

Fighting `Steering'

Body Shops, Blumenthal Say Insurers Still Coerce Consumers

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The state's auto body shops and Attorney General Richard Blumenthal renewed their drive Wednesday to toughen Connecticut's anti-steering law, alleging that insurers are coercing customers to use repairers favored by the companies.

Auto insurers have long had a system of preferred body shops, which they say can save them money on accident claims, help keep premiums down and increase customer satisfaction. Preferred shops may agree to certain discounts for the insurer and typically must meet certain standards.

Consumers have the right to choose where their car will be fixed after an accident, but the Auto Body Association of Connecticut said insurers continue to illegally steer customers and pay inadequate labor rates to body shops.

The association also blames the state Insurance Department for not enforcing the current anti-steering law.

Insurers "skirt the language in the law" and steer to save money, association President Thomas Bivona said at a press conference at Airport Auto Body in Hartford. "They get a cheaper repair at the consumer's expense."

Association members, who have been protesting the preferred-shop system for years, say the shops may cut corners and make greater use of inferior aftermarket parts.

They say the shops may rush a repair job because if it takes longer than what an insurer specifies, the shop may have to foot the bill for the customer's additional rental car costs.

"Steering is anti-consumer, anti-competitive and anti-car safety because it rewards the insurance companies through preferred body shops but, in effect, deprives consumers of their choice," Blumenthal said.

Blumenthal said "steering can take a very subtle form" and that "all of the subtle and somewhat underhanded ways that steering is now done should absolutely be barred."

One example that Blumenthal's office provided involved Albert Cerelli of Prospect.

Cerelli said in an interview that when his parked Honda Pilot was rammed by a hit-and-run driver last fall in a parking lot, The Hartford told him to get a repair estimate at a specific shop, which he did. Cerelli said he was also told he didn't have to have the vehicle repaired at that shop, so he took it to one that he trusted that wasn't on The Hartford's list. He passed up a \$100 reduction of his deductible, which The Hartford Financial Services Group offers on some policies for using a preferred shop.

Joe Lynch of Prospect, whose story also ended up at Blumenthal's office, was a little wary of the \$100 break The Hartford offered him on his deductible after his 2004 Lincoln Town Car was in a fender-bender.

Lynch said he took the car to Skrip's Auto Body Inc. in his town because wasn't sure about the

quality of work the preferred shops would have done. Lynch said The Hartford's representative made it clear he had a choice of where to go, and he went to Skrip's because "of the quality of the work" he'd had done there in the past. Asked whether he felt coerced, he said, "I wouldn't say I really was," but added that some people might feel differently and find a \$100 break hard to pass up.

Joseph Loparco, a spokesman for The Hartford, declined to comment on the customers' experiences, but said, "Our customers are free to choose where their car is repaired."

One way of steering is for an insurer to warn a customer that it will take longer to get an appraiser to the customer's chosen shop than to a company-preferred repairer, according to state Rep. Antonio Guerrero, D-Rocky Hill.

Guerrero, co-chairman of the General Assembly's Transportation Committee, spoke at Wednesday's event in support of the proposed legislation. A somewhat similar bill was proposed last year, but didn't get very far.

Connecticut's current law says no insurer or adjuster "shall require any insured to use a specific person for the provision of automobile physical damage repairs, automobile glass replacement, glass repair service or glass products unless otherwise agreed to in writing by the insured."

Blumenthal's draft bill says no insurer or adjuster "shall request or require" a policyholder to use a specific repairer. The bill would ban "any act to influence a consumer's decision," including reducing the amount of a deductible or premium or offering additional warranties if the consumer chooses a preferred facility.

The bill would also prohibit an insurer from suggesting that using a non-preferred shop will result in repair delays, the work not being guaranteed, or additional costs to the consumer.

In addition, the bill would require auto insurers to pay labor rates to shops based on the "usual and customary rate" - what the general public commonly pays for similar repairs to similar vehicles in the same geographic area.

Local insurers Wednesday defended their preferred-shop programs.

"We always tell customers they have the choice to take their car anywhere they want to be repaired," said Jennifer Wislocki, a spokeswoman for The St. Paul Travelers Cos. "The truth is, customers ask us all the time for referrals because they simply don't know where to go."

She said that if Travelers "can help make the repair process easier by referring them to a nearby quality shop, we'll do it. It's just good customer service."

Travelers has a little less than 50 Connecticut repair shops on its preferred list, which do repairs on less than 10 percent of the company's auto accident claims in the state.

Although Blumenthal said the Insurance Department has not been enforcing the anti-steering law, the department's chief of staff, Amy C. Lazzaro, said her agency "aggressively investigates all complaints concerning steering."

"The department views conduct or requests that make it impossible, difficult or impractical to have a vehicle appraised or repaired at a location of the consumers choice, or which requires the use of a 'preferred' shop for such appraisals or repairs as a violation of Connecticut law," Lazzaro said.



THOMAS BIVONA, at left, president of the Auto Body Association of Connecticut, and Tony Cavallaro, owner of Airport Road Auto Body, are shown in the body shop; Ramon Melendez works in the background.
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Kelly Owen, left, and Tony Dellafiore apply clearcoat protection to a BMW's bumper at Cavallaro's shop.
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