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# Consolidated Parts Group

## BODY SHOP B.S.

A Body Shop Business Support Publication of  
Consolidated Parts Group, LLC

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### In This Issue

CPG has a New GM Parts Partner  
NRA - An Association Model?  
State Fam No Fault in Florida  
Consumers Guide to Auto Insurance

[Join Our Mailing List!](#)

### Quick Links

[CPG Website](#)

[CPG Line Card](#)

[CPG Credit Application](#)

[CPG Shop Tools](#)

[CPG Bulletin Board](#)

[CPG Garage Sale Page](#)

[CPG Take-Off Sale](#)

### *"Your Partners in Parts" since 1997*

**Consolidated Parts Group** "Committed to Partnering with Parts Dealers and Industry Service Companies who desire to make a positive impact for the benefit of their collision repair shop customers and the industry as a whole. Our ultimate desire is to help shops build their bottom-line through education, information, shared ideas, created tools, and legislative involvement. We are "Your Partners in Parts."



### Public Act 190 - Before and After

Public Act 190 is supposed to have addressed "Steering" of work in Michigan, and given consumers protection against this practice of insurers. Let's take a look at the evolution of this law, and see if it could be better.

Here is the first version of this bill as introduced in the House as HB-4127:

THE PEOPLE OF THE STATE OF MICHIGAN  
ENACT:

Sec. 2110b. (1) An automobile insurance policy and an automobile insurer and its employees, agents, and adjusters shall not do either of the following:

(a) Intimidate, induce, recommend, suggest, or require an insured to use a particular person, place, shop, or entity for the providing of any automobile repair or automobile glass repair or replacement service or product covered by the policy.

(b) Intimidate, induce, recommend, suggest, or require an insured to use a particular brand, type, kind, age, or condition of parts for a part or glass covered by the policy.

(2) An automobile insurer shall fully and promptly pay for the cost of any covered automobile repair service or product including glass repair or replacement less any applicable deductible at not less than the prevailing or generally found market price in the area for similarly situated automobile repair or automobile glass repair or replacement services or products.

The prevailing or generally found market price in the area shall not be limited to the lowest price and shall not take into consideration any special price or service arrangement offered by the particular person, place, shop, or entity. An automobile insurer shall not fail to fully and promptly pay for the cost of any covered automobile repair or automobile glass repair or replacement service or product because of an insured's selection of a particular person, place, shop, or entity to provide the covered automobile repair or automobile glass repair or replacement service or product.

Here is Public Act 190 as it was passed:

The People of the State of Michigan enact:

Sec. 2110b. (1) An automobile insurance policy and an automobile insurer and its employees, agents, and adjusters shall not unreasonably restrict an insured from using a particular person, place, shop, or entity for the providing of any automobile repair or automobile glass repair or replacement service or product covered by the policy.

(2) An automobile insurer shall disclose, prior to or at the time a claim is filed with the insurer, whether the insurer has an agreement with any repair or replacement facility to provide a repair or replacement service or product to an insured and shall inform an insured that he or she is under no obligation to use a particular repair or replacement facility.

(3) The office of financial and insurance services shall develop a plan whereby the office informs consumers of their rights regarding insurance coverage of automobile repairs, that the insurer is not required to pay more than a

reasonable amount for repairs and parts, and of the insured's ability to report violations of their rights to the office of financial and insurance services through the office's toll-free telephone number or website. The plan shall be developed and submitted to the senate and house of representatives standing committees on insurance issues not later than 6 months after the effective date of this section.

This act is ordered to take immediate effect.

First let's look at what changed from the original bill as it was introduced:

#1 - Sec. 2110b (1a) - In the Original Bill, there was a clear definition to what an insurer or any of it's agents could do in reference to steering of work shown here; Intimidate, induce, recommend, suggest, or require . In the second version those clearly defined actions became "unreasonably restrict."

This allows for a variety of definitions as to what is "unreasonably restrict" and who can afford to challenge the issue in court in order to establish a clear definition? Surely insurers as well as legislators knew this change in the language of the bill was inadequate.

#2 - Sec. 2110b (1b) - This section originally dealt with the use of aftermarket parts, however, a huge lobbying effort by Keystone helped to eliminate this section from the bill.

