The following article was published in these four newspapers:

Connecticut Post (Bridgeport)

The Advocate (Stamford)

The News-Times (Danbury)

Greenwich Time (Greenwich)

The Hartford hit with $20 million in damages

By Rob Varnon

Published on the Internet June 10 and in print on June 11, 2013

The Hartford was hit with $20 million in punitive damages for allegedly fixing prices when paying to repair cars in Connecticut.

"We are disappointed in the ruling and plan to appeal," Thomas Hambrick, a spokesman for The Hartford, said in an email.

State Superior Court Judge Alfred J. Jennings Jr. handed down the penalty Friday, nearly a decade after the Auto Body Association of Connecticut filed suit against The Hartford.

The judge said the award was meant to send a message to The Hartford and other insurers that violating fair trade rules would not be tolerated. The punitive damages come on top of $15 million a jury awarded the auto body repair shops in 2009, money that still hasn't been paid.

"We haven't collected anything," said the repairmen's lead attorney David Slossberg, of the Milford firm Hurwitz, Sagarin, Slossberg and Knuff.

He said the team of attorneys expects this case will be appealed to the state Supreme Court, but also feels strongly the judge's rulings will stand.

"This is a win for all those guys who think they can't push back against the big insurance companies," Slossberg said, adding he believes it's the biggest award ever for violating the state's Unfair Trade Practices Act.

More than 500 auto body shops might be eligible to collect should the insurer's appeal be rejected.

The auto body shops claimed The Hartford was getting a discount rate from a network of direct repair shops which agreed to lower labor rates in exchange for high volume. But the Connecticut Auto Body Association said The Hartford also attempted to pressure independent shops to lower their rates by having the insurer's in-house appraisers use a uniform labor rate to estimate what repair costs would be covered.

But labor rates are not uniform across the state, Slossberg said, and the rate The Hartford used was low, at $50 an hour.

Slossberg, who teamed with Westport-based Attorney Alan Neigher and lawyers from the New York firm Bernstein Liebhard, said The Hartford should have used a higher rate that was more comparable to the rates of mechanics, which are about $90 an hour.

Labor rates for auto body shops are not set by law.

Fees for the lawyers will be set later, according to Slossberg, who noted they have worked on this case for 10 years without collecting any fees.

He said there is a bigger issue here, however, because the activities of The Hartford have hurt some small businesses.

Slossberg said prior to the first insurance company creating a network of preferred repair shops, auto body businesses were making a 6 percent profit. Today, they're at 2 percent, he said.

In Connecticut, the shops have a lot of expenses related to equipment and environmental regulations, Slossberg noted, and the shops need to pay for talent.

"They're craftsmen," he said.

Tony Ferraiolo, president of the ABAC and owner of a lead complainant, Wallingford-based A&R Body Specialty, said despite the wins, insurers don't appear to be getting the message.

"We certainly feel great about the judge's decision," he said. "We don't feel very good about The Hartford actually doing what they court has put in place."

Besides the payments, The Hartford was issued a cease-and-desist order related to its appraisals.

But Ferraiolo said he's not seeing any changes in the way it and other insurance companies are settling bills. He said sometimes shops are being paid at lower labor rates, and the shops then have to take the insurer to small claims court. Besides The Hartford, ABAC is also suing Progressive in U.S. Federal Court regarding similar claims.

Shares of The Hartford gained 24 cents to close at $30.74 in Monday trading.

The Connecticut Law Tribune

Class Of 1,500 Auto Body Repair Shops Entitled To $20M In Punitives

By THOMAS B. SCHEFFEY
June 10, 2013


David Slossberg

In what is believed to be the largest unfair trade practices award ever issued in Connecticut, a Stamford complex litigation judge has awarded $20 million in punitive damages to a class of auto body repair shops.

Waterbury Superior Court Judge Alfred J. Jennings Jr., in a June 5 opinion, added to the $14.7 million award a jury awarded in November, 2009, when it found the Hartford Fire Insurance Company engaged in a scheme to unfairly decrease the rates it paid for auto body repairs.

