



# ***Anti-Fraud***

***Presentation by the Anti-Fraud  
Committee***

***San Jose , California***

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# *Mission Statement*

To bring about an industry wide awareness of fraud and fraudulent behavior by any industry contingent that may occur in the course of conducting business. The committee may also look into the causes and effects of fraudulent behavior thereby allowing all entities to form prudent and reasonable opinions as to how fraudulent activity affects the industry and ultimately the consumer.



# *2006 Committee Issues*

9 major issues, derived at annual planning session

- Getting paid to do the job right \*
- Database manipulation (5 issues under this topic) Misleading or improper line items on estimates \*
- Price restrictions and poor quality...how the two go hand in hand \*



## *Among the responses...*

- Ignoring p-page logic \*
- ◆ Overriding database labor times
- ◆ Blending within repaired panels
- ◆ Changing structural & mechanical to body labor
- Arbitrary capping of materials or operations \*





## *Among the responses...*

- Using market averages instead of book times for alignments, glass and A/C service
- Saying operations are included, when in fact, they may not be \*
- Third party “administrators” making changes without inspection of the vehicle\*
- Not adding for items that are listed in the database
- Manipulation of the user defined profile



## *How do the \* fit in?*

These are items that the committee felt directly related to our presentation.



# *Today's Presentation*

- Introduction of “non scientific” findings establishing certain trends
- Only actual occurrences are reported here
- Observation that an established pattern of underestimating the cost of repair occurs throughout the industry



## *What the Findings Show*

- How is the consumer affected
- How are States affected
- Collision facilities may be the least affected



## *Among the problems...*

- Repairs are not properly documented
- Longer delays
- Customer is charged the difference
- Customer is put in the middle of the repair discussion
- Customer doesn't know the difference



# *Remember the answer from last meeting?*

- 4. Have you ever seen an estimate that excluded operations or parts needed to restore the vehicle to pre-loss condition that were visible at the time the original estimate was written? If so, give an example.
- 5. Have you seen repair costs intentionally underestimated?

**Every response said emphatically**

**YES!**



## *Among the findings*

- Won't replace until you pre-pull
- **Service parts omitted where obviously required**
- Service parts stipulated, even if they are knowingly of poor quality
- **R&I's left off the sheet**



## *Some of the findings*

- **“That’s the way our DRPs want us to write them”**
- **Leaving visible damage off of the sheet**
- **“If they don’t fix it, we don’t owe for it”**
- **Obvious replacement needed...only repair allowed**





# *Conclusions*

- Though answers came from different parts of the country, they were all pretty much the same
- People in the collision repair industry want to repair vehicles properly and honestly
- It's not any harder to repair vehicles correctly, but it is getting more costly from inaccurate estimates in terms of time and negotiation required
- Many respondents were afraid of repercussions. All wish to remain anonymous
- *What's wrong with this picture?*



# *What Committee has Found Since*

- Obvious “short sheets” across the country
- No fingers being pointed at anyone in particular; factual information presented only
- How the consumer is affected
- How are individual States affected



## *Effect on the Consumer*

- If vehicle is not properly repaired, unknowledgeable consumer is the victim
- If repaired properly, delays in cycle time for the consumer and the repair facility
- Increased cost to the insurance company
- Increased cost to the repair facility
- Dissatisfied customers



# *Effect on States*

- Huge tax revenue shortfall
- Inability to fully fund needed programs
- Increased administration requirements



# *Collision Example*

- Note:

- ◆ POI
- ◆ Gap at rear door
- ◆ Deck lid fit





# *Collision Example*



- Note:
  - ◆ Deck lid position
  - ◆ Rear body position



# *Collision Example*

- Note:
  - ◆ Left ¼ condition
- Would you believe?
  - ◆ No ¼ operation noted
  - ◆ No Unibody time noted
  - ◆ Nothing --- Period





# *Conclusion*

- Intentional underestimating or basic lack of technical knowledge by appraiser?
- Committee will not make a conclusion
- Each individual will have to make their own





# *Comprehensive Example*



- Hail damage
- Estimate Hood PDR  
...\$
- Red dots = adjuster
- Pink = Re-inspect No. 1
- Yellow = waiting for re-inspection



# *Comprehensive (cont)*



- Again - three colors
- Red = Magic Marker
- Pink = Magic Marker
- Yellow = Grease Pencil
- Roof = ...\$ PDR
- NO conventional repair
- Colors = Re-inspection



# *Conclusion*

- Intentional or lack of knowledge?
- Committee will not make a conclusion
- Each individual will have to make their own decision



# *Sample of Findings*

- A portion of what was reported to us
- Sampling size is not scientific
- Reasons for problems in collection of data
  - ◆ Fear of retribution
  - ◆ Time required to document
  - ◆ Fear of retribution was the over riding reason

Click here for Spreadsheet





# *Food for Thought*

The following is just a thought  
provoking Matrix

[Click Here for Matrix](#)





# *Conclusion*

- Not just one segment is responsible for the problem
- Only you can force yourself into a deliberately bad decision
- It is difficult, but you must do what is right
- A perception of fraud can be as damaging as actual fraud.



# *One Sign Says It All...*





# *Remember!*

“Always do right. This will gratify some people and astonish the rest.”

Mark Twain





*Thank you!*