

# Equipment & Tool Institute **NEWS**



## Addressing Improper Collision Repairs:

### The Collaborative Dialogue at ToolTech 2014 Opens Doors to Solutions

Contributed by Bob Chabot, ManicMedia LLC

In the collision industry, a rising tide of improper repairs is discovered in post collision repair inspections by qualified third parties. While awareness of unsafe or incomplete repairs is growing, an industry-wide response is lagging. Unsuspecting vehicle owners' safety is at risk, and until the industry addresses this issue, the industry's image is at risk.

At the Equipment and Tool Institute's (ETI) ToolTech 2014 event, the collision panel and associated discussion group demonstrated a willingness to openly discuss the issue with representatives from all industry segments present.



*To uncover improper repairs, Billy Walkowiak says a licensed appraiser may use a number of sophisticated measurement, alignment, racks, and other tools and equipment that ETI members manufacture. But in many cases, a visual inspection camera borescope (right), electronic thickness gauge (left), flashlight and mirror are sufficient to discover serious improper repairs. (Images — Snap-on Tools, Pro Motorcar Products)*

### Awareness and Education are Joint Responsibilities

Until this ToolTech, there has been a “see no evil, hear no evil, speak no evil” aura surrounding improper collision repairs — from body shops, automobile insurers and educators to tool and equipment manufacturers, suppliers and automakers. We know about it, but collectively haven't made a concerted effort to address the issue.

“There are a number of skeletons in the industry's closet,” stated Tim Morgan, ETI Collision Repair Group chairman and managing director of Spanesi Americas. “Improper repair, however, is the elephant in the room. Let me ask: is there anybody here who doesn't know improper repairs are more common now than ever

before?” No one present disagreed.

Consider these trends:

- Five years ago, there might have been one serious incident a week. Today, many incidents are being discovered daily in inspections across the nation, for repairs performed in all types of repair operations, regardless if they are I-CAR trained or manufacturer certified.
- Likewise, five years ago, you would have been hard-pressed to find anyone who had a State Appraiser License to provide post collision repair inspection appraisals. Now, many states require appraisers be licensed, and their findings have proven that improper repairs occur far too frequently. Licensed appraisers are authorized to assess damage analysis, based on proper repairs guidelines.
- Recently, more and more judgments against insurance companies and/or collision facilities have been awarded to wronged customers who have had a post collision repair inspection performed by a licensed appraiser; many other cases have been settled before final litigation. Compensation often reached four- or five-figure dollar amounts, above and beyond the cost of the original improper repair. In addition, damages cover the cost to redo the repair properly, and may even include, where appropriate, compensation for the diminished value of the customer’s vehicle.

Whether improper repairs are a result of intention or ignorance regarding the correct tools, equipment, knowledge, training, procedures and skills required to affect modern collision repair is moot. What does matter is that the increasing incidence of improper repairs, litigated damages and rising public awareness are driving the need for collective, responsible action on a proactive, rather than reactive basis.



*Just prior to ToolTech 2014, Kristen Felder, the owner of Collision Hub, helped produce a short video explaining post collision repair inspections. She gathered a panel of industry stakeholders that are actively involved in post repair inspections for consumers and court mediation. See what the panel discussed. (Video-Collision Hub and AP Media)*

## **What is Post Collision Repair Inspection?**

Typically, licensed appraisers who provide post collision repair inspections have extensive I-CAR training, ASE and OEM certifications. They use OEM service information and third-party information provider guidelines to check and verify repairs during the inspection by comparing the repair estimate with the repair procedures.

“In a collision repair, there is no ‘grey’ — it’s either done properly or it’s not,” said Billy Walkowiak, the managing partner of Collision Safety Consultants (CSC), founded in March 2010. He and his team of licensed experts work with motorists who have had a collision repair they are unhappy with or don’t trust. “The vehicles we inspect are a limited population — they’ve all been in an accident and have already been repaired once. Of those we inspect, approximately 25 percent are repaired properly or have minor cosmetic or fit issues that don’t affect safety. The remaining 75 percent have more serious repair concerns that do affect occupant safety.”

“Our revenue is based on a flat fee schedule based on the levels of inspection we provide,” he said. “We do not require any portion of an ensuing settlement or judgment. When consumers come to us, we provide a thorough visual inspection, consultation and opinion at no charge. If we find nothing wrong, they go home happy and reassured. But if we do find improper repairs, we then recommend a more thorough followup inspection, based on what we believe is appropriate. The fees for these followup inspections and reports range from \$350 to \$600. Then it’s the customer’s call.