#3 - Sec. 2110b (2) - In the original bill, this section was addressing insurers having to promptly pay for services. It dealt with prevailing rates, but stated the lowest rates could not be considered the rate they could pay any shop. It also addressed discounted rates that most DRP shops agree to in this statement:

shall not take into consideration any special price or service arrangement offered by the particular person, place, shop, or entity

This section of the original bill does not even show up anywhere in the final Act voted into law. WHY?

Here is yet another awesome part of the original bill language which was completely stricken from the final passed law:

An automobile insurer shall not fail to fully and promptly pay for the cost of any covered automobile repair or automobile glass repair or replacement service or product because of an insured's selection of a particular person, place, shop, or entity to provide the covered automobile repair or automobile glass repair or replacement service or product.

One has to wonder who decided these parts of the original bill were incorrect, unneccassary, or in some other way, inappropriate? Insurance companies have this

much influence on our laws, you ask?

On July 2, 2008, we will "celebrate" the 4th year of Act 190. My question? Has Act 190 had any positive effect on controlling steering by insurers? Is steering less prevalent today, than it was in February, 2004?

#### **Insurance Company Report Card from J.D. Power & Associates**

As reported on the *BusinessWeek* website, J.D. Power & Associates, a well-established and highly credible agency has released a report of consumer satisfaction and quality ratings of insurer's based on their experience from collision repair claims. To view this report, simply click on this link:

[http://images.businessweek.com/sb/jdpower/collision\\_repair/index.htm](http://images.businessweek.com/sb/jdpower/collision_repair/index.htm)

If you combine this report, which is specific to insurer's and the collision repair process, and the same website's general ranking on insurer's, you see some strong similarities between the two. You can find that report by clicking on the link here:

[http://images.businessweek.com/sb/jdpower/auto\\_insurance/index.htm](http://images.businessweek.com/sb/jdpower/auto_insurance/index.htm)

You may want to compare these reports, with our report card area shops created last year. That info is shown here:

| <b>Insurer Name</b>   | <b>DRP Grade</b> | <b>non-DRP Grade</b> |
|-----------------------|------------------|----------------------|
| AAA Insurance         | B                | C                    |
| Allstate Insurance    | N/A              | C-                   |
| Auto Owners Ins       | N/A              | A-                   |
| Citizens Insurance    | B-               | C-                   |
| Farm Bureau Ins       | N/A              | B+                   |
| Farmers Insurance     | N/A              | C                    |
| GEICO Insurance       | N/A              | C-                   |
| Hastings Mutual       | N/A              | B                    |
| Liberty Mutual        | N/A              | C                    |
| Nationwide Insurance  | B                | C                    |
| Progressive Insurance | D+               | D-                   |
| State Farm Insurance  | B+               | C                    |
| USAA Insurance        | A+               | C+                   |

Although not all insurers show up on all reports, the ones that do, seem to contain some consistency. For example, Progressive is at the bottom on both reports.

#### **News Shorts and Critical LINKS**

**CPG Classified Ads** - Consolidated Parts Group has added a "Classified Ads" section to their website, where shops can advertise equipment, tools, computers, printers, software, or other items specific to body shops and get exposure to hundreds of area body shops who likely want/need such items. We are currently looking into having online payment options directly from this page in order to make the process much easier for both the seller and purchaser. Please check out this NEW feature by clicking [HERE](#)

**CPG Garage Sale Pages** - Consolidated Parts Group is currently updating our Garage Sale Pages to include as many "Hot Sale Priced" parts as possible. On this unique page, you can click on the appropriate vehicle Logo (such as GM for any General Motors vehicle, etc.) and find out what items that dealer has listed to sell at incredible prices. This is a GREAT way for shops

to save more money, while dealers are able to offer sellable parts that are non-returnable to the manufacturer. This also helps our dealers to keep discounts as high as possible, rather than have to absorb these possible losses. We highly recommend you check out the Garage Sale Pages by clicking [HERE](#).

**CPG State Bills to Consider** - CPG constantly researches Bills in Lansing that have been introduced in order to see which ones may have an interest and possible impact in the collision repair industry. Here are three Bills you may want to check out. Simply Click on the Bill(s) listed below and it will take you to our website's PDF file of that Bill.

