



# SOCIETY OF COLLISION REPAIR SPECIALISTS

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ABRA Auto Body & Glass  
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Axalta Coating Systems  
BASF Corporation  
CAR-O-LINER Company  
CARSTAR  
CCC Information Services Inc.  
CELETTE, INC.  
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General Motors -  
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Hyundai Motor America  
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Matrix Electronic Measuring, Inc.  
Mercedes-Benz USA, LLC  
NAPA Paint & Supply-Martin Senour  
OEM Collision Repair Roundtable  
PPG Industries  
Sherwin-Williams Automotive Finishes  
THE HERTZ CORPORATION  
Toyota Motor Sales, U.S.A., Inc.  
Volkswagen of America, Inc.

June 24, 2014

Jackie Callaway, Consumer Investigator  
ABC Action News

RE: SCRS SENTIMENT ON REPAIR QUALITY

The government's pressure on automakers to reduce emissions is going to continue to impact vehicle design, and increase the prevalence of an expansive list of lighter-weight materials and advanced technology. This continual evolution in automotive architecture intends to produce safer, lighter, more efficient vehicles, and inherently requires increasing amounts of skill to repair. It is absolutely the industry's obligation to react, equip our businesses and train our technicians to meet the demands of our changing fleet. The good news is that efforts from industry organizations such as the Society of Collision Repair Specialists (SCRS), I-CAR, and others, the collision repair industry has increasingly more robust access to information from the automakers on the proper repair methods that should be used, the necessary equipment, and the hazards of using certain parts or unaccepted procedures. As our industry invests in this highly sophisticated equipment and intensive, specialized training that are both often make and model specific, the costs of such investments have to be recovered. The biggest challenge facing repairers isn't capability; but rather the downward pressure placed on repair businesses to do more, and invest more, perform faster, and to do so for a lesser return.

Interestingly in the United Kingdom (UK), the UK Competition Commission issued a summary of findings after analyzing the interaction between the insurance and collision repair market. They came to a conclusion that many repairers in the United States have known for a long time; the market is not working well.

In fact, they specified that the market is not working well because, "*competition between repairers to obtain business from insurers is focused on low cost rather than high quality of repair; that is, repairers are insufficiently rewarded for offering a high quality of repair.*"

The businesses that perform collision repairs are highly skilled professionals, who often have differentiating characteristics relative to particular levels of expertise, certification, training, equipment, capacity and quality of workmanship. In a well-functioning market, those with lesser skill, lesser capability and lesser quality would be incentivized to improve because those who perform better would receive appropriately higher degrees of compensation based on skill and competition. Consumers would seemingly seek out those with the best skill set available to them, further ensuring their vehicle is safely repaired, and providing those leading repairers with greater market share. Unfortunately, insurers often refuse to recognize these gradations in terms of compensation, and in a desire to commoditize repairs, it is common that their indemnification practices reflect prices that are substantiated by the lowest common denominators in the market.

There are both "good" and "bad" market representatives in the collision repair business, just as there are in every trade and profession. Ultimately, if the consumer market demands from their insurance carrier to cease the practice of indemnifying losses based on low cost principles, rather than high quality expectations, the market shift would provide necessary incentive for more of the industry to focus on quality adherence and consumer experience. For those looking to save the largest percentage in the shortest period of time when shopping for auto insurance, it is important to remember that not every policy has the same coverage, and not every repair is created equally.

Respectfully submitted,

Aaron Schulenburg  
SCRS Executive Director