



CRB Newsletter

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Registration

Summer 2008

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A WORD FROM THE CHAIRMAN

A Word From the Chairman

As 2009 rapidly approaches, the Collision Board is expecting some major changes in the new year. There will be a couple of new appointments made to the Board in January. Shop owners that wish to apply for an appointment on the Board should contact ASA Ohio Director Lisa Clark at (800) 441-6518.

Also coming soon will be on-line registration renewals. Current registration holders will be able to go to our website and complete a renewal application and pay by credit card. This should streamline renewals and save time and money for everyone.

And another big change will be the relocation of the Board's office. The Board has been at its current location in the Huntington Plaza for many years. However, Huntington Plaza is planning an expansion of their suites, and the Board has decided to move where we can get more square footage for our money. The staff office will remain in the downtown Columbus area, and once a new location has been chosen, clients will be notified and the new address will be posted on our website.

Please keep in touch with the staff and contact them should you have any questions.

Richard P. Finney
Board Chairman

MISSION STATEMENT

Effectively and efficiently enforce Ohio laws by implementing Turnaround Ohio initiatives to enhance consumer protection and promote industry growth and compliance.

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Anti-steering Bills in Connecticut and California Have Passed Their Respective State Legislatures, Although in Modified Form.

Earlier this summer the California legislature passed Senate Bill 1167, which now awaits the signature of Governor Arnold Schwarzenegger. In its current form, the bill requires the Department of Insurance to convene a task force to study steering issues, and report its findings in writing to the legislature by Dec. 31, 2009.

The bill was introduced by Senator Pat Wiggins (D-Santa Rosa) and sponsored by the Collision Repair Association of California (CRA). The original language of the bill would have prohibited insurers from suggesting alternative repair choices to consumers if they had already selected a repair shop.

The existing statute prohibits insurers from requiring that a vehicle be repaired at a specific shop, and requires them provide each insured with an Auto Body Repair Consumer Bill of Rights.

“We’re pleased that the senator introduced the bill and fought hard for it. We still support the bill, but it has turned into a ‘study’ bill,” says Richard Steffen, director of legislative affairs for the CRA. “The primary benefit of this is that it may accelerate activity at the Department of Insurance.” (DOI)

Steffen has been involved in a DOI working group along with representatives from the insurance and car dealership industries that is examining labor rate survey and steering issues. Steffen expects the department to issue a rulemaking notice by early next year regarding labor rate surveys (which the CRA generally opposes).

“The legislative process is very slow,” Steffen says. “We’re hoping that the Department of Insurance working group will be a little different in terms of what gets accomplished. We’re opposed to labor rate surveys, because they just provide an average, but if they are going to do them, our goal is to have the direct repair program rates excluded.”

The Association of California Insurance Companies, American Insurance Association, and Personal Insurance Federation of California opposed the bill.

In Connecticut, Governor M. Jodi Rell signed a bill that requires disclosure to consumers that they have the right to choose their repair facility. House Bill 5152, which goes into effect in January, requires insurers to include a notice on all insurance cards stating, “You have the right to choose the licensed repair shop where the damage to your motor vehicle will be repaired.” Insurers with direct repair programs must also obtain written acknowledgement from the consumer that he or she is aware of their right to choose a shop.

Repair shops must also provide notice to insurers regarding supplemental repairs, and to establish a time frame for insurers to inspect the vehicle before the repairs are completed.

Earlier in the session, legislators rejected a stronger bill (SB 288) introduced by Attorney General Richard Blumenthal that would have amended the state’s anti-steering law to say that “no insurance company ... shall recommend, request or require any insured to use a specific person for the provision of automobile physical damage repairs, glass replacement, glass repair service or glass products.”

Bob Skrip, president of the Auto Body Association of Connecticut (ABAC) and owner of Skrip’s Auto Body in Prospect, said that while the new law is a step in the right direction, his group will continue to work with the Attorney General’s office to develop new consumer protections in the next legislative session.