## **Dealing With Bad Actors**

“Providing a full, safe and proper repair to their customers should be the norm; sadly, that’s not the case yet,” said Tony Passwater, the executive director of the Indiana Auto Body Association and principal of AEII LLC, a consulting and educational firm in the collision industry. He also provides post collision repair inspection appraisals in Indiana, and networks with others in the Midwest doing the same.

He has extensive knowledge about the automobile insurance segment, including claims for diminished value (DV) of a repaired vehicle — the difference between market value of the vehicle pre-collision and post-collision. Often diminished value is not paid in full, if at all, to the vehicle owner unless contested. “DV is not always recoverable,” Passwater said. “In most states, only in the event of a third party claim is a vehicle owner entitled to loss of value (inherent DV). In a first party claim the policy typically does not allow for it, and in the vast majority of states, it is not collectable from the insurer. However, if the DV was repairer or insurer DV, the vehicle owner may be able to collect for what it takes to complete the repairs.”

The industry must get a handle on the issue of shops doing substandard work. What is alarming is that when confronted with poor repair quality, often the body shop owner, manager or technicians will say that is what the insurance company “made” them do, and it’s not their problem.

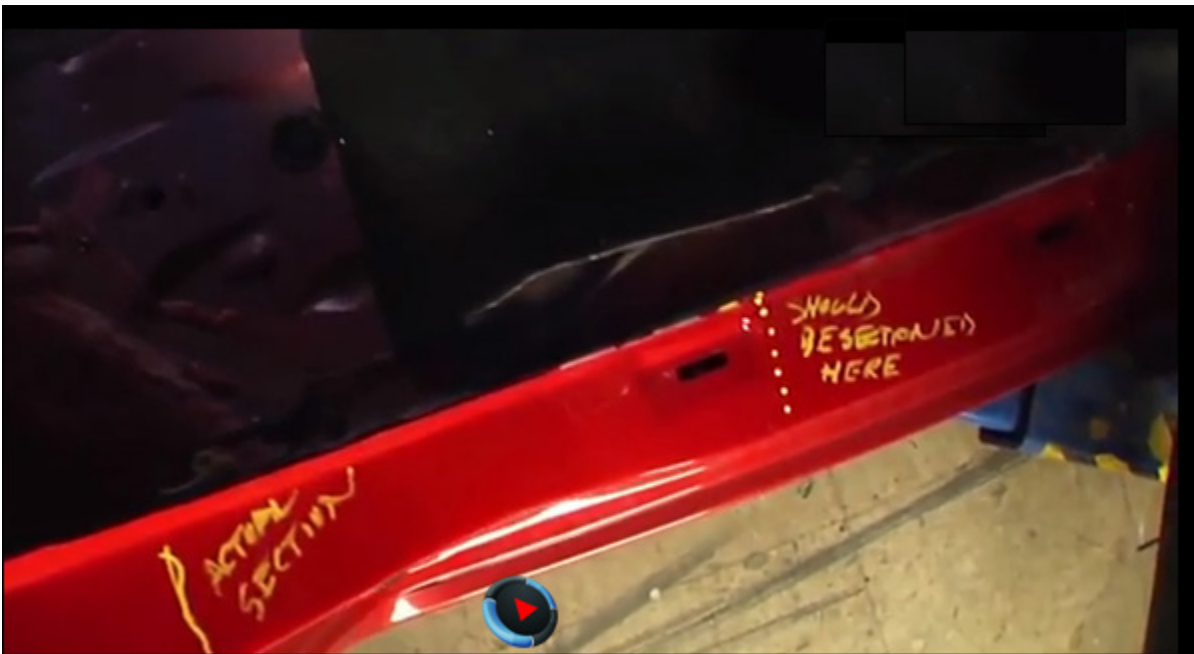
“There is no doubt that the issue of insurers mandating repair processes, parts, and suppliers has led to this type of workmanship, and we as an industry must stop doing it,” Passwater said. “Ultimately, we are the ones charged with the responsibility to protect the interest of our customers (i.e. vehicle owners), and if we lose sight of this, we will continue to be a suppressed industry. It is time to get engaged in our industry.”

