



The Iowa Collision Repair Association is committed to the future of the collision repair industry: to provide the leadership needed; raise the professional image of the individual and the industry. Our goal is to educate, inform, and represent the Collision Repair Professional in all aspects of the industry.

Affiliate Member of the Society of Collision Repair Specialists

Iowa DOI Finds No Insurer Wrongdoing After Investigation

Reprinted From Body Shop Business Magazine

An investigation by the Iowa Insurance Division (IID) of insurance companies that were allegedly telling consumers that they would have to pay the difference for repairs at shops that didn't charge the prevailing rate has found no wrongdoing by those insurers.

"The complaint records were checked for any consumer complaints that dealt with [this] concern," a letter from Angel Robinson, consumer advocate with the IID, read. "This was checked at the beginning of the investigation and has been monitored since that time. As of today, there are no complaints from consumers that an insurance company has required them to pay any additional costs of auto repairs outside of a deductible."

The original complaint was filed by Tom O'Mara, owner of O'Mara Auto Body in Martensdale, last March. O'Mara, who raised his labor rate to \$54 per hour due to the increasing cost of petroleum-based products, accused State Farm, Progressive and Nationwide of telling their customers that they would have to pay the difference if they chose a shop that charged over \$50.

As a result of this accusation, Robinson undertook her own independent labor rate survey of shops in Polk and Warren counties (read entire letter at www.iowacra.com) Her conclusion was that the insurer-supplied rates were comparable to the rates that came out of her own survey. Her findings were as follows:

Body & Refinish

Lowest rate: \$32
Highest rate: \$62
Most frequent rate: \$52

Mechanical

Lowest rate: \$50
Highest rate: \$119
Most frequent rate: \$65/\$75

Frame

Lowest rate: \$54
Highest rate: \$75
Most frequent rate: \$65

Paint & Materials

Lowest rate: \$28
Highest rate: \$38
Most frequent rate: \$32

Iowa law states that if an insured claims, based upon a written estimate which the insured obtains, that necessary repairs will exceed the written estimate prepared by or for the insurer, the insurer shall: 1) pay the difference between the written estimate and a higher estimate obtained by the insured, or 2) promptly provide the insured with the name of at least one repair shop that will make the repairs for the amount of the written estimate.

"All the insurance companies surveyed provided numerous repair shops for consumers to choose from that will provide repairs at the insurance companies' prices," Robinson said. "This provides consumers with a variety of options for selection. If a consumer pays anything above the deductible towards a repair, it is by their choice and it will be a conscious decision as other options are presented and available for the same results."

When Robinson asked insurers about their procedures for auto claims, in regard to the first option under the law stated above, they said they

were generally open to negotiating on prices if a consumer insisted on a particular shop.

O'Mara was notably upset with the decision.

"My rates are reasonable, too," he said. "She can say [the insurers'] rates are reasonable, yet they were telling my customers that they would have to pay the difference."

O'Mara isn't the only shop owner in Iowa who says he has had a problem with insurers telling customers they'll have to pay the difference. Bob Yeske from Bob's Auto Body in Spirit Lake says that State Farm tells him that every time he does a job for them.

"They won't pay the going rate so they take your estimate and revise it down to their rate and send it back to you," Bob said. "They then ask if you'll agree to that and if you say no, they say that they'll have to tell the customer they'll have to pay the difference. To me, it's blackmail. But I always end up accepting the lower rate because one thing that has allowed me to last 35 years is treating my customers well and making it as easy as possible for them."

State Farm spokesperson Dick Luedke said the "pay the difference" accusation is true because it is part of the contract with the policyholder.

"We make it clear to our customers that they have the right to choose where their vehicle is going to be repaired. Then we make them aware of our Select Service program," said Luedke. "If they choose a shop that is not part of our program and that shop charges a rate that is higher than the prevailing competitive price (which comes from a continuous survey of the repair shops in that geographic area), our customer, according to the terms of our contract, must pay the difference."

Luedke said all repairers, whether they're on the Select Service program or not, are free to submit their labor rates at www.b2b.statefarm.com, which is how State Farm determines the prevailing rate in a given market.

