



News capsule



November 22, 2009

Nebraska Autobody Association News & Information

The Insurance Industry Competition Act of 2009 (H.R. 1583) introduced by Democratic representatives Peter DeFazio and Gene Taylor would repeal the antitrust exemptions for all insurers, not just those that offered health insurance. A status of H.R. 1583 including a summary, complete text and progress is available at <http://www.govtrack.us/congress/bill.xpd?bill=h111-1583> You can also support H.R. 1583 at <http://capwiz.com/asashop/issues/alert/?alertid=14237601> an easy-to-use site that allows you to send email or text messages to your representatives and the process only takes about a minute.

The State of Nebraska is in a fiscal crisis. Revenues are projected to be significantly lower than what is needed to fund the current state budget. Like most Nebraska families, state government is going to have to tighten its belt by choosing priorities and reducing spending. Governor Dave Heineman will convene a Special Session of the Unicameral today at 3:00 p.m. to deal with the \$335 million budget shortfall projected by the State Department of Revenue for the current two-year budget. While Governor Heineman ruled out tax increases concerns linger about the potential repeal of sales tax exemptions granted to various businesses. You can share your views about the current budget crisis and send your suggestions to Nebraska policymakers at <http://www.nebraskabudget.com/>

In August 2009 the City of Lincoln and Lancaster Counts sent out the EPA's Surface Coating Rule (Subpart HHHHH) for Autobody Shops in Lancaster County about the Initial Notifications that existing body shops are required to complete and submit by January 10, 2010. Of the 99 notifications that had been sent, only 25 shops had responded. The Nebraska Autobody Association is in the process of scheduling online briefings of EPA's Surface Coating Rule. Details will be available shortly. NABA also updated its web site to reflect information currently available at <http://www.nebraskaautobody.com/airquality/airquallinks.htm>

The New York Insurance Department issued stiff penalties for illegal kickback schemes involving auto glass shops and insurance agents. The illegal practice involved glass shops who, in order to get referrals from insurers, gave insurers gift cards in varying amounts. Some of the gift cards in the pay-to-play plot were reportedly sent to the agent home in order to evade detection. Action by the State Insurance Examiner netted 43 agents and brokers who were ordered to pay fines up to \$5,000. Pay-to-play schemes, once a common practice in the collision industry, may be making a comeback by insurers that require shops to give discounts and other concessions in order to have access to claimants. "One shouldn't have to pay admission to gain access to a free and competitive marketplace," said NABA's Director Norbert Zaenglein. The practice of requiring up-front concessions to qualify as a DRP has changed the kickback beneficiaries from agents/adjusters to the insurers themselves. While statutes do allow insurers to enter into discount agreements with repairers, the questions is whether those arrangements are truly repair discounts or constitute schemes under which the 'discount' becomes a burden to claimants in the form of substandard repairs and diminished value. If claimants do not receive the full coverage promised in the policy, then these so-called 'discount' arrangements may actually form an unlawful conspiracy to defraud claimants. As long as 'discount' arrangements go largely unregulated one will see a continued erosion of repair quality and a greater incidence of substandard repairs. Quality shops will lose market share to those shops that provide the biggest savings to insurers while claimants are being shortchanged on benefits of the policy.

Some shops are being hit with yet another scam. This one begins with a fax to the shop asking for work to be done on a vehicle. The 'customer' then tries to swindle the shop with an 'overpayment scam' whereby a forged or stolen check is written to the shop and the shop is asked to wire the balance back to the 'customer'. Shops are advised to exercise caution.

The recent bankruptcy of CIT has foreshadowed the positive economic news reported by the Obama administration. After suffering a lengthy slump, the U.S. economy reportedly grew 3.5 percent for the first time in over a year. Upticks in consumer spending and home construction were credited for the long-awaited growth that may signal a recovery from the recession. "The economy is growing, and I think that is a major accomplishment," said Christina Romer, of Obama's Council of Economic Advisers who also cautioned that the nation's rate of employment still lags behind recent economic gains. President Obama promised that long-term job creation will be his administration's overriding focus.

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Join the Nebraska AutoBody Association**

Membership application available at

<http://www.nebraskaautobody.com/filedownloads/memberap1&2.pdf>

Information in this news capsule is obtained and condensed 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. Summary prepared by Norbert Zaenglein.