



Anti-Fraud

**Presentation by the Anti-Fraud
Committee**

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Today's Topic

Arbitrary Changing of
Automated Times Published
by Information Providers



Today's topic

- The Anti-Fraud committee wanted to bring attention to an issue of concern that repair shops face today
- A nationwide survey was conducted to determine if automated times from the information providers are being arbitrarily changed from the shop's original estimate



What the Findings Show

- An overwhelming majority of respondents answered that automated times are being changed without either their knowledge or consent
- These are *published* times. To our knowledge, there are no published database procedures that reduce refinish times



Survey Questions

The 2006 Anti-Fraud Committee asked INSIGHT to survey the industry concerning the arbitrary changing of automated times from the information providers without the knowledge or consent of the repair facility. Here are the results from the respondents.



Survey Questions & Answers

- Do you receive estimates from other parties that contain refinish times that have been arbitrarily changed from the automated times?
 - Yes 88%
 - Sometimes 8%
 - No 4%



Survey Questions & Answers

- If Yes or Sometimes, what percentage of estimates contain changed refinish times?

- 41%



Survey Questions & Answers

- If Yes or Sometimes, what is the percentage of reduction in refinish times?
- 37%



Survey Questions & Answers

■ Are you able to recover the appropriate time if you request it?

- | | |
|-------------|-----|
| ■ Yes | 11% |
| ■ Sometimes | 64% |
| ■ No | 25% |



Survey Questions & Answers

- Are changed times and system overrides part of any contract(s) you may have with another party?

- | | |
|-------|-----|
| ■ Yes | 15% |
| ■ No | 85% |



Survey Questions & Answers

- Primary reason(s) given to your shop if the automated database time has been overridden:
- Partial paint/Blend within repaired panel
72%
- Insurer's company policy/Insurer's system
26%
- Miscellaneous/Other
2%



Survey Respondent Stats

■ East	16%
■ South	13%
■ Northeast	17%
■ Midwest	33%
■ Southwest	12%
■ Mountain	3%
■ Northwest	7%
■ West	7%



Primary reasons given

- **Out of the 72% Partial Paint, Blend Within Responses:**
- “They also tell us it really didn’t take us as long as the computer time says anyway.”
- “XXX Insurance has its own time”
- “They don’t understand that repaired panels are not blend panels. Selective ignorance.”



Primary reasons given

- **More Out of the 72% Partial Paint, Blend Within Responses:**
- “Spot paint and blend within the panel (whatever that means).”
- “They feel this is sufficient. The whole panel is not being color coated, just the required area.”
- “The whole panel wasn’t damaged. Didn’t require featheredge and prime.”



Primary reasons given

- **Out of the 26% Company Policy Responses:**
- “It is set up in the database which they say can’t be changed.”
- “Upper management requires that we override the estimating system.”
- “Our system says we only pay for...”



Primary reasons given

- **More Out of the 26% Company Policy Responses:**
- “We don’t pay for that.”
- “This is company policy. This is all we can pay.”
- “Because they can.”
- *What’s wrong with this picture!!!*



Observations

- This is a *serious problem*
- Declining revenues for repair shops
- Lost tax revenue (sales tax, income tax)
- Repairer needs to remain the repair expert
 - ◆ Increasing complexity of repair standards
 - ◆ Liability for proper repairs



Observations

Nowhere, in any contract, has specific language stipulating a reduction of published automated times been observed

But... *All shops* are being asked to reduce automated times



Observations

Questionable ethics/legality
of changing published
automated times



Blend within the panel?

An actual example of a partial paint allowance





Back to last meeting...

More data has been submitted.



Food for thought

As recently published:

“As ... (Insurance) is learning, the amount owed is the amount dictated by the insurance policy, not some arbitrary lesser amount the insurer simply wants to pay.”

Published in *Collision Week*, Wednesday 4 Oct 2006



Update on Underwritten Estimates

Ct#	Ref.	Start \$ Amt.	\$Amt.@ Completion	Supp. Balance \$	Average \$ Supp	Type	Tax %	Tax \$
726		\$ 1,813,696.54	\$ 3,665,186.87	\$ (1,851,490.33)	\$ (511,885.28)		7.597	\$ (57,132.41)
	Average RO Completed		\$ 5,048.47					
Aver. START RO		\$ 2,498.20	AVERAGE SUPPLEMENT \$		\$ (2,550.26)			
ARC.- ASR.		\$ 2,550.26				Tax per RO		\$ (78.69)
Approximate # Shops				40,000				
# RO/Shop	Consumer Shtg	Tax \$ Short	Consumer Short	Tax \$ (-) State				
1	\$ (2,550.26)	\$ (193.74)	\$ (102,010,486.50)	\$ (3,147,791.41)				
10	\$ (25,502.62)	\$ (1,937.43)	\$ (1,020,104,865.01)	\$ (31,477,914.11)				
50	\$ (127,513.11)	\$ (9,687.17)	\$ (5,100,524,325.07)	\$ (157,389,570.57)				
100	\$ (255,026.22)	\$ (19,374.34)	\$ (10,201,048,650.14)	\$ (314,779,141.15)				
250	\$ (637,565.54)	\$ (48,435.85)	\$ (25,502,621,625.34)	\$ (786,947,852.87)				
500	\$ (1,275,131.08)	\$ (96,871.71)	\$ (51,005,243,250.69)	\$ (1,573,895,705.74)				
1000	\$ (2,550,262.16)	\$ (193,743.42)	\$ (102,010,486,501.38)	\$ (3,147,791,411.49)				



Thank you!