In the meantime, ABAC has filed class action lawsuits against Progressive and The Hartford, claiming the insurers are illegally steering customers to DRP shops. The group is preparing to file suit against three other insurers as well.

“We’re pleased that the senator introduced the bill and fought hard for it....”

Richard Steffen, CRA

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ABAC and the Coalition of Collision Repair Excellence (CCRE) have also teamed up on a donation drive to help Greg Cocco of North State Custom in Bedford Hills, N.Y., pay the legal bills associated with defending his shop in a fraud case brought by Progressive. A New York State Supreme Court judge dismissed Progressive's case earlier this month. Cocco is suing Progressive over damage done to his business because of the company's alleged steering and deceptive trade practices.

Courtesy of Automotive Body Repair News

New Steel Could Reduce Vehicle Weight, Emissions

To help vehicle manufacturers in their pursuit to improve fuel efficiency and reduce greenhouse gas emissions, the American Iron and Steel Institute (AISI) offers insight on the benefits of steel.

In the presentation "Steel and Fuel Economy" at the Management Briefing Seminars in Traverse City, Mich., Ron Krupitzer, vice president automotive applications for AISI, discussed innovative ways steel can help the automotive industry to meet new environmental requirements for fuel economy, emissions and recyclability.

"We have shown that with the use of current advanced high-strength steels, a vehicle's body structure mass can be reduced by at least 25 percent," Krupitzer says. "However, with the new third generation steels now under development, we expect to achieve more than 35 percent in structural mass reduction, which will significantly help automakers improve fuel efficiency and reduce greenhouse gas emissions."

Krupitzer also discussed how the U.S. steel industry, in collaboration with its global counterparts, has embarked on aggressive research and development programs to develop the next generation of iron and steelmaking technologies that will drastically reduce or eliminate greenhouse gas emissions throughout the total life cycle of the vehicle.

According to Krupitzer, steel has a relatively low greenhouse gas emissions level for production in comparison to other lower density materials.

"During the production stage of a vehicle, a low-density material, such as aluminum, will emit significantly more greenhouse gas emissions to the environment than steel," he says.

Krupitzer also discussed a multi-million dollar initiative called Future Steel Vehicle (FSV) that will develop steel automotive body concepts that address alternative powertrains, such as advanced hybrid, electric and fuel cell systems. The goal of the research is to demonstrate safe, light-weight steel bodies for future vehicles that reduce greenhouse gas emissions over the entire life cycle. The fifth in a series of global automotive steel research projects, FSV focuses on radical change and builds upon the success of four earlier projects UltraLight Steel Auto Body (ULSAB), UltraLight Steel Auto Closures, Suspensions and ULSAB-Advanced Vehicle Concepts.

For more news or information, visit www.autosteel.org.



Courtesy of Automotive Body Repair News

"We have shown that with the use of current advanced high-strength steels, a vehicle's body structure mass can be reduced by at least 25 percent."

In order to forestall such dire consequences, collision industry associations should be stepping-up with an ongoing series of intensified lobbying efforts directed at state regulators, elected officials and the insurance-buying public, Eversman says.

Hartford DRP-Only Policy Rider Draws Calls For Stepped-up Lobbying, Educational Efforts

An insurance policy provision requiring certain insureds to have their collision repairs done exclusively through The Hartford's direct repair program (DRP) has brought calls to buck this trend by rallying the industry to intensify its educational and lobbying efforts directed toward elected officials, state regulators and consumers.

"This is the time to take action," says Erica Eversman, chief counsel for Vehicle Information Services in Akron, Ohio. "You need to decide where you want the industry to go. Do you want to hand over control of the industry to the insurer?"

In exchange for a discount on their premiums, certain Hartford Essential Auto Policy customers receive an endorsement stating: "For comprehensive and collision losses, any damaged vehicle must be repaired by a Direct Repair Provider selected by The Hartford or you will pay any difference for the cost of repair."

