

Autobody shops test insurer's mettle

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Connecticut Post

06/19/2007

Thornton Scott said he's seen a change in the past four years.

Auto insurers want their customers going to their contracted auto repair shops.

"They tell the customer if they leave the car with me, they are not going to guarantee the repair and that it could be three to four weeks before I start on their car," said Scott, who is a co-owner of Family Garage, North Avenue, Bridgeport. "That's garbage."

Still Scott said he's running 50/50 with the number of customers lost because of this policy. "The cost is pretty astronomical," added Scott, who said he has documentation of this.

Family Garage, along with A&R Body Specialty in Wallingford, Skrip's Auto Body in Prospect and the Auto Body Association of Connecticut, based in Hamden, filed what they hope will become a class-action suit in federal court against Progressive Insurance Group and its various subsidiaries. The suit is assigned to Senior U.S. District Judge Warren W. Eginton in Bridgeport.

It charges Progressive with violating the state Unfair Trade Practices Act and unjust enrichment.

"They're the biggest bully on the block," claims Thomas Bivona, president of the 200-member Auto Body Association of Connecticut. "If you were to pick up the national yellow pages, randomly point to any auto body shop in that directory and ask them who is the most difficult insurance company to do business with they will tell you it's Progressive. They don't want to pay the proper costs."

Progressive maintains a regional assessment center in Milford.

This suit is similar to one filed last year against The Hartford.

The suit accuses Progressive, its appraisers and its claim handlers of steering its insured away from independent body shops to those that contract with the company. The suit alleges that the employees tell customers a claim may not be paid and is not guaranteed unless it is performed by one of its repair shops; that the insured will receive a discount off the deductible by using a contracted shop; and that the work may take longer at an independent shop.

"It's gotten progressively worse in the past three to four years," said Scott. In 1963, the U.S. Justice Department brought suit against 265 insurance companies seeking to enjoin them from fixing, establishing, maintaining or controlling prices to be paid for the appraisal of damage or to be charged by repair shops. A consent decree was reached in which insurers agreed not to fix, establish, maintain or control repair costs or direct business to certain repair shops.

Scott points out that state law allows a customer to have his or her car repaired at the shop of their choice.

The suit further charges that Progressive has imposed a labor cap of \$46 per hour on its direct repair shops compared to the more than \$70 per hour labor charge at independent shops.

"What Progressive is doing is trying to create an HMO for auto body work," said Scott.

Bivona claims the state could pick up \$95 million in sales and income taxes if the insurance industry paid repairers the proper costs.

"That money would be regenerated in the state through the repair shop employees rather than going into the insurance companies' pockets," he said.

Instead, he said 52 auto body shops closed in the past three years. Cristy Cote, a spokeswoman for Progressive, said the company does not comment on pending lawsuits.

"While we clearly outline the choices available to the customer, we're not shy about telling them about the benefits of our network program."

She said, based on surveys, customers who have chosen the network program "have a better experience and are more satisfied than those who don't. "The bottom line is: it's the customer's car; it's the customer's choice — always," said Cote.

She said Progressive writes repair estimates the same "whether a customer chooses a network shop or a non-network shop. We pay the prevailing rate for getting vehicles repaired in a given market."

Cote said the repair cost factors in the part prices and the time, as well as labor costs.

"If our estimate is different from a shop's estimate, we discuss the difference with the shop and work to reach an agreed price for repairs," she said.