“Insurance companies need to get up to speed and work with well-intentioned shops and technicians that want to, and can, provide a safe, full, proper repair,” Passwater said. “That’s what consumers need, want and deserve.”

“Consumers shouldn’t have to fight for a proper and safe repair,” Walkowiak added. “Understand that automobile insurance companies are profit-, not necessarily consumer-oriented. For example, some insurers pressure body shops to use non-OE parts, such as poor quality knockoffs or used salvage parts, which may render the vehicle being unable to perform to the original safety ratings designed by an automaker, should a subsequent accident occur.”

“Many insurers also foster Direct Repair Programs, in which participating body shops receive referrals in exchange for following the insurance company’s repair guidelines,” Walkowiak added. “The problem is that many insurers lack a complete understanding of new vehicle construction materials and advanced technologies, let alone the associated proper repair procedures, tools and equipment, techniques and time required.

“Body shops and technicians can’t pass the buck either,” Walkowiak said. “Those shops and technicians that provide improper repairs to their customers — whether out of ignorance (they haven’t acquired and maintained the necessary education and training) or by deliberate choice — deserve the consequences they incur, because they were not working in the customer’s best interest.”



*See some of the issues that can be uncovered in a post collision repair inspection. (Video-Pack Brothers Collision Center and AP Media)*

### **Improper Repair is an “Everybody” Issue**

In recent years, the accelerating tide of technological complexity has forced the collision industry to adapt to change and stay current with knowledge, skill sets and competencies. But technological change comes with growing pains, which can be problematic in their own right.

The glut of bad collision repairs impacts everyone in the industry. While compensatory settlements and judgments awarded in many jurisdictions are pushing auto insurance firms and body shops to treat their customers more fairly, it is still on a case-by-case basis. Automaker reps acknowledged that brand experience suffers anytime improper repairs occur, but especially so at OEM-certified body shops where consumers reasonably have a higher expectation for proper repairs, based on stringent tool, equipment, supplies and training requirements. Mainstream trade and social media are now focused on improper repairs, so the visibility of the problem amongst the public, consumer advocates, regulators and others is rising. The rest of the industry (not just insurers and body shops) must get involved proactively by working to ensure bad repairs don't happen in the first place. Going "ostrich" is not viable.

ToolTech 2014 featured much collision repair discussion centered on constructive measures the industry could consider. Below are a few examples.

OEMs continually struggle to keep up with developing and providing critical collision repair information and repair procedures. Simply put, these resources often lag behind a new model's introduction. Most automakers make this information available to the whole repair aftermarket in a prompt and complete manner, but there are also some who could vastly improve their efforts. Note also that consumer and professional service literature from several automakers (e.g. BMW) state that their certified collision facilities are responsible to provide collision and mechanical repairs that restore a vehicle to its per-accident condition.

During the discussion on shop certification, it was noted that several industries and professions have self-regulating organizations (SROs). "Shop certification requires validation and meeting a number of other legal, performance and consumer satisfaction index (CSI) criteria," said John Hall, assistant manager for Service Technology at American Honda Motor Co. Inc. "Some OEMs have well-established shop certification programs, others are moving that direction, while others still have no program in place."

Equipment and tool manufacturers also have to adapt to new vehicle construction mixes. In addition, the shops and technicians that purchase their products not only need initial training in their proper use, but also followup training throughout their use-life, something repeatedly mentioned earlier in both the National Accounts and Shop Owners panels.

Hall noted that some OEMs have certified facility programs that didn't include a list of required equipment and tools. Robert Holland, technical chairman of ETI's Collision Repair Group and Director of Collision, North and South America, for Chief Automotive, a division of the Vertical Service Group agreed. "Chief Automotive had a recent experience with one OEM we met with regarding required equipment. We discovered the equipment people and the certification people didn't talk, despite being on the same floor in the same building."

Educators and trainers need more complete, genuine information. Credible educators and trainers, such as the Inter-Industry Conference on Auto Collision Repair (I-CAR), are the communication interface between OEMs and collision repair professionals. They also struggle to keep pace with the spiraling volume of collision repair information, procedures, tooling and more.

“Facilities and technicians are the linchpins to providing consumers with proper collision repairs,” said Joseph DiDonato, an administrator of Toyota Motor Sales USA’s Collision Training. “Vehicle innovation keeps training in a constant state of flux, so we all must commit to helping them keep their competencies current.”

