

CRASH network

January 22, 2018 · Vol. 25, No. 4 www.CrashNetwork.com

Percentage of shops charging insurer
20% or more mark-up on towing that
are part of that insurer's DRP...

State Farm	43%
USAA	22%
Liberty Mutual	22%
Nationwide	22%
Farmers	16%
Allstate	15%
Geico	12%
Progressive	12%

Source: *Who Pays for What?*

*** WHO'S GETTING TOWING MARK-UP?:** Nearly six out of 10 shops say they are charging no mark-up on towing according to the past three years of "Who Pays for What?" surveys in which the question was asked. In all three years, the response also is strikingly similar across all eight insurers covered in the survey: Almost two-thirds of shops are charging no mark-up on towing no matter which of the insurers is involved in the claim. But this doesn't appear to be driven solely by direct repair

agreements given some significant difference among insurers when breaking out responses based on shops' DRP status with that insurer. Of those shops charging State Farm 20 percent or more mark-up on towing, for example, 43 percent are DRP shops for State Farm.

At the other end of the spectrum, just 1-in-10 (12 percent) shops charging Progressive or Geico a towing mark-up of 20 percent or more are DRPs for those insurers. Among three other insurers (USAA, Liberty Mutual and Nationwide) more than 1-in-5 of the shops (22 percent) charging 20 percent or more mark-up on towing are DRP shops for those companies. So as with every other "not-included" operation covered in the survey series conducted by Collision Advice and *Crash Network*, the response indicates no insurer universally pays mark-up on towing, while likewise no insurer refuses to pay mark-up on towing, even to shops that are part of that insurer's DRP. Towing mark-up appears to be more dependent on repairers rather than insurers. One shop in Maryland, for example, commented in the survey that, "Everyone refuses to pay mark-up on tow bills." Yet a shop in Oregon commented, "Most carriers tell us they don't pay mark-up on tow bills. However we bill them mark-up each time and they pay it most of the time even when they claim they don't pay it." Interestingly as well, the data shows that shops tend to charge every insurer they do business with the same amount of mark-up. If they charge Geico no mark-up, they generally aren't charging any insurers a mark-up on towing. Likewise, there are shops charging all eight insurers a 35 percent mark-up on towing. Shops with a range of different mark-up percentages among the insurers are in the minority. Whether a shop is charging no mark-up or 35 percent mark-up, a whopping 78.1 percent of them charge the exact same percentage for all eight insurers.

*** 'I-CAR CLAIMS' ON WEBSITES:** An East Coast *CRASH Network* subscriber said two of his closest competitors are promoting themselves as "I-CAR Gold Class Professionals" on the shops' websites, yet the [I-CAR Gold Class search engine](#) doesn't list them as currently holding that designation. I-CAR's [published policy](#) regarding Gold Class makes it clear that, "If a business loses Gold Class qualification, I-CAR will notify [the business] of such loss of qualification and request branded materials to be returned/removed" within 10 days. "If [the] business does not comply, additional enforcement steps will be taken, up to and including legal action," the I-CAR policy states. To get some indication of how widespread misuse of the I-CAR designations are, *CRASH Network* randomly chose a subscriber (one that has earned the Gold Class designation) and checked the websites of the 10 closest shops that are not listed on the I-CAR website as having earned Gold Class Professionals status. Of the 10 shops (all located near Austin, Texas), five make no mention of I-CAR on their websites. Four of the others either [include the I-CAR logo](#) (which appears to violate I-CAR's [published logo guidelines](#)) or make reference to employing "[I-CAR-certified technicians.](#)" (I-CAR has generally said it "trains" rather than "certifies" technicians.) The owner of one of those shops, when asked what the term means, responded simply that, "Repair certification classes have been completed." One of the five shops, however, goes further and specifically states on its [website](#) that it is "I-CAR Gold Class certified," a claim that is not supported by the I-CAR Gold Class shop locator. An I-CAR spokesperson said anyone with concerns about "a shop misrepresenting their business as Gold Class" should contact I-CAR's customer service team. "I-CAR takes the use of the Gold Class logo seriously, and has an established brand enforcement process to ensure the proper use of the Gold Class logo," the spokesperson said.