Iowa Shops Need To Work Together

When Iowa shop owner Tom O'Mara from Martensdale heard his customers telling him they were told they would have to pay the difference to take their car to O'Mara's. He said - enough is enough - and went to the Iowa Department of Insurance. DOI Consumer Advocate, Angel Robinson, conducted a survey of shops in Warren and Polk counties. The results are shown in this article from Body Shop Business. To read the entire letter, please go to www.iowacra.com. The entire DOI letter is on the Iowa Home Page. To many this is a very disappointing result. First only half of the shops surveyed responded and you can see on the diagrams the broad range of pricing. As an industry, we have a lot of work to do-together- to create a more consistent estimate for our consumer. Know your numbers, charge for what you do and do what you charge for. Be consistent and accurate. If you have comments regarding this survey and would like to work with ICRA - please email janet_chaney@iowacra.com.



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www.bobmickeycollision.com

Lynch COLLISION CENTER

810 Highway 30 W
Mt. Vernon, IA 52314
(319) 895-8676 Fax (319) 895-8648
www.lynchcollisioncenter.com

To all our customers:

We would like to clarify that Bob Mickey Collision Center is NOT closing June 2nd. The collision center is not part of the Mickey Chrysler Dodge dealership and is operated by a separate owner. Although, the collision center was once owned by my father, upon his passing, it was bought by Jim Thompson, who had been working with my father for years. To honor my dad, he did not change the name and has been serving the community for several years and will continue to do so.

It is with sadness that the Mickey Chrysler Dodge automotive business will be closing on June 2nd. Our dealership has been very successful over the past 30 years. The reason Chrysler chose to terminate our franchise agreement is a mystery. At this time, however, it is in the best interest of my family and our faithful employees to move on. Thank you for being the wonderful customers for the past 30 years. We will miss all of you and wish you the very best.

Karen Mickey

COMING EVENTS:

- June 17 MidWest Collision Industry Forum
Columbia, Mo. - www.midwestcollisionforum.com
- June 24 ICRA NESHAP Training -
Des Moines Area Community College - Ankeny
- July 28 - 29 Collision Industry Conference
Washington D.C. - www.ciclink.com
- July 30 - 31 I-CAR 30th Annual Conference
Washington D.C. - www.i-car.com
- October 22 ICRA Fall Meeting - Des Moines, Iowa

IOWA ASSOCIATION NEWS

Cedar Valley - Held a great Fun Night at the Elks Club in Waterloo May 12th.

SARA - May 12 meeting was with Dan Nickey of the Iowa Waste Reduction Center

ICAR May 18 - Overview of Cycle Time Improvements at Hawkeye Community College, Waterloo

Please contact us with your association upcoming events.
email janet_chaney@iowacra.com

SHOP LETTER ADDRESSES PARTS ISSUES:

John Arnold of Arnold's Body Shop in Davenport, Iowa, has sent a letter to more than a dozen insurance companies explaining how the shop is responding to parts issues related to GM and Chrysler's financial woes. Arnold says because of changes at its primary parts vendor, the shop's parts discount and return allowance have been cut; many parts it used to receive in 1-2 days are now taking 3-4 (or are on indefinite back-order); and the shop is now expected to pay for more parts upfront. Because of this, he wrote, the 23-employee shop will be doing "extensive tear-down" of tow-in vehicles prior to damage reporting; will be scheduling drivable vehicles based on anticipated parts delivery; may be making more temporary repairs to make a drivable vehicle safe until parts arrive; and may be using more used and non-OEM parts. He said insurers should expect to pay for more parts upfront, and for rental costs to increase. "We've been around long enough to remember what World War II was like as far as parts availability," Arnold, a second-generation shop owner, said. "I don't think it will be as significant as it was then, but my letter was to notify the people we deal with what's going on and get their expectations set." He said the response he has received so far from insurers has been positive. "If we can help more shops and insurance companies understand what's going on, it's going to make it a lot easier for our joint customers," Arnold said.



CHAIRMAN'S MESSAGE

Please let me introduce our hard working ICRA Board of Directors. If you want to participate in ICRA. Call anyone of us. Get involved.

