or incomplete damage appraisals, may end up driving vehicles that are inherently unsafe.

Participants of Accountability for Collision Auto Repair (ACAR) will meet at the National Press Club in Washington, D.C., on Friday, Oct. 19, 2007, to adopt industry Code of Ethics modeled after the original ACAR standards, which subsequently changed in the Uniform Procedures for Collision Repair. To learn how to participate in the program contact Sheila Loftus at (202) 363-1858.

The Allstate Corporation has been at the forefront of the insurance industry in unjustifiably raising home and automobile insurance rates relative to the amount paid out in claims, in using questionable practices to settle claims and in attempting to shift costs to taxpayers, according to a detailed new study released by the Consumer Federation of America. "Allstate is certainly not the only insurer pursuing these anti-consumer practices, but it has been in the vanguard in developing and implementing many of them," said J. Robert Hunter, CFA's Director of Insurance and former Texas Insurance Commissioner and Federal Insurance Administrator. CFA's report, The Good Hands Company or a Leader in Anti-Consumer Practices, identified several significant problems with Allstate's home and automobile insurance practices including excessive rates and profits, compared to the low level of claims that Allstate has paid out to consumers.

Could estimating disagreements about paint caps, labor times, blend times and parts usage be made obsolete by one-price estimates? According to Stan Rodman, Executive Director of the Automotive Body Parts Association, the answer is yes. Rodman outlines the concept of a Crash Estimating Data Service (CEDS). Computer analysis of prior accidents would serve as a predictor for new repair estimates, a process performed by searching a database for makes, models and severity of previously damages and repaired vehicles. CEDS would be developed by information providers with input from insurers and shops would be charged per estimate.

The information in Shop Talk is obtained from sources believed to be accurate and reliable but readers should consult with an appropriate business professional before acting on information contained herein. Information contained herein does not necessarily reflect the opinions of NABA, its leadership or management.