*** I-CAR OFFERS IN-SHOP TRAINING ASSESSMENTS:** Speaking at the Collision Industry Conference (CIC) last week in Palm Springs, Calif., I-CAR CEO John Van Alstyne said his organization now offers "in-shop knowledge assessments," to help a shop owner or manager gauge on a technician-by-technician basis which I-CAR courses would be useful and which would be redundant. Van Alstyne said one barrier his organization sees to getting more technicians to I-CAR training is shop management that believes, "We don't need to train because my guys already know it." With the in-shop knowledge assessment, I-CAR will come onsite and interview technicians to determine which classes in I-CAR's "ProLevel 1" would be redundant for some or all of the shop's technicians. "If the technicians know it, they get credit for it," Van Alstyne said. "If the technicians don't know it, the shop manager or owner gets a report on what they don't know. They also get a prescription, if you will, for the training that would close the gaps." Such an assessment can save the shop and its employees time, Van Alstyne said, because a 20-minute (on average) assessment could eliminate the need for a 3-hour I-CAR course taken offsite. "So it really becomes a faster path to that first level Gold Class for those that do possess that knowledge," Van Alstyne said.

*** DISCUSSION OF CCC'S 'SECURE SHARE' CHANGES:** Not surprisingly, changes that CCC Information Services recently announced related to its "Secure Share" data-exchange program (CRASH 12/25/17) were a frequent focus of discussion at CIC and other meetings last week in Palm Springs. CCC Information Services in December announced that it was dropping plans for a 50-cent per-estimate fee for third-party providers (such as rental car companies, shop management system providers, CSI services, etc.) wishing to receive estimate data from CCC ONE users. It also eliminated registration fees for those third-parties, and said it would continue to allow such data transfers to be done via the commonly-used "EMS" data export file rather than requiring the use of the newer "BMS" data export file, reducing development costs or forced timelines for third-party providers to gear up to receive BMS files.

CIC Chairman Guy Bargnes said the CIC task force developed a year ago to address concerns related to Secure Share successfully fulfilled CIC's mission to bring industry stakeholders together to "discuss issues, enhance understanding, find common ground and communicate possible solutions." "This is a really great example of the difference that CIC can make when everybody is working together for a common goal," agreed ASA Executive Director Dan Risley, one of three co-chairs of the CIC task force. CCC's Mark Fincher said the changes were a result of ongoing discussions throughout last year with the task force, industry associations and customers. He said it became clear that the announced fees were going to be a barrier to entry for companies adopting Secure Share, and that those costs were going to be passed on to CCC customers. "Both of those things were not intended outcomes that we expected or wanted from Secure Share," Fincher said. "So we made the decision to eliminate those fees." It also became clear as 2017 was drawing to a close that with the announced April implementation of "Secure Share, "it was inevitable that there was going to be a potential disruption to our customers," something CCC "absolutely did not want to be the outcome of Secure Share."

Speaking at a Society of Collision Repair Specialists (SCRS) board meeting in Palm Springs, Aaron Schulenburg, the association's executive director, said most repairers in the industry "didn't and still don't understand the implications" CCC's plans for Secure Share could have had on their businesses nor "how significant CCC's decision to reverse their approach is on the future of [shops'] businesses as well." CCC's announced changes, he said, "are exactly why every collision repairer should be part of a national association." He said whether that's SCRS or another group, the changes by CCC are a case study for why every shop should be part of some "organization that can be your voice, when you're busy getting your customer's car out at 5 p.m. on a Friday, an organization that has your back and understands the concerns and understands who to communicate with and how to communicate in a way that can be effective."

Click below for a "CRASH Backgrounder" on "Secure Share."



*** CONSUMER GROUP ARGUES AGAINST BILL:** A consumer advocacy group is urging a California lawmaker to withdraw legislation (AB 1679) he's introduced that would repeal new requirements - finalized last year by the state's Department of Insurance - related to steering and collision repair labor rate surveys conducted by insurers (CRASH 8/28/17). In a [letter](#) to the lawmaker, Consumer Watchdog says such a repeal "will irreparably harm policyholders," and "potentially cost many consumers their safety or even their lives." The letter states that the proposed legislation "would allow State Farm - and all other insurers - to provide consumers with only one choice: 'You may go to one of 'our' shops, or your claim will receive 'heightened scrutiny', it will take more time to fix, you will pay more, and it will be far less convenient. In essence, do what we tell you - or else - no matter how much it may cost or harm you."

