

COLLISION Claims Standard



Is Farmers refusing to honor its AMPs warranty?

It has been reported that Farmers Insurance is refusing to honor their written aftermarket parts warranty and demanding that body shops use inferior, imitation parts. The insurer is reportedly assuring customers that if these parts don't work/don't fit, the insurer will take care of any problems that arise.

Relying on adjusters' verbal promises as well as Farmers' written "Non-OEM Sheet Metal Parts Warranty," customers and body shops are going forward with repairs using these inferior aftermarket parts.

When these parts fail – and they have been failing – customers have been contacting their insurer to



request that Farmers honors its written and verbal warranty by replacing the inappropriate parts with factory original manufacturer parts (OEM). However, rather than honoring their warranty—OSAR has been informed—Farmers is saying it's not their responsibility and points the finger of blame

elsewhere.

OSAR has written a letter of concern (See page 7) regarding this matter to Cory Streisinger, director, Oregon Department of Consumer and Business Services (DCBS) that administers state laws and rules governing the insurance industry.

Body shops in southeast Portland, Tigard, Salem and southern Oregon are experiencing the same problem with this insurer. OSAR would like to hear from other shops having these problems.

We will keep you updated as this story unfolds.



Customer's comments

The Farmers adjuster told me that Farmers guaranteed that the alternative parts to repair my Lexus were as good as the equivalent parts that would have come from Lexus. He promised if any problems resulted from the alternative parts, that Farmers would take care of it. Because of his promise, I agreed to have the alternative parts installed on my car. After my body shop put the non-Lexus parts on the car, everyone could see that they did not fit right. We were concerned. I called Farmers and reminded them about their promise to make the repairs right and wanted them to make good on their promise. They reneged on their promise and refused to honor their warranty. I then went to the Oregon Department of Consumer and Business Services' Enforcement Division for help; but, so far, they have provided no help whatsoever. —Name withheld upon request, Medford, OR

Aftermarket parts industry is in flux

Chess' AMPs tests rock industry

AMPs distributor stops sale of untested aftermarket bumper parts

Keystone Automotive, a subsidiary of LKQ Corporation, recently announced that it would sell only aftermarket bumper reinforcement bars that qualify under the company's in-house quality assurance programs or are approved through third party testing.



Toby Chess tests reinforcement bars.

Keystone crash tests AMPs

Close on the heels of this announcement, Keystone enlisted MGA Research Corporation, a contracted testing facility for the National Highway Traffic Safety Administration (NHTSA), to do its third-party crash testing with full-size automobiles.

Was Keystone's goal to discredit Toby Chess's monumental demonstration this past November at the Collision Industry Conference (CIC)? During that demonstration Chess, an I-CAR program instructor, a welding instructor and a firefighter extrication trainer, showed the audience the difference that exists in the material properties of several crash parts which "may impact the performance of structural parts in a vehicle collision," Chess said.

Continued on page 4. See Chess' tests.

Vindication for Oregon body shop owner

"We are calling on all insurance companies to do voluntary recalls"

by Anne Koppel Conway

Referring to the auto repair industry's recent acknowledgement that aftermarket bumper reinforcements were inferior to the original manufacturer's parts, **Leif Hansen**, owner of Leif's Auto Collision Centers said, "I like to say 'vindication is very sweet.' This aftermarket parts (AMPs) problem has been going on for 20 plus years."

Back in 1994 Leif's was the first and only body shop in Oregon to bring this issue of using aftermarket bumpers to the

forefront, he said. "We actually visited with the Insurance Commissioner's enforcement division to demonstrate to them how these aftermarket bumpers were inferior to the original manufacturer's factory parts."

Hansen recalled that the enforcement division "poo-pooed the whole thing," while discounting the obvious. Even though Hansen presented evidence that the aftermarket bumpers were missing welds and crucial safety reinforcements and were made of lighter, less durable material rather than matching the quality of the steel in the original bumpers, the enforcement division asked, "how can one prove that it is inferior?" It was frustrating.

"We were dealing with the duck theory: If something smells like a duck, walks like a duck, talks like a duck – how can you prove it's a duck? The people we dealt with from the enforcement division were obviously in the pocket of the insurance industry."

In spite of not receiving support from the Insurance

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OSAR actively accepting complaints

from body shops and consumers that concern unethical and illegal activities of adjusters and insurance companies. We will investigate the complaints and anonymously publish the findings in the *Standard*, as well as formally file the complaints with the Oregon Department of Consumer and Business Services on behalf of the consumers or the body shops.

Call: (503) 572-1677

E-mail: info@oregoniansforsafeautorepair.com

OSAR sharpened the focus of the *Collision Claims Standard*

Why'd we do it?

Dear Friends,

We're honing in on what's important.

For years Oregonians for Safe Auto Repair has been a leader in advocating the use of only Original Equipment Manufacturing parts for bumper reinforcements and related parts, instead of using less safe Aftermarket safety parts. Now it looks like the tide is turning and we want to be on top of it.

Also with this Great Recession has come an increased level of malfeasance. A significant number of insurance commissioners, ignoring their oversight responsibilities, are turning a blind-eye to the unethical and outright illegal activities of many insurance claims departments. There is, unfortunately, no sheriff in town. The big question: Who's watching out for the little guy?

Nationally, it is estimated that the property and casualty insurance industry skims over five billion dollars a year in excess profits by systematically cheating claimants out of benefits that are legally and contractually owed to them.