**HB-5652** - This Bill would increase the dollar amount that a shop is not required to provide a written estimate from \$20 or less to \$100 or less. Although this Bill has a bigger impact on Mechanical shops, we know many of you also perform mechanical repairs.

**HB-4217** - This Bill would provide for insurance companies to have to abide by the Michigan Consumer Protection Act as virtually every other business has to.

**HB-4778** - This Bill would prohibit an insurance company from owning or having ownership in any collision repair business. Although this has been introduced for many years, it has not gotten any strong support or consideration.

**CONTACT YOUR STATE REPRESENTATIVE** - Many of us are not sure how to contact the appropriate State Senator or Representative in order to voice our opinion on any given issue or Bill. CPG has made that easier than having an adjuster tell you "You're the only one who charges for that." Click on the link below titled "FIND YOUR REP" and it will take you to our links page of our CPG website. From there, simply choose one of two provided links: [Find your State Representative](#) will take you to the state website where you can easily find who your state rep is and how to contact him/her. [Find your State Senator](#) will do exactly the same thing for discovering your State Senator. Simply click below now to see how easy it is:

**[FIND YOUR REP](#)**

## **K&M Dodge Planning 3rd Annual MOPAR Muscle/Classic Car Show**



K&M Northfield Dodge, the #1 Chrysler Parts Department in Michigan, will again host the 3rd Annual MOPAR Muscle and Classic Car Show on June 14th, 2008. Quickly becoming a MOPAR favorite, this show last year featured over 70 MOPAR's from many of Chrysler's finest vehicles. CPG will bring you the full details of times, how to enter your MOPAR, etc. as that is confirmed over the next few weeks. However, we recommend you mark your calendars for June 14 NOW. This is one FUN and entertaining MOPAR show.

The K&M Northfield Dodge Parts crew recently grew with the addition of Rick

TerMolen, who will be working the 2nd shift in parts. K&M Northfield Dodge's parts department is open from 7am-Midnight, Monday-Friday. Many of you would remember Rick from his many years at Toyota of Grand Rapids, another CPG partner dealership, where Rick began his parts career. In addition to the Rick, who will be a huge asset for the K&M Dodge Wholesale customers needing parts help in the evenings, the Wholesale Parts Team consists of:

Randy Bush - 32 Years MOPAR Experience  
Larry Porzondek - 23 Years MOPAR Experience  
J.T. Thurber - 20 Years MOPAR Experience

Combine this experience with the management team of Mike Doyle and Keven Clements, as well as the 11 daily delivery trucks out delivering parts, and one can see why K&M Dodge continues to be a National Top 10 Parts Dealer since 1991.

Long Time K&M Dodge Parts staff member Chris Harrison has retired recently, but you will still see him or talk to him on occasion as he wants to be an "on-call" temporary whenever K&M is in need of extra help. Chris retires having been at K&M for over 20 years, and over 40 years in Chrysler parts. Congratulations and Thank You to Chris.

### **East Nissan Wholesale Promise**

Parts Manager John Boomgard is a very aggressive parts manager and wants to offer the absolute best in service and price for collision repair shops. Here are just some of the highlights the East Nissan Parts Department has to offer your shop:

- Competitive 25% Discount
- Largest Nissan Parts Inventory in West and Central Michigan
- Nissan ONLY Stand-Alone Dealership and Parts Department
- Daily Delivery via the FOX Coordinated Delivery Program

John is joined by David Andersen, who was promoted from the East Nissan Service Department and is doing a fantastic job with John in Parts. If you want the very best in price and service for your Nissan parts, John promises, they will deliver!