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| Cedar Rapids | 2151 Werner Ave Ne | 319-393-0221 |
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| Council Bluffs | 3300 South Expressway | 712-366-0400 |
| Davenport | 726 Brady St. | 563-359-4031 |
| Des Moines | 5800 Fleur Dr | 515-285-9650 |
| Dubuque | 10699 Collision Dr | 563-557-2020 |
| Fort Dodge | 1639 Nelson Ave | 515-955-6375 |
| Iowa City | 1801 S Riverside Dr. Bldg D | 319-337-6615 |
| Sioux City | 3131 Singing Hills Blvd | 712-259-7443 |
| Urbandale | 2683 100th St | 515-276-1177 |



Arnold's Body Shop has been honored by the Governor of Iowa and will receive the Iowa Environmental Excellence Award for Air Quality. The award will be given sometime in July in Des Moines at the Iowa State Capital. Arnold's Body Shop converted to waterborne refinish products this last year and has implemented other environmentally safe processes into their business practices. You too can sign up for this award next year. Please go to www.iowacra.com and click on the button, Environmental Award Application.



CHESTER J. CULVER
GOVERNOR

OFFICE OF THE GOVERNOR

PATTY JUDGE
LT. GOVERNOR

May 29, 2009

John Arnold
3514 Vine St.
Davenport, IA 52806

Dear John ,

Congratulations! I am proud to present your organization with a 2008 Governor's Iowa Environmental Excellence Award in the Air Quality category. Your efforts serve as a model for the entire state and I greatly appreciate your leadership in protecting Iowa's environment.

A ceremony will be held to recognize winners, tentatively scheduled for late July at the Capitol. A formal invitation will follow.

A representative from the Iowa Department of Natural Resources, Emily Grover, will be contacting you soon to discuss arrangements. You may contact her with any questions at (515) 242-5955 or Emily.Grover@dnr.iowa.gov.

Again, congratulations! Your efforts truly exhibit the leadership and innovation important for furthering environmental sustainability in Iowa.

Sincerely,

Chester J. Culver
Governor of Iowa



Michael Jund an Instructor of auto collision repair at Scott Community College in Bettendorf, co-authored the textbook, "Collision Repair and Refinishing: A Foundation Course for Technicians," which recently was published by Cengage/Delmar Learning.



Michael Jund collaborated with Alfred M. Thomas II at Pennsylvania College of Technology, The book offers a comprehensive introduction to the collision repair profession and industry and is intended as a core curriculum resource in postsecondary courses.

Jund received a master's degree from Western Illinois University, a bachelor's degree and diploma from the University of South Dakota at Springfield.

He has attained professional credentials as a Master Technician from Automotive Service Excellence, (ASE) and is also an I-CAR Platinum Technician. He has served on the standards review board for the National Automotive Technician Education Foundation (NATEF) and served as a NATEF evaluation team leader for both secondary and post secondary programs seeking certification from the organization. He has been a contributing editor for a variety of trade journals as well.

Prior to joining the Scott Community College Teaching staff in 1972, Jund spent several years in industry as a collision repair technician and shop manager and as an instructor in auto collision repair at the University of South Dakota for 31/2 years.

During his tenure at Scott Community College, Jund has been involved in numerous initiatives to promote the cause of the SCC auto collision repair program and the entire collision repair

industry. Over the years he has trained hundreds of collision repair technicians-always promoting and instilling in them the importance of self-pride and professionalism. He has been active with the local ICAR training committee in coordinating the training programs offered to local shops and technicians. He has also been an instructor/administrator for conducting the steel and aluminum ICAR welding qualification tests and other training programs alike.

He has worked closely with the Iowa Waste Reduction Center (IWRC) to include the Spray Technique and Analysis Research (STAR) training concepts in the SCC Auto Collision Repair curriculum and has trained numerous area technicians in the concepts as well. He has also been a member of the IWRC advisory committee.

Recently he developed an industry training program to help area shops and small industries using spray painting equipment become compliant with EPA's new regulations, The National Environmental Standard for hazardous Air Pollutants (NESHAP). He was instrumental in acquiring The Virtual Painting System through a Grow Iowa Values Fund grant which is used extensively in training both students and industry technicians alike. Scott Community College is the only community college in the nation to use this system which allows a painter to spray paint with a simulator that duplicates actual painting operations without the use of paint thus eliminating any overspray or hazardous air pollutants.

The SCC auto collision repair program was recently selected to receive the Iowa Industrial Technology Education Association-Community College Program of Excellence Award.