The mission of Oregonians for Safe Auto Repair (OSAR) is to be the consumer watch dog – exposing those insurers that rip off the consumer and violate insurance codes and state laws.

Combining our print and website capacities, we will bring you weekly articles, actual conversations between insurers and consumers and mini-video documentaries both on the web and in our monthly paper mailed right to your door.

Thank you.

Oregonians for Safe Auto Repair (OSAR)



Watchdog section

Shouldn't respect be going in both directions?

After paying auto insurance premiums for 37-years without incident, Jennifer A. and her husband recently filed an auto accident claim with GEICO Insurance. She was more than a little surprised by the GEICO adjuster David E.'s attitude and response.

As a matter of fact, Jennifer "was stunned. I contacted GEICO to inquire about the repair of my 2003 Nissan Altima," she said. The GEICO Adjuster, David E., "chastised me for allowing [the repair shop] to pick up the car" from a Hillsboro tow lot.

He told Jennifer that she did not have the authority to remove her own car from the tow company's lot. Ericson also informed her that GEICO was not paying for any towing or storage fees to date. And he wanted her to immediately allow GEICO to pick up her vehicle at the repair shop she had chosen and transport it to the GEICO salvage yard.

Jennifer's husband tried to reason with the GEICO adjuster, who rather than being understanding threatened him, saying, I could make your "lives difficult."

Jennifer did not give into GEICO's threats.

Editor's note: *Only the owner of a vehicle, not an insurance adjuster, can authorize the transportation of a vehicle from one facility to another. In the end, GEICO, a wholly owned subsidiary of Berkshire Hathaway, Inc., paid all charges.*



Watchdog section

"I tried to convince Farmers Insurance to approve an [Original Manufacturer] Toyota bumper for my Highlander," said Mary C., "but they will not change their decision to only authorize [an aftermarket part] which I don't think is as good a quality as the original part. I called the Oregon Insurance Commission today to complain and found out that [Farmers] legally can install" the Keystone Aftermarket Part. "I can do nothing to get them to pay for an original Toyota part.

"The following is a list of the conflicts I have had with Farmers insurance since the onset of this claim.

- "Two appointments, including one on Christmas Eve, were canceled by the field adjuster," forcing Mary to change her holiday plans.
- "After talking with the claims agent regarding the loss, a letter was sent to me stating that I had not called to give my information about the accident by a certain date," so the handling of the claim was delayed.
- "The repairs were delayed because the owner of the car that hit my vehicle did not respond to calls regarding the accident. This caused a three-week delay before repairs were begun on my car."

— Mary C, a Farmers Insurance customer

Your Letters to the Editor will help us grow stronger. United, we are a potent force; divided, we are isolated and vulnerable. Let's hear from you.

Please submit your Letter to the Editor by e-mail. Depending on the length, letters may be edited. Please specify if you want your submission to be published anonymously, or if you will allow us to use your name and/or location. If we have any questions, a phone number would be helpful, but not required. Space permitting, we will use your letter in future issues.

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Oregonians for Safe Auto Repair is a political action committee dedicated to sponsoring bills that protect consumers and their vehicles and providing comprehensive coverage of the auto insurance industry nationwide.

Vindication for body shop owner Continued from page 1

Commissioner's office, "Leif's has tirelessly been pushing – through its advertising and its advocacy with its own consumers and with insurance companies – *not* to use inferior parts – specifically those parts that jeopardize the safety of the occupants," he said.

"As anyone in the auto body industry who has ever had any type of training knows, the bumper reinforcement – the part that sits at the very front of the car behind the plastic bumper cover – is an integral part of the safety system of the car that protects the occupants from serious injury. Meaning if that part fails, or doesn't collapse in a proper sequence, the occupants of the vehicle may suffer more harm including possibly death, *if* the bumper reinforcement is inferior or is missing.

"The manufacturers go through stringent tests on every new model each year using those specific high strength steel bumpers as part of the integral part of the design of the car. These bumpers, designed to absorb the impact, will help trigger the proper timing of the airbags deployment, which in turn precisely trigger the correct sequence to stop the occupant from hitting the steering wheel or going into the windshield.

"If the airbags don't go off in the correct sequence with the correct timing happening in nanoseconds as you are going forward, the airbag will deploy either too early or too late. When this happens, the occupant won't be properly protected and could be badly injured.

"The bumper itself is designed by engineers with thousands of hours of crash and metallurgic testing to ensure that the bumper is as light as possible with the proper alloy specifications and is designed with a high degree of engineering," he said.

Taiwan manufacturers

"What the Taiwan manufacturers of these parts have been doing is taking the shape of these bumpers, making a mold and cranking out a look-alike simile that doesn't have the same alloy or strength specifications and hasn't been put through any of the necessary crash testing that is routinely done by U.S. car manufacturers.

"These absurdly comical copies of parts that have an incredible amount of engineering are 'happily' sold to consumers by the insurance industry as a like-kind replacement for original manufactured parts. The unsuspecting consumer is told that there is nothing wrong with the part.

Claiming that AMPs are equivalent to OEMs "is one of the biggest bold-faced lies that crosses America."

"As a matter of fact many times consumers are told that these copies are made by the same people who made the original parts.

"Over the last 20 years Leif's has spent millions of dollars hammering home the fact that these parts are inferior. Hammering home that insurance companies by law are not permitted to put inferior parts on vehicles, but they are getting away with it. And they have created incredible mass, multi-million dollar ad campaigns to support a lie to help them make millions of dollars – all by using unscrupulous adjusters and unscrupulous body shops that know the difference," he said.