“Collision repair training and procedures are becoming more design-based, a result of new metals and materials, joining methods and OEM-specific tooling, collision repair procedures,” explained Steve Marks, manager for Industry Technical Support at I-CAR’s Repairability Technical Support Group. “I-CAR leverages its relationships with OEMs, tool and equipment manufacturers and collision repair facilities to address staying current. For example, I-CAR holds several repairability summits annually, as well as meetings with specific collision repair segment advisory groups. When we identify a gap in OEM procedures, typically at one of our repairability summits, we push that back to the automaker to see if it has one we can share with repairers, or if it needs to develop and distribute one.

“We are finding more and more instances where collision technicians just don’t know where to look, or they don’t want to take the time to look for collision repair information,” Marks added. “That has to change; it’s one of the areas I-CAR is trying to help address. In addition, increasingly, collision shops and technicians are telling us that electronics, not the new metals and materials, is the biggest problem area they face.”

And then there are the shops and technicians who perform collision service. Keeping current with information, tooling, and training is difficult at the shop level; it requires both a commitment and follow-through. Learning — and applying — new repair techniques and skills are essential to providing safe repairs for consumers. The industry cannot accept anything less any longer.

“Certification for all shops, with transparent standards and reviews, is something the industry needs, both on the collision and mechanical sides,” suggested Jason Smith, CEO of Consultants for Auto Repair Services. “It doesn’t necessarily have to be government mandated.” Others suggested that the industry needs to do a better job of policing itself, assuring consumers that proper repairs are provided, and that an effective consumer appeals process is in place. Marks said that despite the contentiousness of shop certification, it appears the industry is headed that way.

“To be able to affect a complete, safe repair of today’s increasingly complex vehicles, technicians need to use the right service information, proper tools and equipment, training, and employ systematic strategy-based diagnostics procedures,” said Donny Seyfer, chairman of the Automotive Service Association and co-owner of Seyfer Automotive in Wheat Ridge, Colorado. “To compromise the quality of any or all of these resources limits the completeness and competence of the repair or service provided. Your customers’ money, trust and loyalty are on the line. If they cannot perceive value or do not feel in control of the repair process ... who is responsible?”

### **Repairing the Vehicle Right the First Time Matters**

The open dialogue between ETI members and others at ToolTech 2014 showed that not only could people in the industry talk meaningfully, there was an openness to begin finding industry-wide solutions. One automaker

representative noted that its agreements with certified network shops removed any liability on the automaker's part, but understood that an improper repair experience at a certified facility definitely could affect the car owner's next purchase decision, and there were measures that could be implemented.

A Tier 1 supplier representative, who provides several OEMs with assessments of dealers seeking collision shop certification, initially inquired whether or not inspections were being done with an "ambulance-chaser" mindset. By the end of the discussion, he was open to these inspections being bona fide; moreover, he saw some merit in considering full or spot audit of collision repair cases as part of the processes used to certify or re-certify. Which prompted a more general question: could all automakers with certified collision repair facility programs incorporate checks for improper repairs as part of their recertification process, and if so how?

Educators with OEM and I-CAR warmed to the suggestion that collision facilities be required to document and track which collision technicians worked on a claim, and verify that they were current with information access, repair procedures, tool and equipment use, techniques and training before working on a vehicle. While not easy to implement, the need to integrate more accountability was appreciated. Finally, those present agreed that body shops needed more tangible support from other segments when experiencing cost- and parts-related pressure from insurance firms.

### **Word Travels Fast**

While returning home from ToolTech 2014, I was informed enroute by three different aftermarket sources that post collision repair inspections and the need for ensuring proper repair were discussed at a subsequent Audi-sponsored collision training event in Herndon, Virginia. To verify this, I then contacted Kurt Immekus, the service publications and regulatory specialist at Volkswagen Group of America and the automaker's representative to ETI.

Immekus contacted Shawn Hart, the lead trainer for the Audi event, who said, "We did discuss post collision repair inspections and the need to provide safe and proper collision repair. While the post collision repair inspection case raised was not done on an Audi or VW, licensed appraisal inspection and providing proper collision repair were both hot topics."

If as an industry, we want to avoid further government intervention, by either legislation or state regulation, we should act collectively and quickly to address and resolve the improper repair issue. For instance, consider what would happen if OEMs and insurers required all shops — certified or not — to have third party post collision repair inspections performed by licensed appraisers on all vehicles before they were released back to the vehicle owner.