



Nebraska Autobody Association

News Capsule



September/October 2007

Nebraska Autobody Association News Summary October 9, 2007

A Nebraska glass shop owner was sentenced to three felony counts of insurance fraud for submitting bogus invoices to ten different insurers. The illegal activity is said to have occurred over several years and resulted in losses of more than 54,000. The shop owner was sentenced from three to five years' imprisonment on two counts and 20 months to five years on the third count.

Nebraska's 2007 legislative session closed earlier this year after 22 new senators joined the legislative body. NABA has planned a lunch reception with veteran and new senators on Thursday January 17, 2008 at the Capitol in Lincoln. The event will include a PowerPoint presentation about new vehicle technology. "It is important that legislators understand emerging motor vehicle trends as well as the training and technology required to repair those vehicles," said NABA Executive Director, Norbert Zaenglein.

The Nebraska Autobody Association is planning a unique education event for March 7-8, 2008 in Omaha. NABA is scheduling two new I-CAR classes including Steel Unitized Structures Technologies and Repair (SPS07) and Steel Full-Frame Technologies and Repair (SPS08). In addition, the event will include updates on the EPA's proposed paint regulations, information on waterborne paint, the virtual paint training system and many others. Mark your calendars and stay tuned for more program information and updates.

What are the collision industry's most critical issues? Look for an in-depth report in the October Surgeons of Steel magazine, which also includes details on the EPA's proposed new paint rule and a collection of vehicle lift accidents ranging from amputations to decapitation.

Is your shop ready for more Hybrids? The overall U.S. vehicle market is down, but hybrids are a bright spot in the automotive industry. New hybrid vehicle registrations have grown more than 49 percent nationwide during the first seven months of 2007 when compared to the same period in 2006. "Hybrids are being adopted by vehicle buyers in all regions at an increasing rate for many factors which include fuel prices, differentiating themselves from other consumers and environmental activism." said industry analyst, Lonnie Miller. "The data indicates that hybrids have not hit plateau and that there is room for continued growth."

The U.S. International Trade Commission earlier this year upheld a patent law that protects repairers and consumers and allows OEMs to recoup significant investments from designing and developing automotive parts. "Competition in the parts business is not simply a matter of price." Said NCIA founder Norbert Zaenglein. "The purpose of a policy of insurance is to indemnify claimants by restoring the vehicle to pre-loss characteristics. Installing non-equivalent part can subject shops to long-term liability and leave claimants with vehicles whose value and primary safety characteristics may have been compromised.

A former insurance company employee is speaking out about questionable claims procedures including intimidating practices designed to cajole injury victims into accepting low-ball settlements. A former regional manager that testified in a \$1.4 billion civil trial said that the insurer steered victims to biased doctors and tried to get injury victims to accept unfair offers by using a computer program to evaluate claims and produce lower amounts. The recent allegations add to a growing list of questionable practices of settling hurricane, fire, and collision claims.

Farmers Insurance Group, Inc. recently announced its support of NHTSA's Federal motor vehicle safety standard that requires automakers to conduct new side-impact crash tests. Farmers said the new standard is estimated to save over 300 lives and hundreds of serious injuries each year in the United States. "Farmers fully supports this effort as a means to protect our customers," noted Kevin Mabe, an Economist for Farmers Insurance. NCIA encourages all insurers to apply similar high standards to the repair of collision-damaged vehicles. "If safety considerations are important in the manufacture of new vehicles, it is equally important when those vehicles are repaired," said NCIA founder Norbert Zaenglein.

More than 50 organizations in Washington State have joined a campaign to pass a referendum that would hold insurers accountable to commitments to claimants. The measure, which is being fought by the insurance industry, would make it illegal for insurers to delay or deny legitimate claims. "As Insurance Commissioner, I have heard from consumers around the state and they want the insurance industry to honor its commitment to policyholders," Washington State Insurance Commissioner, Kreidler explained. "At the end of the day, consumers want to know they are being protected."

A bill that would continue to force taxpayers to subsidize insurance industry may face hurdles by the Bush administration. The Terrorism Risk Insurance Act, which was adapted after 9/11, turned the federal government into an insurer in the event that private insurance could not honor their policy commitments. A White House spokesperson said that the administration strongly opposes efforts to expand the federal government's role in terrorism reinsurance. The Act is set to expire this year.

An insurance study by J.D. Power found that claimants who receive poor service were highly inclined to switch insurance providers. "When a customer becomes dissatisfied with their carrier they are more motivated to shop and switch." Said a senior director of J.D. Power insurance practices division. According to the study, 75 percent of customers that are shopping to switch insurance are doing so because of poor customer service.

The information in this news capsule 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.