"That reminded Hansen of another point: "These body shops that put these parts on vehicles know that these parts are inferior. They all know it! The funniest thing about it is that only the most hardened DRP 'whore-shop' owner would sit there and say, 'they are the same.'"

"Every technician that uses them, every shop owner, every adjuster, every independent says they

are junk. Even a fair number of representatives of insurance companies say they are junk but are required to put the inferior parts on."

Claiming that AMPs are equivalent to OEMs "is one of the biggest bold-faced lies that crosses America. "So we feel very vindicated that we were the lone-voice in the wind for 20 years that kept to the same message.

"We were poo-pooed. We were lambasted. We were attacked for years and year and years." Adversaries,

"The insurers still – as of yet – haven't coughed up the money to do the right thing and tell the owners of the affected cars to bring them back to get safe, replacement parts."

try-
ing to shift the blame to Leif's and others attempting to educate people about the facts, would say about us that, "we didn't know what we were talking about. We were just evil. We just wanted to get rich. We were greedy.

"Now it's coming out that these insurance companies have been installing inferior parts all along and they knew it."

What's going to happen next?

"Insurance companies are now agreeing that these [aftermarket] parts are no good, so what are they going to do about the hundreds of thousands of inferior bumpers they have put on customers' vehicles over the years?"

Referring to recent, related safety issues, Hansen said, "Toyota is being lambasted right now for having sticking accelerators, just to name one of their problems, that directly affects a small percentage of the over 8.5 million vehicles recalled. Just a sliver of these effected vehicles have been in accidents."

According to U.S. Transportation Secretary Rodney Slater's prepared testimony on March 2nd at the U.S. Senate Commerce Committee hearing, the Transportation Department had received complaints linking 52 fatalities and 38 injuries to sudden-acceleration incidents involving Toyota vehicles since 2000.

"Out of the approximate 5 million cars sold a year, Toyota is doing a massive recall of every single vehicle with a potential problem."

The inferior aftermarket parts installed on an untold number of vehicles owned by blissfully unsuspecting car owners, "is a safety issue" of the same magnitude.

Calling all insurance companies!

"So we are calling on all insurance companies to do a voluntary recall. OSAR has written a letter to the Cory Streisinger, director of the Oregon Department of Consumer and Business services, a regulatory agency that oversees insurance laws" to encourage her to wear her white hat and lead the charge. (See page 7)

"Yes, it's going to cost insurers money. In comparison, Toyota stepped up to the ethical plate and did their recall. It was the right thing to do; and, moreover, it's just the cost of doing business, isn't it?"



"So are Allstate, Farmers, GEICO, along with other insurers going to do a voluntary recall and send out letters to the multitudes of customers they have? Will they do that? Right now I would bet a dinner with anybody that they will not voluntarily initiate recalls.

None of these insurance companies will step up unless a fire is lit under them. Why? It's the bottom line . . . it might cost them something."

The sobering questions, "Is someone going to die from insurers' inaction? Absolutely. "Does it matter to them? No. We're back to the bottom line. . . it might cost them something."

"This is going to be the proof in the pudding: the ill-gotten money that insurers make off of using junk parts (endangering their customers) as they are pulling the wool over these customers' eyes is still more important to them – even when the risks to their customers are quite visible, the insurers still – as of yet – haven't coughed up the money to do the right thing and tell the owners of the affected cars to bring them back to get safe, replacement parts. It seems obvious what needs to be done, doesn't it?"

"You have to give GEICO, MetLife, Chubb Group and Esurance Insurance Services credit for acknowledging the problem and announcing they were suspending the use of aftermarket structural parts. Hopefully, all other insurers will follow suit.

"But even the four insurance leaders won't have gone far enough, *until* they begin recalls.

It feels good knowing we, as a company, have been doing the right thing. This is just the tip of the iceberg of the recalls, because there are other parts out there that insurers have been using that are going to be found to be defective by others."

Hansen shared one last thought, "A lot of these parts are supposedly certified. Well, the only certification process that is currently in America is done by CAPA [Certified Auto Parts Association], which is 100% funded by the insurance companies that sell those parts.

"It's the ol' fox watching the henhouse. But up until a few weeks ago, even CAPA never crash-tested bumpers, even though they are certifying that they are adequately testing these parts. We all know that the only way to correctly test a safety part is to have engineers structurally check the alloys, which CAPA has never done. If they did, they would find the AMPs to be inferior, because the aftermarket parts being imported from Taiwan are mild steel. And the parts coming from the manufacturers are high-tensile strength.

Mild steel and high-strength steel are two completely different metals! So if they are completely different how can they be identical? Unfortunately, they have been sold as like-kind and in some situations, still being sold as like-kind.

A lot of these parts haven't been certified by CAPA. Some insurance companies are using uncertified parts that their own organization [CAPA] refuses to certify. CAPA's silence about the uncertified parts, speaks louder than words. The silence says that the uncertified parts are not good.

Think about that.



Chess's Tests Continued from Page 1

For his demonstration at the CIC, Chess purchased a 2009 Toyota Corolla bumper reinforcement bar, as well as its aftermarket look-alike. The OEM part for this car has an ultra-high-strength steel reinforcement bar.

First he began cutting through the OEM part with a firefighter's extrication saw. When the saw blade hit the Toyota original part, the ultra-high-strength steel in the part dulled the blade.