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The following letter to all SCRS Affiliate Members throughout the United States is a result of the Autobody Association of Connecticut's initiative to contact the US Attorney General Eric Holder. After careful consideration the ICRA Board of Directors approved the signing of the document and sent it to the firm in Connecticut that is gathering the information.

As many of you may have heard or seen, a petition has been developed and distributed to the industry that is intended to be sent to US Attorney General Eric Holder. This document received attention at CIC and the SCRS meetings last week, and a request

has been made that the state associations across the country read and sign the document if you agree with the content.

SCRS has always considered our affiliates and the members within the industry to be our "heart beat" and it is important for us to be able to check the pulse of the industry to ensure that we make decisions on issues that will produce the best possible outcome.

*Aaron Schulenburg
SCRS Executive Director*

**PETITION TO THE UNITED STATES ATTORNEY GENERAL
THE HONORABLE ERIC H. HOLDER, JR.
TO ENFORCE FEDERAL ANTITRUST LAWS SO AS TO PROTECT CONSUMERS
AND SMALL BUSINESS OWNERS FROM THE ANTICOMPETITIVE EFFECTS OF
UNLAWFUL CONSPIRACIES IN THE COLLISION REPAIR MARKET**

Pursuant to the laws and jurisdiction set forth in the Sherman Act (15 U.S.C. § 1, et. al.), Attorney General Robert F. Kennedy, acting on behalf of the United States of America, enacted the 1963 Federal Consent Decree ("Consent Decree"). The Consent Decree legally enjoined 265 insurers and various other coconspirators from conspiring to unreasonably restrain trade and commerce in the collision repair market. The insurers and coconspirators were permanently enjoined from, among other things, placing into effect any plan, program or practice which has the purpose or effect of:

- (1) Sponsoring, endorsing or otherwise recommending any appraiser . . .;
- (2) Directing, advising or otherwise suggesting that any person or firm do business or refuse to do business with (a) any appraiser . . . or (b) any independent or dealer franchised automotive repair shop . . .;
- (3) Exercising any control over the activities of any appraiser . . .;
- (4) Allocating or dividing customers, territories, markets or business among any appraisers . . .; or
- (5) Fixing, establishing, maintaining or otherwise controlling the prices to be paid for the appraisal of damage to automotive vehicles, or to be charged by independent or dealer franchised automotive repair shops for the repair of damage to automotive vehicles or for replacement parts or labor in connection therewith, whether by coercion, boycott or intimidation or by the use of flat rate or parts manuals or otherwise.

Antitrust laws and the terms of the Consent Decree are not being enforced. As a result, the collision repair market has become plagued with the very same problems it suffered in 1963.

I am a leader in my state's auto body trade association. I know from firsthand experience, and from speaking with countless repairers in my state and throughout the country, that insurers, appraisers, and even some direct repair shops, are systematically conspiring: (1) to depress labor rates; (2) to control repair decisions and processes; (3) to channel or steer repair work to preferred repair shops; (4) to boycott independent repair facilities; and (5) to otherwise work together toward eliminating independent repair facilities in favor of insurer-controlled direct repair programs. Moreover, insurer control over appraisers has become so commonplace and incestuous that many appraisers are literally on the payroll and employed by insurers.

Conditions in the collision repair market are out of control. Consumer rights are being trampled and independent repair shops are being put out of business. The repair industry and the millions of consumers serviced by it are suffering from the lack of legal enforcement. We need your help.

I appreciate that you are new to your position and have many important responsibilities. I respectfully implore you, however, to make a priority of beginning to police the auto repair market and enforce our antitrust laws. The damage of ultimate monopolization will be irreparable if something is not done soon to stem the tide.



Refinish Information You Can Use

Is Basecoat Reduction an Unreasonable Estimate Adjustment?

The California Autobody Association (CAA) has evaluated the process of “blend within a panel” and found that the operation rarely saves enough time to justify a basecoat reduction and in many cases may actually increase the time required.

In collision repair, when a body panel is partially damaged (but still repairable), it is common practice to refinish that damage by using a process we call “blend within panel”.

As you know, all cars today are painted with a basecoat/clearcoat method. The purpose of “blend within panel” is to keep the basecoat (i.e. color coat) away from adjacent panels to avoid either unacceptable color match, or blending color into those adjacent panels at additional cost.

