

Our Industry Issue Brief:

Our Industry, the Collision Repair Industry, has been under attack by the Insurance Industry for 75 years.

It has reached the point that insurers are mandating unsafe repair processes, requiring used and non-OEM parts inappropriately that places vehicle owners and their families at risk. They are using "Strong Arm" tactics to intimidate and pressure collision repair professionals, and vehicle owners to comply with their demands just to improve their profits.

Background:

Slightly over 50 years ago the Attorney General of the United States, Robert Kennedy, investigated these issues and found them to be true and illegal. He constructed the 1963 Consent Decree to establish what the proper relationship should be between Body Shops and the Insurance Industry. In lieu of further prosecution, the insurance industry agreed to its terms and over 200 insurance companies and their trade associations signed the decree agreement. However, for whatever reasons, assassinations and/or other Country concerns, the decree was almost forgotten.

Beginning in the early 1990's, the insurers began a much more strategic invasion upon the repair industry, and created their own network of repairers. At first, the programs, Direct Repair Programs (DRPs), were a benefit to the customer, the shops, and the insurance companies by streamlining the claims process, and reducing inefficiencies.

Beginning in the late 1990's through the early 2000's, insurers had "hooked" most shops on their DRP model, they began to "squeeze" shops to increase their profits. During this next decade, they began suppressing labor charges and market rates with invalid and tampered surveys, they influenced estimating system providers to reduce times in their systems the industry is required to use, and began to refusing to pay for necessary operations to ensure safe and complete repairs.

Since 2010, the insurers are attempting to control parts distribution by funding development of online parts procurement systems, and mandating its use by repairers in their network. The primary goal of this initiative is to lower their costs with a nationwide "e-bay" system. This has prohibited shops to use vendors they have established locally and may have done business with them for over 25 years. This has also created major repair issues due to delays in receiving the needed parts from out-of-state vendors, as well as quality issues that come along with having no prior vendor relationship established. With this mandate they have increased their demand for used and non-OEM parts for repairs inappropriately that place vehicle owners and their families at risk. They continue to demand the installation of used untested suspension system parts which may be in direct violation of written auto manufacturer's repair guidelines.

In the last two years, insurers have begun to create their own towing networks, sourcing of paint and shop materials, and paint-less dent repairers. They are attempting to control the entire repair process without accepting the liability for the repairs ... which is clearly outlined by law, and in their network agreements, as solely the repairer's responsibility.

From all these intrusions, insurers are continuously pressuring repairers, and vehicle owners to comply to their demands. They intimidate repairers to skip important steps in the repair process, or do them for free. They mandate usage of inferior parts against the professional judgment of repairers as well as manufacturer guidelines. Vehicle technology is moving very rapidly, these intrusions are on a collision course to disaster for vehicle owners. From these pressures, collision repair businesses are closing, caused by insurer "steering". More jobs will be lost, and consumer lives will be in jeopardy.

Your Support Needed:

We are asking for your support to assist us in restoring the public policy that was decreed in 1963, and to reestablish the proper balance between the collision repair industry and the insurance industry ... so the vehicle owners always receive a safe and proper repair, and small business is not eliminated.

The IABA believes, as other associations and leaders, all repair decisions should follow manufacturer guidelines, the repairer only (in accordance with the vehicle owner) determines the appropriate parts to use, their vendor selections, and that business processes should not be interfered with by the insurers. The collision repair professionals who work on these vehicles, and have been entrusted by the vehicle owners, must be allowed to make correct repair decisions for their customer's safety and well being.

Thank you for your consideration

Tony Passwater, AAM
Director - IABA

PO Box 532364
Indianapolis IN 46253
T: (317)290-0611 x101
F: (317)290-0633