



The Community-Focused Body Shop

with Domenic Nigro

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A Shop Owner's Suggestions to Control Steering and Worse to Come

Modern vehicles are complex and increasingly easily totaled; advances like anti-lock brakes and traction control have increased driver control, and increased consumer awareness has improved safe driving practices. This all translates into fewer repair jobs and collision shops must follow best practices to remain profitable. But what about business declines due to steering?

Steering has existed since the beginning of the auto insurance industry and, while illegal, it may be here to stay unless something is done to change the awareness, standards within the industry and the laws that govern their behavior.

Steering hurts both the shops and the customer, and if there is going to be progression in this industry, a solution must be found and regulations must be enforced. Good body shops are being forced out of business. Car owners are receiving sub par parts and service. A solution would benefit the entire industry and its customers.

The shops trying their hardest to get work based on their reputation and work aren't the only ones being affected. The customer is also affected by steering and it can be dangerous to more than the bottom line. Insurance companies can have agreements with shops and vendors where the car owner will get cheaper aftermarket or unexamined used parts, which can have hairline fractures or other structural issues that may be unsafe.

Almost everyone agrees that this practice hurts the industry, but for decades no progress has been made to change it. Obviously a steered vehicle usually ends up at a DRP shop, rather than an independent one, and whether you see steering as good or bad depends on which type of shop you have. One reason there's not enough opposition to steering is that the shops losing jobs are balanced by the DRP shops that benefit from it. Solutions must be evaluated and once one is agreed upon, implementation and enforcement must be carried out and monitored.

So, what are the possible solutions?

Unity Within the Community

The auto body industry should come

together, DRPs and non-DRPs, as a community, to set a standard for repairs and claims. Standards for what procedures are covered must be made so that fair and accurate prices are charges industry wide. This level of communication and standard setting doesn't currently exist and causes greater separation within the body shop community and resentment from non-DRPs who may not be able to match DRP prices because the influx of jobs coming to DRPs allows them to offer unnaturally low prices.

Change Method of Reporting a Claim

Currently, the vast majority of claims are made over the phone. These phone calls often include a recommendation from the insurance company for a preferred DRP shop. Instead of phoning in a claim, improve the Internet claim submission process, so that the first steps of the claim can be done online and don't require human interaction. This will eliminate the possibility that the car owner is manipulated into using a particular shop recommended solely by the insurance company.

Another option is making the claim in person from the body shop of their choice. Instead of first calling the insurance agency, have the car owner call the insurance company after they choose a shop, and if possible, have them call from the shop.

Awareness

We must let the car owners know that they *do* have a choice when it comes to who is repairing their car. The aggressive "recommendation" practices won't intimidate or influence the car owner if they are aware that the practice is illegal, and by allowing the insurance company to influence their decision, they are partaking in illegal practices that can ultimately hurt the car owner.

Curtail DRPs, Stop Preferred Providers

DRPs are the greatest source of friction between shops and insurers but worse could be on the horizon. "Preferred provider options" are proposed by the insurance industry to control costs by offering policyholders discounts in exchange for limiting their choices when

it comes to collision repair. Those limits include the use of specific repair shops and the use of aftermarket or non-OEM parts and sheet metal.

If we eliminate DRPs we can start to re-establish free enterprise, allowing the best shops offering the most fair pricing and doing best quality work to get the job, which will restore a more natural flow within the industry.

Policy Changes and Regulation

On a larger scale, the issue of steering can be addressed through legislation. Insurance agencies need to stop strong-arming their customers to take their car to a preferred shop which is an obvious conflict of interest. Steering is detrimental to free enterprise and doesn't allow for the industry to react naturally to the laws of supply and demand. Just as the government created laws that regulate monopolies

that impede free enterprise, they can mandate changes to the auto insurance industry.

Steering creates a whole set of problems that are in the consumers' best interest to correct. Once a fair solution for all parties is reached, it must be followed up with enforcement. Insurance companies should be required to show full transparency when their customers report an accident. Monitoring will follow to ensure no shop is receiving unfair advantages and deals that exclude other shops or discourage free enterprise and will eventually be looked back upon as archaic, unjust and unhealthy.

You can contact your local Representatives to let them know you care about this cause and ask what they are doing to fix the problem. Action must start from within, awareness needs to spread, and solutions need to be discussed.

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