But when he began cutting through the aftermarket reinforcement bar, it was a different story. Chess took a regular hacksaw blade and sliced right through the aftermarket part – like it was “a piece of butter,” he said. Since the AMP was so easy to cut, it suggested that the reinforcement bar for the non-OEM part was “likely made out of mild steel.”

Chess's test results were possibly the cause of Keystone, a subsidiary of LKQ Corporation, halting the sale of the untested aftermarket bumper reinforcement parts.

Keystone, through MGA which is located in Burlington, Wisconsin, crash tested a non-OEM structural part for a **2003-08** Toyota Corolla. “It's not the same part,” Chess said. It's like comparing apples to oranges.

Crash testing parts on cars is a good thing. But in order to test the accuracy of Chess's demonstrations or to discredit it, perhaps Keystone should have tested the same part so that a true apples to apples comparison could have been made.

On the original crash videos that Chess

If you look at the FMVSS #208 that MGA used in the crash tests, it was written in the '80s and “had nothing to do with airbag deployment, rates of deployment . . .”

showed at the CIC this past November where the crash test cars went 10 miles an hour, there was a dramatic difference in the outcome of the two tests. The car with the OEM part containing “the ultra-high-strength steels only crushed down a little bit.” However, “the aftermarket one flattened out,” he said.

The 35 mile-an-hour test, that Keystone used, “didn't prove anything,” because at that speed “any reinforcement will be toast.”

Again, to obtain accurate findings, Chess would have preferred that Keystone/MGA crash tested

the vehicles at 10-mph to get a true picture of how the non-OEM structural parts fared in both situations compared to the original parts.

Chess's revelation, back in November, of the stark difference in the performance and the material of the two supposedly like parts began a domino effect. (See articles on insurance companies' actions.)

The I-CAR instructor brought up another point, “If you look at the Federal Motor Vehicle Safety Standard number 208 that MGA used, it was written in the early '80, dealing with seat belts and crash dummies and had nothing to do with airbag deployment, rates of deployment and so forth,” he said.

“Again, they [Keystone] put a thing out there that was more for their audience. They were getting bombarded by everybody” because of the test information Chess released. “[Their releasing the results of the GMA crash tests] was a way for them to ease the bombardment.” Reproaching Keystone for what they might be saying, Chess parodied the parts distributor, “Oh, yeah, we tested the part. It withstood the 208 standard and everything is fine/hunky-dory.” Back to being Chess, he ended with, “which is *totally* wrong.”

Some information from CollisionWeek.com.



GEICO changes policy to only write for OEM safety bumper reinforcements

When it comes to safety items such as bumper reinforcements, brackets and energy absorbers that can play an important role in the crash management characteristics of vehicles, GEICO insurance has taken the proactive step of no longer specifying aftermarket replacement parts for these components when repairing their customers' vehicles.

Citing the recent industry dialog about inferior AMPs, GEICO said in its statement, "As of today, and until further notice, companywide procedure will be to specify only new OEM or recycled OEM bumper reinforcements, absorbers and brackets."

As an added measure, to avoid even inadvertent use of these parts on GEICO estimates, the company has modified its claims management software to raise an electronic flag informing the adjuster of the new policy. According to the GEICO notice, if an adjuster inappropriately selects an aftermarket replacement for a

Continued on page 8. See GEICO changes AMPs policy.

Satisfaction Rankings of Auto Insurers in Oregon

JD Powers 2008 Auto Claims Satisfaction Study Consumers Rate Auto Insurers	
Insurers	Customer Satisfaction Rankings
State Farm	85.1%
American Family	82.0%
Progressive	82.0%
Liberty Mutual	81.7%
GEICO	81.5%
Nationwide	80.2%
Allstate	80.1%
Farmers	80.0%
Safeco	78.5%
AIG	78.0%

The JD Powers national 2008 Auto Claims Satisfaction Study is based on 11,671 responses from auto insurance customers who filed a claim within the past 12 months. The study, fielded from July to August 2008, excluded customers who only had glass/windshield, theft/stolen vehicle, roadside assistance or bodily injury claims. The above insurers do business in Oregon.

Society of Collision Repair Specialists Satisfaction Ratings Survey National Organization Rates Auto Insurers		
Insurers	Satisfaction Ratings	
	2007	2008
State Farm	8.26	8.30
American Family	7.13	6.97
Farmers	6.90	6.41
Liberty Mutual	6.77	6.67
GEICO	6.69	6.22
AIG	6.68	6.72
Allstate	5.55	6.33
Nationwide	6.03	6.12
Progressive	5.09	4.79

The survey asked participants to rate their relationship with each of the included insurers on a 0-10 scale (with 10 being the highest and 0 the lowest.)

NW Automotive Trades Assoc. OR Collision Repair Shops Rate Insurers	
Insurers	Overall Grade
State Farm	B+
Liberty Mutual	C+
American Family	C
AIG	C
GEICO	C-
Nationwide	C-
Farmers	D+
Safeco	D+
Allstate	D+
Progressive	D

650 Oregon collision repair shops received surveys which graded insurers on how well each company's policies, attitude and payment practices ensure quality repairs and service for Oregon motorists.

