



Issue 5 – 2007

SOCIETY OF COLLISION REPAIR SPECIALISTS

Membership Newsletter

SCRS NEWS

SCRS Unveils Steering and Suppressed Labor Rate Practices

Further Validating the Industry's Call for Reform and Assistance

The Society of Collision Repair Specialists (SCRS) is issuing the following information as further validation of some of the abuses by insurance carriers in the collision repair industry. In addition, this information reaffirms the findings of SCRS' recent survey results indicating that steering and suppressed labor rates are having the most dramatic impact on collision repairers.

The following letter, provided by an SCRS member, was sent to the vehicle owner from management within one of the top ten insurance carriers in the country. SCRS has intentionally omitted the carrier's name. This issue is not an isolated incident, and the problem exists throughout the country with many carriers. We have brought this letter to the attention of senior management within this company and corrective action was taken immediately. Unfortunately, the damage has already been done.

SCRS hopes this letter serves as an example to the states' attorney generals, insurance commissioners, U.S. senators and representatives as to the types of behavior which should not be condoned. These types of messages to the consumer not only have a negative impact to the repairers in that market, but also serve as a black eye to the entire industry. The word, "unscrupulous," was used in this letter to describe any repairer in that market that charges a higher labor rate than what the insurance company arbitrarily believes is reasonable. Unfortunately, those repairers that have set out to differentiate themselves from their competition by investing in tooling, training and equipment, or that

chooses to not participate in an insurer's direct repair program, can't charge more than what this insurer felt was appropriate. The message to the consumer is clear; anyone can fix your car properly, provided they charge "x" dollars per hour.

As an association representing over 6,000 collision repairers through affiliation, we can assure you that not all shops are created equal. In fact, collision repairers need to make significant capital investments in tooling, equipment and training to be able to repair many of the newer vehicles. These investments could surpass \$250,000. Furthermore, we pose the question, "Does price fixing factor into the equation when an insurance carrier is assessing what an independent business can or can not charge for the service they provide?"

The insurance carrier further states that repairers have a "common ploy" to "inflate labor rates". That statement is deceptive at best, and libel (defamation communicated by writing, television, radio, or the like) at worst. If you were the consumer, would you choose a collision repair facility that wasn't one of the three shops the insurance carrier listed on the second page of the letter (purposefully not included with this press release)? The sad reality is that these practices are conducted in writing and verbally to vehicle owners on a regular basis. The senior management of most insurance companies does not find this acceptable, although it continues to happen. There are several reasons why this continues to occur, and the lack of significant penalties and oversight are at the top of that list.

SCRS is requesting vehicle owners and collision repairers to submit any similar examples of these abuses. SCRS is also

asking repairers to stand up for their rights by challenging any injustices in your market or to your individual repair facility. The industry is in need of change, and it starts in your own backyard. If you have information that you would like to share with SCRS, please e-mail it to danrisley@scrs.com or fax it to (708) 876-5899.