



# News Capsule

## Nebraska Autobody Association News & Information



January 27, 2010

Nebraska lawmakers may allow car passengers to make liability insurance claims when their family members cause car wrecks. The Nebraska Legislature on Jan. 22 narrowly gave first-round approval to a bill (LB216) that would repeal the state's so-called guest statute. The statute says passengers related to drivers who cause wrecks can make liability claims for their injuries only when the drivers were grossly negligent or intoxicated. The law was intended to prevent family members from conspiring to scam insurance companies. Supporters of the bill say the law leaves injured passengers with medical bills they often can't pay and are sometimes picked up by state-funded Medicaid. Opponents say that repealing the law could increase insurance rates.

Nebraska's economic growth will at best be slow for the next few years, according to data released by the Nebraska Department of Economic Development. Nebraska's 4.2 percent unemployment rate is over 50 percent lower than the national rate of 9.4 percent. During November 2009, preliminary Nebraska Department of Labor estimates show the number of Nebraska manufacturing jobs fell by 9,800 compared to the same period in 2008. Nebraska net taxable retail sales have generally increased steadily on a monthly and annual basis. In October 2009, however, state taxable retail sales fell by 4.8 percent. You can get a complete snapshot of Nebraska's economic picture at <http://www.neded.org/files/research/trends/trends.pdf>

Progressive Insurance reported hefty profits for fourth quarter 2009 as net premiums earned increased 27 percent for the last month of the year. The Mayfield Village, Ohio-based auto insurer reported that premiums earned increased 27 percent to \$1.33 billion. Net premiums rose 28 percent to \$1.2 billion. For the entire fourth quarter, the company reported a growth in net income of 91 percent, or \$146 million, to \$305 million.

Good news from America's automakers included a \$2.7 billion profit reported by Ford Motor Company, the only U.S. automaker to avoid bankruptcy. It was Ford's first annual profit in four years, which was realized after the automaker implemented significant cost cutting. Ford also plans to hire 1,200 workers in Chicago, though newly-hired workers will earn less in salary and insurance benefits. Ford has invested \$400 million at the Chicago plant to gear up for the production of fuel-efficient cars.

The Nebraska Autobody Association has changed its telephone system to realize reductions in costs. The toll-free 800 number has been discontinued due to lack of use. NABA said that increased communication by email has all but eliminated the need for a second line. NABA's prime number will remain unchanged at 402 762-3562. The change will save over \$600 a year.

A recent California case brought by a shop that alleged artificially low labor rates was ruled in favor of the insurers because quality of repair (lack of true indemnification) may not have been part of plaintiff's case or was insufficiently presented. In his ruling the judge specifically referenced the existence of a 'well-functioning' market to justify his ruling in favor of insurers. If quality of repair (non-indemnification of claimants) were to have been demonstrated by the plaintiff then the judge would not have had cause to support the 'well-functioning' market argument because a well-functioning market does not exist when one considers the prevailing practice of insurance abuse against claimants. Cases like this are doomed unless quality of repair is brought into the mix, otherwise the insurers' argument that low labor rates are good for consumers will inevitably prevail.

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Join the Nebraska AutoBody Association**

Membership application available at

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

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