State of Oregon - Insurance Division Consumer Guide to Insurance Complaints Insurers Ranked by Complaint Records			
Insurers	Total OR Premiums	Confirmed Complaints	2007 Rankings by Complaints filed
State Farm	\$344,701,743	109	11
Nationwide	\$26,373,685	9	13
Liberty Mutual	\$28,691,444	17	18
Safeco	\$143,064,062	86	19
American Family	\$76,667,551	51	21
Farmers	\$274,531,027	187	22
GEICO	\$47,891,777	37	26
Progressive	\$39,024,068	33	28
Allstate	\$82,477,258	74	31

After complaint indexes were computed by the Insurance Division, insurers were ranked by their complaint records. The above insurers handle about 95% of personal auto insurance in Oregon. The smaller the ranking number the better the complaint record.

FARMERS Insurance—refusing to follow manufacturer's recommendations?

03/09/2010 at 01:43 PM

FARMERS INSURANCE COMPANY OF OREGON
Portland Claims Service Center

SUPPLEMENT OF RECORD 1 WITH SUMMARY

Insured:	Claim #
Owner:	Policy #
Address:	Date of Loss:
Business:	Type of Loss:
Other:	Point of Impact:
Inspect Location:	Business: HOME
Repair Facility:	Business: 15 Days to Repair
	License #

2001 LEXU GS 300 6-3.0L-FI 4D SED Silver Int:Grey
VIN: [redacted] Lic: [redacted] OR Prod Date: 02/2001 Odometer: 220342

- Condition: Good
- | | | |
|------------------------|--------------------------|---------------------------|
| Air Conditioning | Rear Defogger | Tilt Wheel |
| Cruise Control | Telescopic Wheel | Intermittent Wipers |
| Climate Control | Keyless Entry | Alarm |
| Wood Interior Trim | Dual Mirrors | Console/Storage |
| Traction Control | Stability Control | Fog Lamps |
| Clear Coat Paint | Metallic Paint | Power Steering |
| Power Brakes | Power Windows | Power Locks |
| Power Driver Seat | Power Passenger Seat | Power Mirrors |
| Heated Mirrors | Power Trunk/Gate Release | AM Radio |
| FM Radio | Stereo | Cassette |
| Search/Seek | Anti-Lock Brakes (4) | Driver Air Bag |
| Passenger Air Bag | Head/Curtain Air Bags | Front Side Impact Air Bag |
| 4 Wheel Disc Brakes | Cloth Seats | Bucket Seats |
| Automatic Transmission | Aluminum/Alloy Wheels | |

NO.	OP.	DESCRIPTION	QTY	EXT. PRICE	LABOR	PAINT
1#		#1C0 Silver Metallic Clearcoat	1			
2		FRONT BUMPER				
3	S01	O/H front bumper			2.8	
4		Repl Molding	1	64.99	Incl.	
5*		Repl Bumper cover	1	454.66	Incl.	0.0
6	S01	Repl Energy absorber	1	72.71	Incl.	
7	S01	Repl Reinf beam	1	215.29	Incl.	

SUPPLEMENT OF RECORD 1 WITH SUMMARY
2001 LEXU GS 300 6-3.0L-FI 4D SED Silver Int:Grey

NO.	OP.	DESCRIPTION	QTY	EXT. PRICE	LABOR	PAINT
50#	S01	Subl 2 Wheel / Thrust Angle Alignment	1	49.99		
51#	S01	Mask Engine	1		0.5	
Subtotals ==>				1909.59	39.3	6.1

Parts		1609.59
Body Labor	33.8 hrs @ \$ 48.00/hr	1622.40
Paint Labor	6.1 hrs @ \$ 48.00/hr	292.80
Frame Labor	5.5 hrs @ \$ 54.00/hr	297.00
Paint Supplies	6.1 hrs @ \$ 29.00/hr	176.90
Sublet/Misc.		300.00
SUBTOTAL		\$ 4298.69
TOTAL COST OF REPAIRS		\$ 4298.69
ADJUSTMENTS:		
Deductible		500.00
TOTAL ADJUSTMENTS		\$ 500.00
NET COST OF REPAIRS		\$ 3798.69

The Facts

An Oregon body shop representative met with a Farmers' adjuster to discuss the repair of a customer's 2001 Lexus GS 300. The adjuster insisted on only authorizing a 2-way alignment on the GS 300.

The shop representative, backed by the shop's expert knowledge, which in turn was backed by the manufacturer's (Lexus') recommendations, stated that the proper procedure was a 4-way alignment.

Although the insurance adjuster freely acknowledged that he was not an expert in alignments, he was adamant that he would only approve a 2-way.

To break the impasse, the Lexus dealership was called. The dealership confirmed what the body shop had been saying all along that under these circumstances a 4-way alignment was required.

For this 4-way the dealership would charge \$119; the body shop, \$89. To do the right thing Farmers would only have to cough up an additional \$39.01.

However, even after hearing directly from the horse's mouth, so to speak, that Lexus recommends that a 4-way alignment be performed under these circumstances, the Farmers' adjuster stuck to his guns and refused to pay for a 4-way.

Is Farmers Insurance refusing to follow the manufacturer's recommendations?

You be the judge.

* * * * *

As a side note

Look at line 5. You see that the original sheet was written in the field. The adjuster overrode paint and time on the bumper. Was this done by Farmers with the hope that the customer would cash the check?

Draw your own conclusions.

NSF Int'l initiates certification program to verify quality and safety of AMPs

Diamond Standard parts pursues certification for collision safety parts



NSF International begins AMP's certification program.

