
Bedford Hills auto-body shop sues Progressive for \$40M

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Elizabeth Orozco/The Journal News

Greg Coccaro, owner, president and chief executive officer of North State Custom in Bedford Hills, is suing Progressive insurance company for \$40 million. He says Progressive's representatives have been violating state law by "steering" customers away from his body shop to shops in Progressive's direct-repair program - shops that he says charge less but do cut-rate work.

Doctors have long complained that insurance companies force them to reduce their fees and compromise care. Now similar accusations have come to a head in the arena of auto-body repair, and a local man is leading the charge.

Greg Coccaro, the owner, president and chief executive officer of North State Custom in Bedford Hills, is suing Progressive insurance company for \$40 million - and trying to change an industry in the process.

Coccaro said Progressive's representatives have been violating state law by "steering" customers away from his body shop to shops in Progressive's direct-repair program - shops that he says charge less but do cut-rate work. He is also accusing the insurance company of bad-mouthing his shop and smearing its reputation by suing for insurance fraud.

"It's kind of like a David vs. Goliath ... because I'm a small business and Progressive is the third-largest auto insurer in the state," said Coccaro, a Brewster resident who has had his shop for 37 years. "This suit has stirred up a lot of emotion in the industry. (Insurance companies) suppress rates, they've been doing it for years, and it's getting to a point where shops are going out of business ... because of lack of work or lack of profits."

Proceedings for the suit, which was filed in state Supreme Court in White Plains in February, are expected to start this month. The fraud trial is to begin in early 2008.

A Progressive representative said the company does not comment on pending litigation but provided a statement: "It is our practice to fully explain to customers that they are free to choose any body shop they wish to repair their vehicles. We also explain that if they so choose, they can use our network of shops. ... A shop in our network will give priority to their repair and together, with us, will guarantee the work for as long as the customer owns or leases the vehicle.

"Our network repair program has a simple objective: to make the claims process as easy as possible for customers and to provide our customers and claimants with a means to get high quality work and fast turnaround. Many drivers rely upon their insurers for advice during a time when they are upset and want to get their vehicles - and lives - back to pre-accident condition as soon as possible."

Progressive cited a national survey by Opinion Research Corp. in July in which 73 percent of respondents said it would be helpful to have their insurers recommend body shops.

Since Coccaro's lawsuit, insurance companies have been sued for steering in Arizona and Connecticut. In June, three Connecticut body shops and The Auto Body Association of Connecticut sued Progressive in federal court over its Concierge service, in which the company offers to take over the repair process for the claimant.

Many states, including New York, have anti-steering laws that say the insurer cannot require that repairs be made at a particular shop. In New York, insurance companies are not allowed to recommend body shops unless the customer asks, said Ron Klug, a spokesman for the state Department of Insurance.

Klug said his department has received about 20 complaints about steering since it started monitoring complaints in early July.

The practice of steering is widespread and can compromise quality and safety, said Rosemary Shahan, president of Consumers for Auto Reliability and Safety, a nonprofit consumer advocacy group based in Sacramento, Calif.

"About 85 to 90 percent of cars out there now have unibody (construction), and it takes a lot of skill and expertise to repair those cars properly," she said. "It takes time; it takes expensive equipment. There's a real shortage of qualified technicians who know how to do that work, and if you're in a subsequent crash that had major damage to the unibody construction, it may compromise the ability of that car to protect you in another crash."

Coccaro, whose shop is certified by Mercedes-Benz USA and other makers of high-end vehicles, said the equipment and training to repair them is expensive.

His shop's \$34,091 bill for repairing a Mercedes prompted Progressive to sue North State for fraud. The lawsuit, filed in state Supreme Court in 2005, claims the shop overcharged, "rendered false invoices" and charged for "nonexistent damage."

Coccaro denies the claims. He said the car was severely damaged in an accident and Progressive gave the owner a "low-ball" estimate of \$6,000 at the scene. "These companies ... low-ball estimates either in the hope that the insured won't get the car fixed or will feel that it's so low that they will have to go to the shop that the insurance company recommends because no one else will fix it for that price," he said.

Coccaro said the owner of the Mercedes refused to go to the shop Progressive recommended and instead called the dealer, which recommended his shop.

His lawsuit claims Progressive has been steering customers to its direct-repair program by saying "the independent shops might not be guaranteed, or fully covered, or overpriced, or that the work will be unduly delayed." It alleges Progressive has "coerced" claimants into removing their vehicles from North State by saying it will pay only 50 percent of its estimates because the shop inflates its prices.

"Once the vehicle is removed, the (direct-repair program's) final invoice for repairs is substantially similar in price (although not workmanship) as that offered by North State," the lawsuit says.

Word of the lawsuit has spread in trade magazines, and Coccaro said he has been getting calls from shop owners throughout the country and from South Africa. His lawsuit was also cited by the European auto body industry, which is trying to get similar legislation.

Coccaro said he has spent more than \$100,000 on the fraud case and \$35,000 on his lawsuit so far.