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## **Insurance Company Abuse - SCRS Members Identify Some Disturbing "Trends"**

*Prosser, WA, February 18, 2008* - The Society of Collision Repair Specialists (SCRS) has been monitoring for some time the actions of a number of insurance companies and how their processes and procedures have affected collision repairers, and ultimately their customers. During this review, SCRS has determined that it is in our membership's best interest to offer our position as it relates to what we view as questionable (at best) business conduct by those insurance companies guilty of these actions.

SCRS recently commissioned a survey of its membership, and during this survey process, a considerable amount of input was received from member and non-member repairers from all over the country. It is with this information that SCRS has based the following position.

SCRS can not accept any actions from any segment of the industry that exhibits blatant disregard for its members. SCRS members are made up exclusively of collision repair shops from across the United States. In our opinion, blatant disregard includes, but is not limited to, the following:

- **Deceptive referral practices of a malicious nature.** *Utilizing language and word tracks that cause the consumer to question the quality, services and integrity of any repairer that is not a part of an insurers' Direct Repair Program (DRP) or "referral" program.*
- **Disparaging Statements.** *It has been reported to SCRS that there are some insurance company employees making disparaging remarks to consumers in an effort to apparently "steer" them to one of their DRP, referral or concierge-type shops. In our opinion, this is in clear violation of the laws in place in many states that prohibit an insurer from steering customers to a specific repair facility.*
- **Secondary steering tactics.** *It has also been reported that there are various field appraisers that often-times write a repair estimate that is as low as 50% of what the repair shop has written. When the consumer is given this information, their immediate reaction is: "What do you expect me to do with this, it is only half of what XXX shop needs to fix my car?" Apparently some of those field appraisers readily respond with, "If you go to XXX shop (Their company DRP, referral or concierge-type shop) they can fix your car for our figure." In many cases, the end cost is equal to or greater than the original shops estimate.*
- **Vague and Ambiguous remarks about repair "delays".** *It is reported that various insurance company employees have time and again insinuated, or worse*

yet, stated to a consumer that the repairs will take longer if they are NOT done at one of their DRP, referral or concierge- type shops.

- **Refusal to reimburse for proper repairs.** *Certain field appraisers have apparently developed their own terminology, as well as redefining, what a "proper" repair is. As it relates to an area of the vehicle that may not be visible without removing a trim panel or floor covering, it seems as though various field appraisers have made the determination that finish work on a "Non Appearance Panel" is not necessary. In our opinion, this goes firmly against the contract language which calls for the repairs to be made to "pre-accident function AND appearance."*
- **Misleading service offerings or insinuations in the name of consumer service.** *There are a number of insurance programs where the consumer is duped into utilizing the insurers DRP, referral or concierge-type program which leaves the consumer with little to no information as to where the vehicle will be repaired, what the amount of the repairs will be, the methodology of the repair, etc. It is our opinion that the owner is left with little or no say in any of these important decisions. We are gravely concerned that through all of their marketing efforts, some insurers have convinced the state insurance departments or regulatory bodies that this very process brings value to the consumer, when in reality, the recent surveys by SCRS as well as J.D. Power and Associates indicate otherwise.*
- **Database manipulation and representing it as 'market acceptable processes'.** *The manipulation of the databases used in the various estimating guides is a practice that cannot be tolerated. At least one insurer has convinced one information provider to alter their system to default to an arbitrary figure of 50% of the actual refinish time required for a proper repair. This is all without merit, and goes firmly against the vast research and posted times developed through time studies and other means by the information system provider.*
- **Intimidation techniques and threats to keep DRP, referral or concierge-type shop operators from discussing the details of the various programs.** *It is reported that some insurers seemingly intimidate their participating shops from discussing the values and faults of the programs through the fear of retribution. Repairers have stated that they fear losing work by discussing these unfair practices surrounding the questionable repair methods used by many of the inexperienced appraisers and adjusters handling these claims.*
- **Utilizing inexperienced claims staff to negotiate repair hours and methods based on a consumer's loss.** *It is reported that there are insurers employing a significant number of inexperienced claims personnel. This causes serious delays and issues when trying to negotiate a fair claim settlement between an inexperienced claims adjuster and an experienced collision repairer. The tactics employed by these inexperienced staff members causes production delays for the repairer, parts issues and overall increased cycle time which lowers customer satisfaction due to obvious missed or ignored items.*
- **Denigrating a collision repairer because of the lack of a DRP, referral or concierge-type program relationship.** *Based on our discussions with multiple repair facilities, some insurance personnel seemingly employ tactics and word*