ANN ARBOR, MI – Concerns regarding consumer safety and compromised automobile crash-worthiness continue to center on the use of certain aftermarket

structural parts. NSF International recently launched a new Automotive Parts Certification Program to address these concerns. "The one-of-a-kind program verifies both the quality and performance of aftermarket auto parts via testing and inspections," said Greta Houlahan, Communications Manager, NSF International.

"The NSF Automotive Parts Certification Program offers independent, third-party certification of steel bumpers, step bumpers, absorbers, reinforcement bars and brackets to ensure that high-quality aftermarket safety parts are available," she said. The "certification criteria require the highest level of performance in terms of form, fit and function, as well as the production facility's quality systems."

The program was developed to counter "growing concerns that lower quality parts were being used in the automotive repair industry. Certification from an accredited third-party, such as NSF International, helps ensure that an aftermarket auto part meets rigid quality, safety and performance standards," she said.

Reflexion Automotive and Production Bumper Stamping, Inc. (PBSI), which manufacture Diamond Standard brand parts, are the first companies to participate in NSF International's Automotive Parts Certification Program.

The certification program includes:

- On-site inspection and approval of the manufacturing facilities' production and quality system.
- In-plant part quality assurance

requirements.

- Rigorous part testing to ensure the highest levels of performance.
- Comparison to original equipment (OE) parts across dimensional and material attributes.
- Ongoing monitoring of certified parts through quarterly facility audits.

- Random, in-market part testing.

- An ongoing process for monitoring and taking action regarding customer complaints.

- A traceability requirement that allows for an effective recall process.

Automotive parts that complete the requirements of this NSF

certification program will bear the NSF Mark.

Collision Claims Standard asked NSF if the new certification program involved crash testing and was told that it "does not involve crash testing at this point."

Bob Frayer, director, NSF International Engineering Laboratories added, "Certain parts, i.e. rebars and front bumpers, will require load deflection test data on each part. This is intended to give important information on how the parts deform under a loading situation. This, along with comparative material and dimensional data, is intended to assure the user of the parts of their high quality and crashworthiness."

Mike O'Neal, President of Diamond Standard and Reflexion Automotive in Memphis, TN, – that makes

AMPs such as bumper systems – said, "The events of the last few weeks concerning crash related safety parts illustrate the glaring need for certification to assure the consumer, collision repair shop, independent distributor and insurance industry that the parts utilized for the repairs of a vehicle maintain the integrity of the original collision management system."

"NSF International's 65-year history of certification, testing and inspections coupled with its extensive automotive industry experience, provides the confidence that the collision repair industry can rely on."

O'Neal believes the responsibility for part quality rests with the company that makes that aftermarket part. "It's on the manufacturers, period," he said. "They [the manufacturers that produce substandard parts] provide zero backup test and material data to large and small distributors who rely on them to provide a

comparable part."

"When any collision repair professional or insurance company sees the NSF mark on an automotive part, they can be confident that the part meets the industry's highest standards," Frayer said. "NSF Certification also allows manufacturers to demonstrate their commitment to product quality and safety."

Headquartered in Ann Arbor, Michigan, NSF International, an independent, not-for-profit organization, is an American National Standards Institute (ANSI) accredited standards writing organization. The company certifies more than 275,000 products.



The CIC presentation and five years of alerts by Diamond Standard "show a problem exists with safety parts from manufacturers who substitute both non-OEM material and [the] parts manufacturing process to provide 'replacement' parts," said Diamond Standard President Mike O'Neal.

MetLife Drops Aftermarket Structural Parts

Another top national insurer suspends use of AMPs until safety can be established



Yay!

MetLife Auto & Home, one of the top 15 private passenger auto insurers in the US, has suspended the use of aftermarket parts for the replacement of safety related components on all estimates prepared "by or for MetLife claims."

In a notice from MetLife Auto & Home to its direct repair facilities in its Guaranteed Repair Program, Doug Irish, National GRP Administrator, told the shops of the policy change, stating, "Effective today and until further notice MetLife is suspending the use of aftermarket steel bumpers, bumper

reinforcements, energy absorbers, brackets and radiator support." . . . Company policy will be the use of OEM or recycled OEM parts."

According to CollisionWeek, the MetLife communication said that the insurer was working with CCC Information Systems to update all of its estimating rule sets to reflect the policy change.

MetLife said, "The concern being put forth is the possibility of compromising the integrity of the safety restraint system."

And, "While we are not aware of any circumstances or problems with any of the noted parts, we have decided to revise our policy [until] additional analysis and study are completed."

The company noted that it may return to its aftermarket parts utilization guidelines if/when any safety concerns are settled.

Esurance Insurance Services changes Policy on aftermarket parts

The company, that sells auto in insurance in 30 states, announced, "As it has always been our policy to only include OEM Bumper Reinforcements and Core Supports on estimates written for our customers, we are now expanding our policy to also include Bumper Absorbers and Bumper Brackets. Quality and safety remain paramount for our customers so we will implement this policy immediately."