*** GEICO WANTS SUIT AGAINST SHOP TO CONTINUE:** Geico has told a U.S. District Court that Oregon-based Leif's Collision Centers is wrong when it says the insurer's lawsuit seeking to no longer do business with the shop should be dismissed (CRASH 1/1/18). Geico's lawsuit seeks to override Oregon anti-steering law and allow the insurer to refuse to do business with Leif's, alleging that continuing to do so puts Geico employees' safety at risk. In December, Leif's asked the court for a partial summary judgment, arguing that nothing in Oregon's anti-steering law "provides for any express exemption at all, let alone a specific exemption" like the one Geico is seeking. Leif's said Geico should instead seek an order halting "the violating behavior" it alleges is happening at Leif's, rather than seeking "a judicial revision of the anti-steering law." But Geico said the lawmakers who crafted Oregon's "choice of shop statute" decades ago could not have foreseen that the law "would force Geico to send its adjusters into a hostile workplace rife with threatening and intimidating conduct by Leif Hansen and Leif's Auto Collision employees." The court, Geico argues, has the right to address the issue in some way, even if it differs from what Geico is seeking. The court could, Geico cited as an example, enter an injunction prohibiting Leif's from "its threatening and intimidating tactics," and if the court also determined at trial that such an order would not be followed ("because Leif's business model is dependent on these threatening tactics"), then Geico's request to no longer do business with the shop could be deemed appropriate. But until all the evidence has been laid out at trial, Geico argues, "issuing a judgment regarding the proper remedy, or excluding one, is not possible or appropriate."

*** ASSOCIATION LEADER DEFENDS ATTORNEY:** Charlie Bryant, executive director of the Alliance of Automotive Service Providers (AASP) of New Jersey, disagrees with the shop owner who was critical of Texas attorney Todd Tracy's view that automakers should make repair information available to collision shops at no charge (CRASH 1/15/18). The shop owner questioned whether Tracy does his work for free. Bryant called Tracy "the best thing that has happened to the collision industry in quite some time," and said Tracy is using "his own money" to fund crash testing of vehicles that have had non-OEM parts installed or improper repairs completed (CRASH 1/8/18). Tracy, Bryant said, "is now providing the results to anyone who wants to see them, at no charge."

Bryant said the shop owner who was critical of Tracy "should be made aware of this to erase any doubts about what Mr. Tracy is and is not doing for free." He said if that shop owner "wants to beat up on someone, maybe he should beat up on any insurer that is limiting payment for repairs to an amount that will only cover the cost of [non-OEM] parts that are putting people's lives in danger." Tracy is the lawyer suing State Farm over its alleged role in the repair of a vehicle that led to a \$42 million judgment against a shop.

Click below for a "CRASH Backgrounder" on the lawsuit.



*** ARE OEM SHOP CERTIFICATION REQUIREMENTS SUFFICIENT?:** During the panel discussion at SEMA in which Aaron Clark of the Assured Performance Network discussed the repair and resulting lawsuit that factored into his 2015 decision to sell his multi-location collision repair business (CRASH 1/15/18), Clark was asked if Assured Performance can ensure OEM-certified shops are repairing vehicles properly. "That plan is being discussed," Clark said, acknowledging that the automaker shop certification programs Assured Performance currently administers focus on whether a shop has "the tools, equipment and training" to fix vehicles properly. "We currently don't have a model that requires any post-repair or during-repair inspections. However because of the recent circumstances, there is dialogue that is happening at a high level. Honestly, [we want] to make sure that the consumer is protected."



Question? Comment? Idea? Need to update your email address? Click [here](#).

CRASH Network
published by Image Output
edited by John Yoswick and Chuck Cogan
P.O. Box 6091
Portland, OR 97228
(503) 335-0393
Email: info@CrashNetwork.com
Website: www.CrashNetwork.com

© CRASH Network is copyrighted. Any reproduction or redistribution - by e-mail or other means - is a violation of law and strictly prohibited without the explicit permission of Image Output. This prohibition extends to sharing this publication with clients or affiliate companies. For subscription or other information, visit our website.