For example, take the case of a dent in the front of a door. After the door panel is repaired, feather-edged, primed, blocked, and re-primed, it may be possible to use the “blend within panel” technique if the primed area is still at least 18” from the back of the door. This technique entails color-coating the primed area, blending the color into the remaining undamaged portion of the door, and then clear-coating the entire door.

According to the CAA, some insurers see this instead as a “partial refinish” which, they believe, allows them to take a deduction from the estimating software’s allowed basecoat refinish labor. This adjustment is commonly referred to as a “basecoat reduction”. You have probably heard adjusters explain this by simply saying, “you’re only painting half the door, we’re only going to pay half the labor.”

The problem with this logic, the CAA explains, is that the basecoat refinish labor time includes many operations other than the basecoat application itself. Reducing the basecoat time, reduces the time for all of those operations, not just the actual spraying of the basecoat.

CCC has provided the following information from the MOTOR data regarding the operations included in the basecoat time allowance:

Several studies conducted by MOTOR gave us this approximate breakdown:

1. Panel Prep/Clean/Wash: 27%
2. Primer/Sealer: 7%
3. Color Coat Application: 19%
4. Sanding Operations Combined: 47%
5. Clear Coat:
 - a. First major panel - Add 40% to refinish time
 - b. Each additional panel - Add 20% to refinish time
 - c. Maximum time allocation - 2.5 hours

As evidenced by item number three above, basecoat application is only 19 percent of the total basecoat refinish labor allowed. All other operations listed must be performed whether or not the panel is partially or fully basecoated, as the entire panel will be subject to full clear coat.

Using the example door panel, the database allows 2.5 hours for the entire basecoat refinish operation (items 1-4 above). When performing a “blend within panel” (or “partial refinish”) on this door, the only operation that may be subject to reduction is number three, Color Coat Application- the time allotted for actually spraying the basecoat.

The simple calculation is this: 19 percent of 2.5 hours is 0.48 hours, so the actual basecoat application time for our example door is less than 0.5 hours.

Some insurers regularly reduce the estimating software’s basecoat time by at least 0.5 hours, and the CAA reports seeing this reduction as high as 1.5 hours. Any reduction that is greater than the actual time allowed is not only unreasonable, it is baseless, the CAA said.

The refinish time study does not make any mention of “blending”. Blending is a special technique used to apply basecoat so that it “blends” new color into old color, and may include additional steps such as viscosity adjustment, the application of blending promoters, and “finessing” the new paint into the old so the change is undetectable. Since these are not included operations when refinishing an entire panel, additional labor may be required.

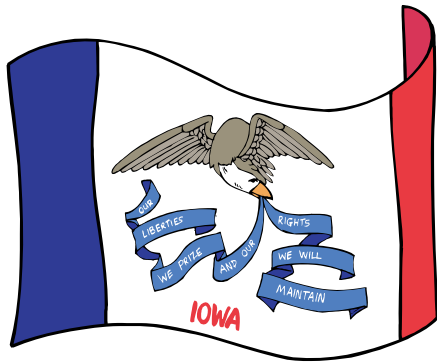
In the example where only half the door is being basecoated, the greatest reduction that should ever be considered is 0.2 hours. Adding back additional labor to compensate for the “blend within panel” operation may make the required labor actually higher than the original basecoat time.

The CAA points out that it is important that written estimates allow customers to recognize this procedure, and are compliant with Bureau of Automotive Repair (BAR) regulations. Other than those estimate line items designated as “blend”, each refinish line on the estimate that may represent a partial basecoat must be noted as such.

The BAR has suggested to CAA that the line explanation be written as “Partial Basecoat with Full Clearcoat”, or “Blend Within Panel”. The CAA suggests contacting your estimating software provider to learn the easiest way to accomplish this.

CAA will be requesting estimating software providers to make this an automatic notation for repaired panels in future releases of their software.

ICRA Thanks Collision Week for allowing reprints of important industry information. Collision Week a daily e-mail with relevant industry news is available at www.collisionweek.com/join



Iowa 1857, Preamble

**We, the People of the State of Iowa,
grateful to the Supreme Being for the
blessings hitherto enjoyed, and
feeling our dependence on him for a
continuation of these blessings,
establish this Constitution.**



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