Chubb joins other insurers on AMPs issue

In an announcement to its vendors and business partners, Chubb Group of Insurance Companies suspended the use of "Structural" AMPs (i.e. bumper bars, reinforcements, absorbers, bumper mounting brackets, and radiator supports, etc.) on any estimate or appraisal prepared on their behalf. "This is due to recent questions and concerns being raised surrounding the safety and integrity of some Aftermarket Parts. This does not preclude the continued use of Non Structural Aftermarket outer sheet metal panels; bumper covers and assorted trim components; provided they meet Chubb's stringent Appraisal Standards. Additionally you should continue to utilize quality LKQ and Reconditioned parts based on availability and in adherence to Chubb's Appraisal Standards. It has always been and continues to be the intent of Chubb & Son, a division of Federal Insurance Company to ensure the highest level of safety and quality during the appraisal process." — Doug Ahrenberg, National Auto Program Manager



OSAR letter to DCBS director Requesting investigation of insurers' warranties

OSAR

Oregonians for Safe Auto Repair
16200 SW Pacific Hwy
Suite H-108
Tigard, OR 97224

March 12, 2010

Cory Streisinger
Director, DCBS
350 Winter Street NE
P.O. Box 14480
Salem, OR 97309-0405

Dear Director Streisinger:

Our organization has learned of an ever growing problem within the auto insurance industry. The problem is several different insurers are not honoring their customers' warranties regarding aftermarket parts (AMPs). Many insurers offer standard warranties which claim to stand behind the quality of aftermarket parts and assure their customers that if there is a problem the insurers will have the inferior parts replaced. Unfortunately, these warranties are being ignored.

In a pattern that is being repeated increasingly throughout Oregon: when a vehicle arrives at an auto body repair shop, an adjuster will insist that AMPs be used to repair the damage to the vehicle. Body shops have informed us that as a general policy, they never refused to use any aftermarket parts that insurers recommend, as long as:

- the parts are equivalent to the part being replaced
- the aftermarket part is the same kind of part and is at least the same quality with respect to fit, finish, function and corrosion resistance

But when the insurers' insisted upon parts that don't meet the above standards, auto body employees, in their official expert opinions which rely upon past experiences with these same parts, will state that the AMPs will not fit properly and that original manufactured parts should be used. Ignoring this information and verifiable past examples, the adjuster continues to insist that the insurer specified AMPs will be of good quality and fit appropriately and guarantee this to the customer. In many instances the adjuster will also verbally state the insurer will take care of any problems if the parts are not adequate and cause problems as a result of use. With these assurances from adjusters that they guarantee replacements for any problematic parts, the customers authorize the use of AMPs in the repair of their vehicles.

After repairs are completed and it is obvious that the inferior AMPs do not fit properly, customers contact their insurers and explain the situation, referring to the warranties that provide quality parts which would fit. In response, the insurers state they will neither honor the guarantee or warranty to replace the AMPs nor will pay to replace them. All of this being totally contradictory to both their standard warranty and to what the adjuster had previously stated leaves the customers with non-fitting AMPs despite insurers' claims to the contrary to replace them.

Our organization is bringing this to your attention to document what we believe to be a behavior of not honoring the warranties of customer's claim. As the authority to enforce the Insurance Code lies with you, we respectfully would ask you to investigate this growing problem within our state and to take the appropriate measures to end this practice. Thank you for your time and we are happy to provide any more information you may require.

Sincerely,
OSAR

Oregon law



ORS 746.289 Insurer offer of crash part warranty.

Any insurer which offers a motor vehicle insurance policy that provides coverage for repair of the vehicle shall make available to its insured a crash part warranty for crash parts not made by the original equipment manufacturer as described in ORS 746.292 when the insured requests one.

OSAR alerts Dir. Streisinger: inferior AMPs on unsuspecting Oregonians' cars

OSAR

Oregonians for Safe Auto Repair
16200 SW Pacific Hwy
Suite H-108
Tigard, OR 97224

February 28, 2010

Cory Streisinger
Director, DCBS
350 Winter Street NE
P.O. Box 14480
Salem, OR 97309-0405

Dear Director Streisinger:

On behalf of the members of the Oregonians for Safe Auto Repair (OSAR), I respectfully request that you take immediate action to protect the safety of Oregonians riding in vehicles repaired with inferior aftermarket bumper and bumper parts. Their substandard quality and second-rate material are endangering the public unnecessarily.

Much research has been conducted over the past several months and the results show that aftermarket bumper parts often times are made with inferior material. In one study a bumper reinforcement beam for a Toyota Corolla, along with its aftermarket "equivalent" were tested. When the demonstrator, using an extremely sharp extrication saw, tried to cut through the original manufacturer's safety reinforcement beam made with ultra-high strength steel, the material dulled the blade and no progress was made. But when he took a standard hacksaw blade to the aftermarket part, it sliced through the inferior aftermarket reinforcement bumper beam like butter.

This research, which demonstrated that these imitation parts pose safety risks to occupants during crashes, has specifically prompted various aftermarket groups to suspend sale of bumper reinforcements. Additionally, GEICO, Metlife, Esurance and Chubb Group of Insurance Companies have all stopped using certain aftermarket parts or changed their policies regarding them.

Our members have consistently fought insurers that opt to use these inferior aftermarket parts to reduce their costs. We have also been making the claim for years that these parts were substandard. Now that the integrity of these parts is known, we ask that you require insurers to review their claims to identify those vehicles repaired with inferior aftermarket parts and to disclose such repairs to the insured. Given that state law requires insurers to pay for parts that are of like kind and quality to the parts being replaced, we contend that the policyholders have every right to know if their vehicle was repaired with parts that will perform to OEM standards in a subsequent collision.

We request that you issue a directive to insurers regarding these aftermarket parts stating their unsuitability for repairing vehicles. Thank you for your time and consideration.

Sincerely,
OSAR

Toyota Announces Voluntary Recalls – so far, 8.5 million

Is your vehicle involved?