New for Nissan this year is the all new 2009 Nissan Murano. This completely redesigned vehicle will put the finest SUV's on the market behind it. One of the coolest features is the new All-Glass Roof. Truly a modern work of engineering and art, check out this new SUV at this link:

### **[2009 Murano](#)**

Also new for the 2008 model year is the Nissan Rogue, a Crossover SUV boasting a gas stingy 27 MPG, Intuitive All Wheel Drive technology, and some very Smart Storage solutions. Surely one to cater to many of today's conscientious drivers. Check this new Crossover at this link:

### **[2008 Rogue](#)**

-



East Nissan Parts Manager  
John Boomgard  
"I Promise you our Best"

Toll-Free  
800-678-1302  
Local Direct  
616-719-5750

**GARAGE SALE** Parts Available all Year



CPG has developed and offered our Parts "Garage Sale Page" to shops for the past two years in hopes of helping shops make more money, while our dealers can move out those parts that may not be returnable to the manufacturer. we are committed to making 2008, the year we offer MORE of these parts than ever before. Our Garage Sale Page is open 24/7/365 from our CPG website. These parts are new, OEM crash parts which may be:

- 
- Dented
- Dinged
- Scratched
- Painted
- Non-Returnable Trim Part
- Non-Returnable Air Bag
- Obsolete Parts
- **These parts help you save money, help our dealers sell parts they can NOT return to the manufacturer, and help keep discounts higher.**

The cost of returned parts, which are un-returnable to the manufacturer, has caused havoc across the US for auto dealers as manufacturers continue to pinch down with tighter return policies. This new CPG Garage Sale Page not only helps dealers move out these parts, it helps to ensure a continued "No-Hassle" return policy from our CPG partner dealerships.

Check this awesome Money Saving Web Page, just click the link below: [Garage Sale HERE](#)

The Garage Sale Pages have been saving, or shall we say "Making" shops lots of money. My mother always told us, "Everyone should shop at Garage Sales when they can!"

### Delta Imports - Cool



Ron DeJong, Parts Mgr. Pat Dillon, Driver Joe Conklin, Stan Fisk

Missing from this photo of the Delta Imports team is the newest addition, Matt Sherman. Just to make it fun, we have added a "close-enough" replacement photo for Matt here:



Matt is one cool parts dude and a welcome addition to a very experienced team at Delta Imports.

Delta is another dealer fully utilizing the Fox Coordinated Delivery Team, which means FAST delivery on parts. Now more than ever, shops are seeing more import vehicles in for repairs. Many import manufacturers have improved their order/delivery programs to their dealers, however, much of that improvement still falls well short of the domestic standards, specifically in terms of Cycle Time.

CPG has developed a very unique and handy "Import Order/Delivery Timetable" form which is readily available from our CPG website which can dramatically assist shops with the scheduling of various import vehicles based on expected time to procure parts. Click here to see it now:

## IMPORT ORDER/DELIVERY TIMETABLE

TOLL-FREE

(888) 443-3582

### Supreme Court Denies Allstate Appeal

WASHINGTON - The Supreme Court on Tuesday rejected Allstate Corp.'s challenge to a Texas law that restricts insurance company ownership of auto collision repair shops.

Allstate sought review of its case at the high court, arguing the Texas law violates the constitution. A federal appeals court has upheld the law, which bars Allstate from opening new collision repair shops.

The law, enacted in 2003, also restricts Allstate from participating in the business of 15 repair shops it owns in the state. Allstate purchased Sterling Collision Centers in 2001, a move that gave it nationwide entry into the automobile repair business.

The company has argued the law, which aims to protect smaller in-state collision repair companies from insurance industry competition, violates restrictions the Constitution places on state regulation of interstate commerce.

"Texas in particular has legislatively shuttered its borders against interstate competition," Allstate said in its appeal. "This time, Texas targeted an intrinsically interstate initiative developed to improve the automobile accident repair business."

A U.S District Court rejected Allstate's challenge, however. The 5th U.S. Circuit Court of Appeals in New Orleans followed suit, saying the law was "based not on domicile but on business form" and didn't violate the Constitution.

"This court should deny the petition because the challenged law is one that relates to the 'business of insurance' and thus is not subject to scrutiny under the dormant Commerce Clause," said the Automotive Service Association and Consumer Choice in Autobody Repair. The two Texas-based advocacy groups are involved in the lawsuit and support the law restricting insurance company ownership of repair centers.

### The Fox and the Hound



Todd Fox, owner of Fox Collision Center Inc., an 18 facility group based in Tulsa, OK, and operating in 4 states grossed \$28 million per year. The 43 year old owner, who has now "thrown in the towel" on trying to keep his 18 shops open, speaks out on the state of the collision repair industry.