The potential implications of such a provision are chilling, according to Eversman, whose company specializes in litigating diminished value issues. "If this is successful, all the major insurance companies will do this and there will be no independent collision repair industry."

Unless this is nipped in the bud, Eversman fearfully foresees a future system where all collision repairs are conducted only by facilities screened and approved by insurance providers and vehicle manufacturers.

"I see that very much coming to fruition," she warns. "I think it is incredibly naive of repairers to think this would never happen."

In order to forestall such dire consequences, collision industry associations should be stepping-up with an ongoing series of intensified lobbying efforts directed at state regulators, elected officials and the insurance-buying public, Eversman says.

"Given the state of regulatory oversight, this is something I always perceived would happen." DRP shops are frequently forced to submit to inequitable agreements "out of a sheer attempt to survive in the industry. There are no true partnerships at all," she contends, "the benefits all flow to the insurance company."

Hartford officials did not respond to requests for comment.

"If you're in one of these networks, these issues are out in the open and these issues need to be resolved in the industry," Eversman says, suggesting a four-point approach entailing: consumer education; adopting a collision industry Code of Ethics; educating state insurance department personnel, attorneys general and various elected officials; and holding regular meetings with regulators, consumer protection enforcement agency leadership and other public officials.

There is a compelling need for individual repairers to better explain the longstanding coverage disputes and payment reimbursement problems to their customers and enlisting their support and influence in the process, Eversman added.

"The consumer has been happy to leave it in the hands of the repairer and the insurance company," remaining blissfully "ignorant" of the difficulties shops face when confronted with insurer payment discrepancies, she says.

The Ohio-based Choice Auto Body Repair Association (CARA) has explanatory materials aimed at customer education, Eversman noted. "They have some wonderful pamphlets that they provide people with before they buy a policy," delving into choosing one's preferred shop, weighing the aftermarket/salvage parts issue and other points of concern.

"We're all for the consumers," says Rick Finney CARA's president. "We try to keep them in the loop as much as possible. That's who we work for — the consumers."

“Some of the regulators are horrified when they find out that tactics are going on that they are not aware of...”

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Crash victims are frequently unaware of the options available to them, such as playing a part in deciding the origin of components used in a repair. Finney, president of Finney Automotive Inc. in Cadiz, Ohio, reported that the preponderance of DRPs in the industry is a particular source of angst. “Some of these contracts are more to save the insurance company money rather than doing what’s right for the consumer,” he asserts.

Detailed information from CARA is available at <http://www.c-a-r-a.org/>

Along with customers content to let the body shop and insurance carrier handle the details of a claim, state regulatory departments — along with elected representatives and senators — often don’t know the severity of the various insurer vs. repairer brouhahas erupting throughout the industry, according to Eversman.

“Some of the regulators are horrified when they find out that tactics are going on that they are not aware of,” she says.

Under the statehouse dome, citizen-legislators may be owners of hardware stores and the like rather than professional politicians — especially in jurisdictions with term limits. Thus they are frequently unfamiliar with body shop and insurance industry issues. Eversman sees this as a prime opportunity for collision repairers to provide these officials with the necessary education, particularly when it is presented with a pro-consumer protection point of view.

“The insurance regulators must be receptive to what the industry has to say because it impacts consumers,” Eversman says, citing the state of the economy and its effect on family finances. “This is a time when insurance departments will be far more willing to listen to repairers.”

Also, under policies now mandating “thou shalt use a DRP shop because you’re getting a discount off your premium,” there are questions arising over bearing responsibility for guaranteeing the quality of work being done, according to Eversman. “There is a pretty big body of case law. If insurance companies control selection of the shop, the insurer has equal liability with the repair.”