The Hartford used a group of its pre-approved "direct repair providers" which agreed to accept lower rates for a high volume of work, said plaintiff's lawyer David Slossberg, of Milford's Hurwitz, Sagarin Slossberg & Knuff. The Hartford, in turn, would not pay higher rates than the direct repair providers, and in turn put pressure on independent auto repair appraisers to write lower than market value estimates, Slossberg said.

Jennings, in a 20-page opinion, wrote that "the neutrality and independence of licensed vehicle damage appraisers has been seriously compromised, thereby diluting public confidence in their role and the respect they should be afforded as state licensees."

Thomas D. Rohback, of Axinn Veltrop, referred questions about the case to his client, the Hartford Fire Insurance Co. Spokesman Thomas Hambrick said, ""We are disappointed in the ruling and plan to appeal."

Robert Langer, of Wiggin & Dana, and a CUTPA expert, declined to comment. He is expected to handle the appeal.

Originally a class of 1,000 Connecticut body shops, Artie's Auto Body, Inc., et al v. The Hartford Fire Insurance Company, the class has grown to an estimated 1,500 shops affected. The very size of the class is an aggravating factor in determining punitive damages, Jennings wrote. It "shows the breadth and extent to the damage cause by defendant's misconduct."

The Connecticut Unfair Trade Practices Act provided remedies for economic practices that are immoral or harmful to the public, even if they violate no specific law.

Jennings took into account the "large net worth of the Harford" which was approximately $12 to $13 billion, in order to fashion an award that has meaningful "deterrent motivation."

The plaintiffs had requested punitives of $59 million, or four times the jury's award of $14,765,556. The actual award is a multiple of approximately 1.35 times the jury award.

This article originally appeared in The Connecticut Law Tribune under the headline "A Stamford complex litigation judge has awarded $20 million in punitive damages to a class of auto body repair shops. Waterbury Superior Court Judge Alfred J. Jennnings Jr., in a June 5 opinion, added to the $14.7 million award a jury awarded in November, 2009, when it found the Hartford Fire Insurance Company engaged in a scheme to unfairly decrease the rates it paid for auto body repairs. The Hartford used a group of its pre-approved "direct repair providers" which agreed to accept lower rates for a high volume of work, said plaintiff's lawyer David Slossberg, of Milford's Hurwitz, Sagarin Slossberg & Knuff. The Hartford, in turn, would not pay higher rates than the direct repair providers, and in turn put pressure on independent auto repair appraisers to write lower than market value estimates, Slossberg said. Jennings, in a 20-page opinion, wrote that "the neutrality and independence of licensed vehicle damage appraisers has been seriously compromised, thereby diluting public confidence in their role and the respect they should be afforded as state licensees."

The Commercial Record

Tuesday, June 11, 2013, 9:11am

The Hartford Ordered To Pay $20M In Damages

A Stamford Superior Court judge this week ordered The Hartford to pay $20 million to Connecticut auto body shops in punitive damages resulting from a 2003 lawsuit charging the insurance giant with unfair business practices in violation of state law.

According to a lawsuit brought by the Auto Body Association of Connecticut, The Hartford artificially suppressed body shop labor rates by exerting undue pressure on its appraisers. Consequently, consumers did not get fair and independent appraisals of the damage to their vehicles, the association said.

The superior court in 2006 certified the lawsuit as a class action on behalf of approximately 1,500 auto body shops in the state. That certification was supported by the Connecticut Supreme Court in 2008 after The Hartford appealed.

In 2009, a jury agreed with those charges and ordered the insurance company to pay $15 million to the trade group.

Judge Alfred Jennings, acting as the trial referee in the case, ruled that in addition to the $15 million jury verdict, The Hartford should pay $20 million in punitive damages. He said he also will award the association attorneys' fees.

"The punitive damages award is intended not only to punish The Hartford for its unfair trade practices, including what the court cited as The Hartford's intentional efforts to conceal its conduct from regulators and the public, but also to deter all insurance carriers in the market from engaging in the same unlawful conduct," Attorney David Slossberg of Hurwitz, Sagarin, Slossberg & Knuff, of Milford, co-counsel for the Auto Body Association, said in a statement. "The court has placed the entire industry on notice that forcing their appraisers to violate the code of ethics by writing estimates at unreasonably low labor rates must stop."