"With my regional group of shops operating on the lowest gross profit margins in our history, and the next evolution of DRP being implemented by the largest insurer in North America, I asked myself, 'How can my group of shops survive in the years to come?' Unfortunately, the answer that became obvious was, 'We cannot!'"

If insurers are the chief culprit in pushing collision repair facilities to the brink of bankruptcy, collision repairers have been complicit in the dire economic circumstances they face. "We are killing the profitability of this industry by participating in concession-based DRPs," Fox wrote in his farewell letter to the industry.

And during the last two years, insurers have been especially egregious in what they've demanded of their DRP shops, Fox believes. "DRP contracts now list pages of requirements and concessions," he wrote. "And I don't mean only labor and parts discounts, paint caps, and zero mark-ups on sublet items, but also concessions on the quality, integrity, and safety of repairs." Collision repairers have begun to push back. During an open microphone session at a Collision Industry Conference meeting in November, collision industry observer Scott Biggs issued a white paper calling for DRP reform.

(To view it, go to [www.CollisionIndustryNews.com](http://www.CollisionIndustryNews.com)).

According to Biggs, "Direct repair/referral programs (DRPs) are in reality cost mitigation systems for insurers. Anyone examining how the current DRPs are utilized and executed in the market will conclude that customer service and reduced friction with shops is no longer the objective. However, the DRP has proven to be highly effective for insurers in drastically reducing and containing their loss severity."

The fact that this can happen to one of the industries largest operator sends a chilling message, big or small, collision repair shops need to be constantly, actively involved in shaping the future of their shop(s), and this industry. Whether participating in DRP's or not, shops need to continue to educate themselves on all aspects of the law, what legal obligations they have with a DRP agreement, and without, what consumers rights are under the law, and help to educate their customer base.

### **New Nitrogen Thermo-Welding Process at Bumper Poole is "Coole"**

Bumper Poole has recently began repairing bumpers utilizing an exclusive new Nitrogen Thermo-Welding process. This new process, not used by any other bumper repairer in this competitive market, offer many repair benefits, such as:

- Produces the strongest possible weld with nitrogen gas.
- Produces repairs much more quickly that airless welding.
- When used with our R13 and R14 polypropylene strips, the Dual Fuzer makes strong and quick repairs on PP/TPO bumpers.
- Quickly welds any type or thickness of thermoplastic.
- Alarm system to warn operator of low air flow to help prevent overheating.
- Repairs have outstanding strength compared to other repair methods, like adhesives or mechanical fasteners.

Rick Poole and his crew are VERY excited about this new process and how well it works. This is the most innovative method Rick has seen in his 20 years in the bumper repair business, and it has regenerated his staff as they now are working this new process. If you have questions about the process, the results, and how this should enhance even more the products they deliver, call Rick today.

If you have been disappointed in your supplier of reconditioned bumpers and aftermarket parts, CPG highly recommends you try the vast knowledge, experience, and attention to customer satisfaction that Bumper Poole has been offering it's customers since 2000. Owner Rick Poole and his crew are committed to becoming the benchmark for quality, service, and value.

# Bumper Poole

800-289-9414

(616) 902-5035 - Rick's Cell

*Consolidated Parts Group and it's partners are VERY seriously committed in partnering with the Collision Repair Industry and working towards more control for shop owners. Our industry e-newsletter BODY SHOP B.S.is just one example of our continued work since 1997.*

*In 2007, we have already added a Current Survey to our website so shops can cast their Vote on different important issues faced within the industry. We will update and change the survey from time-to-time, but it is imperative that Shops be Active in participating in these Surveys. This new Survey System is currently being fully revamped with ongoing changes in technology, and CPG will be actively be using these new changes to serve this sector better.*

*Lastly, please consider the support and efforts put forth by your CPG Partners as you decide on who you will spend your money with for parts and services. CPG Partners believe in the mission and goals of CPG, and likewise, support those efforts through their participation as a CPG Partner. Please "Support those who support you."*

Thank You

Your CPG Partners

Daniel McAllister  
Consolidated Parts Group

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