Courtesy of Automotive Body Repair News

INVESTIGATOR’S REPORT

The following is a 2008 year-to-date recap of activities:

Shop Visits	608
Renewals	44
NOV	122
New Shop Applications	49
Complaints Investigated	70 (involving 75 shops)
Prosecution Action Pending	302
Shops Located “Out of Business”	73

“Consumers should have the ability to make informed choices regarding the repair of their vehicles,”

LEGISLATIVE UPDATE

Shop owners must get involved with pending legislation if they intend on making a positive impact on our industry. Contact your local lawmakers. Each year there are numerous issues that arise. Issues that have an effect on the small businessperson. Nearly everyday, a shop phones our office and wants to know what they can do to improve problems plaguing the shop owners. If you contact your legislators, and have your regular patrons do the same, you can make a difference. Let them know where you stand on the issues, and let them know you are tracking the legislation through the process.

Director Greene

Nothing new to report.

Director's Comments

I hope the end of the summer finds everyone rested and well. As schools open back up for the fall season, we should ever be minded of the children walking in the early morning hours, crosswalks and school bus stops. Safety and patience can never be over emphasized when it comes to our kids.

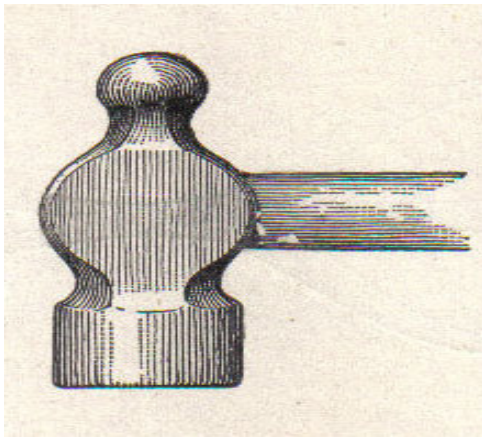
Passing a stopped school bus while they are loading or unloading children can put many in needless danger. It can be a costly move, even if it does not result in an accident. Passing violations are reported to local authorities for further investigation. On the first offense, fines and penalties can be as high as \$500, 30 days in jail, and suspension of your drivers' license. Obviously, that will result in high risk auto insurance. School bus drivers are trained to get vehicle and driver descriptions. Many are able to record a license number. It's one of the few violations that police do not have to witness themselves.

Impatience can have a lasting effect on many lives. Everyone would be better off if we just take a couple of steps back, and realize being five minutes later than we would have been is not that dramatic in the big scheme of things.

Should you have any questions, please feel free to contact my office.

Michael R. Greene
Executive Director

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COLLISION REPAIR CONFERENCE - SEMINAR SERIES

Hosted by
ASC of KY & USACP

**“How To Take Control of Your Business
FREE of Third Party Interference”**

Presented by:

The Coalition for Collision Repair Excellence (C.C.R.E.)

WWW.THECCRE.COM

WHEN: OCTOBER 10 & 11, 2008 {8 am - 5 pm both days}

WHERE: Holiday Inn Cincinnati Airport Hotel - Erlanger, Ky.

Thursday Night - Oct 9

Socializing on the Upper Terrace with conference attendees

Speakers Friday - Oct 10

Tony Lombardozzi, Pres. of C.C.R.E.

On “Estimating for Profit”

Bob Collins, Wreck Check of Boston &

Rick Dotterer, Director of C.C.R.E.

On “Profit from Paint & Materials”

Steve Behrndt, Director of C.C.R.E.

On “Importance of Job Costing”

“Open Discussion & Answer ?’s”

Speakers Saturday - Oct 11

Erica Eversman, Chief Counsel -

Information Services, Inc.

On “Legal Documents Necessary for

Shop Owners & Consumers”

Dennis Becker, Legal Counsel for USACP

Documents will be discussed/reviewed

“Round Table Discussion & More”

[No Reservations accepted after Sept. 25](#)

COST: Conference, Hotel, Meals

\$665.00 before Sept 20, 2008

\$775.00 after Sept 20, 2008

{Price includes seminar, 2 nights

hotel room and 2 meals/day}

To register on line, go to:

www.ascky.org

Phone: 1-877-548-4284 Or 513-724-8444

SEATING LIMITED TO 150 PEOPLE