Though Slossberg said in the statement that he expects The Hartford to appeal the decision, he anticipated the case would be completely resolved over the next 12 to 18 months.

Insurance Capital | Hartford Courant
News, Conversations & Links

State Auto Body Shops Awarded $20 Million In Case Against The Hartford

BY MATT STURDEVANT ON JUNE 10, 2013

A Superior Court judge awarded $20 million in punitive damages — in addition to nearly $15 million previously awarded by a jury in compensatory damages — to Connecticut auto repair shop owners in their 10-year legal battle against The Hartford.

The Auto Body Association of Connecticut, which comprises more than 1,000 auto body shops, filed a lawsuit in 2003 against Hartford Fire Insurance Co., which is part of The Hartford Financial Services Group.

The association alleged that The Hartford engaged in a pattern of unfair and deceptive acts and practices, violating state law, by steering customers who had been in a crash to certain preferred auto body shops. The lawsuit also alleged that The Hartford provided incentives to its appraisers to establish artificially low hourly rates for auto body repair work.

On Nov. 17, 2009, a jury hearing the case awarded $14.77 million to the auto body association, saying that the insurer engaged in a practice that resulted in a loss to the repair shops. Superior Court Judge Alfred J. Jennings Jr. added $20 million in punitive damages in a ruling on June 5.

The Hartford's spokesman, Thomas Hambrick, said: "We are disappointed in the ruling and plan to appeal."

None of the money has been paid to auto body repair shops yet. At the end of the legal process, there will be a fund of money that includes the $14.7 million in compensatory damages and the $20 million in punitive damages, said the auto body association's attorney, David A. Slossberg of the firm Hurwitz, Sagarin, Slossberg & Knuff in Milford.

“In most class actions, when you have a common fund like that, you then allow each member of the class to apply and there will be a process that will be set up to distribute the money to members of the class,” Slossberg said.

Ultimately, payment will depend on whether The Hartford wins an appeal.

Associated Press story as published in Waterbury *Republican-American*

June 11, 2013

Insurer ordered to pay $20M to auto body shops

NEW HAVEN -- A judge has ordered The Hartford insurance company to pay $20 million to auto body shops for an unfair trade practice related to hourly labor rates for vehicle repairs.

The judge's decision last week for punitive damages is in addition to a jury award of nearly $15 million reached against the company in 2009.

The Auto Body Association of Connecticut alleged The Hartford pressured its in-house appraisers to put artificially low labor rates in their appraisals. The jury found the company's practices regarding hourly rates paid for auto body repairs were unfair, and the judge said the company tried to cover up its conduct by instructing employees not to write anything down about labor rates in favor of off-the record conversations.

"The punitive damages award is intended not only to punish The Hartford for its unfair trade practices, including what the court cited as The Hartford's intentional efforts to conceal its conduct from regulators and the public, but also to deter all insurance carriers in the market from engaging in the same unlawful conduct," said David Slossberg, attorney for the Auto Body Association. "The court has placed the entire industry on notice that forcing their appraisers to violate the code of ethics by writing estimates at unreasonably low labor rates must stop."

Slossberg said he believes it's the largest punitive damages award under the unfair trade practices law in state history.

The insurance company is disappointed and plans to appeal, said a spokesman, Thomas Hambrick. The company contends its conduct was not improper.

The case involves about 1,500 shops in Connecticut.

"This shows the breadth and extent of the damage caused by the defendant's misconduct," Stamford Superior Court Judge Alfred J. Jennings Jr. wrote.

The judge concluded The Hartford "knowingly and purposefully for the enhancement of its own profits engaged in conduct in willful or reckless disregard" of the rights of its appraisers to conduct independent appraisals of damage to vehicles. That had the effect of suppressing hourly labor rates paid to the body shops and led to lost revenue, he said.

He also issued an injunction prohibiting the company from interfering with the independence of its employee appraisers or from threatening them with adverse employment consequences based on their determination of labor rates.