

The \$40 million head-on

Body shop vs. Progressive

By BRYAN F. YURCAN

When an insurance company tells you after an accident which body shop to go to, you might not think twice about it.

But Greg Coccaro Sr. is trying to change all that.

The president of North State Custom in Bedford Hills is seeking more than \$40 million from Mayfield Village, Ohio-based insurance company Progressive Corp. and claiming that its "Direct Repair Program" (DRP) is in violation of New York state law.

DRP is a program used by most large auto insurance companies where the company suggests its drivers take their cars to one of the insurer's preferred repair shops.

Coccaro contends Progressive's use of this practice violates New York's anti-steering statute, which states that no insurer providing collision or comprehensive coverage can require repairs be made to a vehicle at a particular business.

His lawsuit is, in fact, a countersuit to a claim that Progressive brought against his shop.

That suit stems from an incident where a customer of Coccaro's wanted to have her car repaired at North State, but Progressive asked her to use one of its preferred shops.

Ultimately, she went to North State, but the Progressive estimate of \$26,000 was less than North State's estimate of \$34,000. Progressive eventually paid the bill, said Coccaro, but then two months later sued him for fraud, seeking the total amount of the bill plus an additional amount of money.

Coccaro believes the reason Progressive and other insurance companies use DRP is to steer customers to shops that will repair a vehicle the cheapest.

"I do high-quality work, the insurance company doesn't want high-quality work, they want to pay for lousy work," he said. "Every cheap method of repair goes into that kind of work."

A Progressive spokesman, Shawn Fergus, said the company does not comment on ongoing litigation.

However, according to its suit against Coccaro, Progressive claimed that the body shop engaged in fraudulent practices and overcharged for the work it did.

Coccaro has become somewhat famous in his field since engaging in the suit against Progressive.

Since a story about it was printed in a trade journal, he has received hundreds of e-mails from other repair shop owners across the country, and even one from South Africa, voicing support. One body shop owner in Iowa, typical of most of the responses Coccaro received, said, albeit crudely, "Congrats for having the balls to go after Progressive."

Coccaro said he has gathered over two years of information to make his case against Progressive. He has even included taped phone calls from Progressive employees to some of his customers as part of his evidence.

"Every aspect of Progressive's scheme is motivated by money and greed without regard for their insured, the businesses that serve their insured, and the public/consumer at large," reads a portion of Coccaro's counter-suit.

In July, state Supreme Court Judge Gerald Loehr ruled against Progressive's motion to dismiss North State's lawsuit.

"We believe that the judge's ruling is one of first impression in the state of New York and paves the way for the commencement of other actions against any insurer that engages in this type of behavior in dealing with any shop in the state," wrote Anthony J. Mamo Jr., the attorney for North State.

The New York State Insurance Department is also in the process of investigating how larger insurance companies handle claims, said Ron Klug, a spokesman for the department. He said the department had received "a number of complaints" in connection with how claims are handled.

"At that point we sent out letters to the larger insurers with some questions, such as what instructions they provide to claims agents and if they have a script for their claims reps," he said. "We're still in the process of getting replies and analyzing the responses we receive."

North State has been in business for 35 years and specializes in repairs for high-end vehicles, such as those made by Mercedes-Benz and Jaguar, said Coccaro.

He said DRP causes some drivers to get their cars repaired at shops that do a less-than-adequate job, which can be especially harmful for those driving more expensive vehicles like the ones Coccaro's shop is used to working on.

"The only way DRP can survive is because customers can be steered to the program," he said.

"I have no problem with DRP if someone doesn't know where they want to take their car, but I think 75 percent of people know where they want to go."

Coccaro is hoping his case will bring some widespread attention to DRP, and possibly bring about the end of programs like it.

"These programs should dry up," he said. "They way (an insurance company) words it to the consumer; it's coercion and it's illegal."