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Drivers Need Protection From Unscrupulous Insurers

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The Connecticut Department of Insurance appears to be in the throes of schizophrenia when it comes to enforcing auto repair labor rate and anti-steering laws.

Steering is the practice used by many unscrupulous insurance carriers to mislead consumers into thinking they either must or should use the insurance company's preferred auto repair shop — despite the customers' legal right to choose the shop of their choice.

Insurance companies steer business to their preferred repair shops because it saves the companies money — lots of money. This is a problem because it is illegal and because the savings are gained to the detriment of consumers. Unbeknownst to most, many insurance companies have contracts with Direct Repair Program shops to repair cars in accordance with insurance company dictates. These insurer-repairer contracts, negotiated behind closed doors, result in significantly cheaper repair bills for the insurance company. It's a great deal if you're an insurance company stockholder. It's not so great if you were relying on the repair shop to restore your car to its pre-accident condition to protect your family in the event of another crash.

Unlike the incentives driving an independent repair shop (accountability and quality repair), an insurance company's contracted shop is interested in faster repairs for less money to serve the best interests of the insurance company.

Time and time again, my organization, the Auto Body Association of Connecticut, has documented that these preferred auto body shops cut corners, sometimes replacing damaged parts with untested after-market parts — parts unapproved by the automobile's manufacturer or, even worse, used parts of questionable quality. We have found instances, for example, of parts being spot-welded in preferred shops instead of being securely bolted, although the insurance company requires such bolting for a safe repair. Such shortcuts might save time and keep expenses down — but at what cost? Car owners are rarely informed that their interests and safety might be compromised.

Recently, at the request of a consumer dissatisfied with repairs done at an insurance company's preferred shop, our association inspected a car with such poor repairs it was unsafe to drive. Yet the insurance company had inspected and returned the car to the consumer as repaired and roadworthy.

To date, there have been no consequences to the company at issue despite a formal complaint to the state insurance department. Go figure.



The insurance department claims it is working assiduously on its own to inform motorists of their rights following an accident. The department is simultaneously seeking a consultant to come up with a plan to revamp and streamline its operations. Clearly, that suggests those at the top of this department believe something is lacking.

So do we.

The department just sent posters to every body shop in the state, directing the shops to display the declaration that consumers have a right to select their own body shop. The posters are a step in the right direction, but without strict enforcement, consumer awareness posters are insufficient to combat the strong-arm tactics of sophisticated insurance companies.

Despite years of complaints by members of the Auto Body Association, the insurance department has rarely found fault with insurance companies. Indeed, a senior department executive told one consumer making a steering complaint, "that's not steering. It's just good insurance company marketing." This problem has caught the attention of Attorney General Richard Blumenthal who has complained to the insurance department about steering and unfair insurance company practices designed to artificially suppress labor rates.

With a new commissioner at the helm of the insurance department, we are optimistic that fresh and enlightened management might remind the department and its staff that its obligations are to protect consumers, not insulate insurance companies.

If the laws are enforced and the insurance department finally makes good on its promises of consumer advocacy, Connecticut's driving public will benefit from a safer and more transparent repair process. Freedom of choice will be preserved. Normal market forces, not insurance company directives, will drive competition.

Tom Bivona is president of the Auto Body Association of Connecticut.

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