The following vehicles are being recalled by Toyota:

2005-2010 Avalon 2010 Prius
 2007-2010 Camry
 2009-2010 RAV4
 2009-2010 Corolla
 2008-2010 Sequoia
 2008-2010 Highlander
 2005-2010 Tacoma
 2009-2010 Matrix
 2007-2010 Tundra
 2004-2009 Prius
 2009-2010 Venza
 2007-2010 Lexus ES 350
 2006-2010 Lexus IS 250 and IS 350

tearfully addressed U.S. Toyota employees, telling them, "At the hearing, I was not alone. You and your colleagues across America and around the world were with me," he said. For the most part he received a generally positive response at home in Japan for his comments, with many people using the phrase 'otoko naki'—crying while maintaining masculinity."

Japan's prime minister Yukio Hatoyama said: "It was good for the Toyota president to appear in person at the hearing and testify" on the company's massive recalls, but he added, "I don't think this has put an end" to the issue.

In a full-page ad in major dailies and posted on Toyota's website is "Toyota's Pledge to You." Toyota America President Jim Lentz admitted Toyota hasn't "lived up to its reputation" and knows "we need to do better."

It's nice to hear a company owning up even when it's been criticized for being slow to respond to serious problems.

- We'll ask outside experts to confirm that the enhanced quality controls we're putting in place conform to best industry practices.

At Toyota, we have always believed that continuous improvement -- doing better every day -- is the best guarantee of success. And we believe that the best companies learn from their mistakes. We know we need to do better. We are committed to doing just that.

Sincerely,



Jim Lentz, President and Chief Operating Officer, Toyota Motor Sales, U.S.A., Inc.

Toyota recalled 8.5 million cars, including 440,000 Prius models and other hybrids to fix a



Toyota's President Akio Toyoda

software glitch in the brake system of these cars. Toyota's President Akio Toyoda, who was under fire for his handling of sweeping recalls, first announced he would be addressing Congress about Toyota's safety issues during his intended U.S. visit but then said he would not testify. He changed his plans once more to show up and testified before a U.S. Congressional committee on February 24 to apologize for quality lapses that led to the recall of 8.5 million vehicles.

Following the hearing Toyoda, who is the grandson of the company's founder Kiichiro Toyoda,



Here's what the motor vehicle manufacturer says they will do.

- We are launching a top-to-bottom review of every process related to quality in design, production, sales and service, and verifying the causes that prompted our recent recalls.
- We're improving communications with our customers to gather information faster and further strengthening our dialogue with our regulators.
- When we learn about a problem our customers are experiencing, we'll investigate without delay, and we'll quickly address any safety issues we find.

More woes for the car maker

On the same day that Toyota announced the Prius, et. al., recalls the U.S. Transportation Department said it is reviewing driver complaints about hard-to-handle power steering on the 2009-10 Toyota Corolla, widening the crisis over recalls for sticking gas pedals, accelerators getting jammed in floor mats and momentarily unresponsive brakes.

On the Corolla, 2009's fifth-best-selling car, the NHTSA is looking into more than 80 complaints that the vehicle can veer left or right at highway speeds.

One complaint said, "I purchased [a] 2010 Toyota Corolla in November of 2009, and since then I am having [a] problem with the steering wheel," one driver wrote to the agency. "I cannot keep the vehicle driving straight on the freeway. I think it is very dangerous."

At stake for the company is the Toyota brand name and the loyalty of multitudes of customers whose trust in the car maker has been deeply shaken.

Information from *The Washington Post* and the *Seattle PI*



Attention body shops: Has this happened to you?

A Lake Oswego body shop reported that during the week of March 8 an adjuster from Nationwide Insurance told one of the body shop's customers that because the body shop refused to use imitation parts that didn't fit and/or were of inferior quality, the customer would have to pay the difference between the cost of the aftermarket parts and the original manufactured parts. The customer told body shop personnel about feeling very scared during this encounter and was generally uncomfortable with the Nationwide adjuster.

Was this an attempt to steer this body shop customer to another shop? You decide.

Calling on DCBS Director to respond to consumers

One southeast Portland body shop reported that shop customers have been hitting a brick wall when trying to get the Oregon Department of Consumer and Business Services (DCBS) to respond to their complaints against insurers. With the exception of a slim few, the DCBS has not responded to these complaints. In one such complaint filed on-line with the DCBS against Liberty Mutual Northwest, Tim R. had been "shuffled from person to person in the insurer's home office for several months," without satisfactory results. Liberty had been trying to total his truck. Tim, disagreeing with this determination, had provided the insurer with an alternative body shop repair estimate to prove that his truck was repairable. Since he felt he was spinning his wheels with Liberty, he filed the complaint with the DCBS. He "didn't even get the courtesy of a response" from the DCBS. He has since "filed a small claims lawsuit against the guy" who hit him.

Director Streisinger, please use your authority to assist Oregonians who have filed complaints with the DCBS against insurers.

GEICO changes AMPs policy Continued from page 4

safety related part, the adjuster will see a prompt that states "Company Policy is OEM or Recycled."

The company communication offered the following explanation, "While we are not aware of any issues relative to reinforcements, absorbers or brackets that appear in the CCC database, we are suspending our current policy on aftermarket bumper reinforcements, absorbers and brackets effective immediately until we can gather additional information."

GEICO added, "Our company continues to support the use of aftermarket parts as competitive, safe part choices in collision damage estimating and repair."