*tracks to leave doubt in a consumer's mind as to the quality of the shop when they are not a participant in one of their DRP, referral or concierge-type programs. These word tracks include such verbiage as: "Due to your decision to take your car elsewhere from our network, you may encounter delays and incur additional repair costs or rental car expense that we will not be responsible for."*

- **Prey on the consumer's lack of knowledge in their rights or repair expectations to gain leverage against the informed repairer.** *The vast majority of consumers do not have the skills or experience needed to make sound collision repair decisions without guidance and input. Unfortunately, it appears as though some insurers take this situation and use it in their favor. The end result is a consumer who is coerced into a situation that may not be in their best interest. In fact, if repairs are done in a substandard way, the consumer is often times at a loss on how to rectify the situation.*
- **Unnecessary delays for estimate completion and authorization.** *Some insurers are reported as having their adjuster or appraisers come out and inspect the vehicle and write an estimate. In many cases, it appears as though those adjusters have no authority (or possibly don't have the skills needed) to write an accurate or complete estimate of the damage. Shops must go through several layers of management in order to get simple required procedures that are missed on the estimate. Our members also indicated that to completely fix the vehicle, they must write many supplemental increases because the original insurer's estimate was grossly incomplete.*
- **Refusal to negotiate in good faith.** *Some insurers have been noted to arbitrarily state that repair market conditions prohibit reimbursement for certain procedures, labor rates and other required work (without a proven valid survey performed in those market areas). This appears to merely be a negotiation tactic on the part of these insurers, to not properly reimburse the repairer for the required work. In particular, there are some insurers that grossly disregard the vehicle manufacturers' repair procedures and recommendations, and in fact, have flat out refused to reimburse for those procedures frequently.*

In conclusion, it is both a belief and concern of SCRS that there are some insurers (or their representatives) that have utilized word tracks and their size to influence or intimidate consumers into utilizing their programs or to follow their misleading direction. It is unfortunate that seemingly these insurers have no consideration for ensuring their customers receive quality, cost effective repairs and instead convince unsuspecting consumers to accept what has been proven in many cases to be inferior repairs for what appears to be driven by price-only decisions. In fact, there are a number of instances where insurers have purchased a "repaired" vehicle back from a consumer in order to minimize the issues that improper repairs (from their recommended shops) and the refusal to pay for needed operations has seemingly caused.

SCRS fully supports those repairers that have invested in the efforts of bringing to task perpetrators for their unacceptable tactics and gross disregard for proper repairs. We fully support any repairer who stands up for what they believe has been an injustice to their business, such as what North State Custom from Bedford Hills, New York alleges in their

lawsuit against Progressive Insurance Company. In our opinion, it is totally unacceptable for any industry segment to utilize "bully" tactics in an effort for their own gain. Specifically, in our opinion, it is the **OBLIGATION** of **ALL** insurance companies to make their insured's as well as their claimant's whole after such a loss. This means that they must fully compensate those directly involved to ensure a cost effective, high quality and timely repair be performed.

SCRS is extremely disappointed in the tactics of a select few and fully recognizes that there are a large number of insurers and repairers alike that work together each day to ensure the goals of high quality, timely and cost effective repairs are performed.

As has been offered a number of times, **enough is enough!** If you feel that any insurance company is employing any of the tactics outlined above, it is your responsibility to put a stop to it. Do **NOT** accept this type of behavior!!! You should all support those that have taken on the challenges of fighting for what is right on your behalf.

Through its direct members and 34 affiliate associations, SCRS is comprised of 6,000 collision repair businesses and 58,500 specialized professionals who work with consumers and insurance companies to repair collision-damaged vehicles. Additional information about SCRS including other news releases is available at the SCRS web site: [www.scrs.com](http://www.scrs.com). You can e-mail SCRS at the following address: [info@scrs.com](mailto:info@scrs.com).

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