

PRESS RELEASE



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## Respondents to 2008 SCRS Survey Believe Collision Repair Business Climate to Be Declining

*Undue insurer influence over industry continues to be an overriding concern.*

*Prosser, Washington, October 28, 2008 -*

If there is one theme that runs through the second annual SCRS survey on repair facility and insurance company relationships, it might well be, "The more things change, the more they stay the same . . . except maybe they're a little worse."

Indeed, the results of this year's statistically valid survey-again conducted by CSi Complete, a leading provider of customer satisfaction indexing-echo the concerns revealed by the inaugural survey. Some issues-such as "insurer dictating the repair," "lack of insurance field staff training," and "database abuse/manipulation"-scored worse than in 2007.

Based on the information in this survey, the representative sample of DRP and non-DRP participants clearly finds it increasingly difficult to run their businesses profitably, due in large part to what they perceive to be undue influence and interference on the part of insurers.

"The results are troubling, but they certainly aren't surprising," states SCRS Chairman Gary Wano, Jr. "They reinforce the reality that the collision repairer-once the embodiment of the independent businessperson-is exercising less and less control over his or her own business. There seems to be less incentive to run an effective operation, because something-or someone-is always getting in the way."

The compiled survey results contain two main areas of emphasis. The first section provides feedback from participating repairers on what issues impact their businesses most and to what degree. The second part sheds light on how participants view their relationships with thirteen major insurance companies. What follows summarizes CSi Complete's findings for 2008 compared to identical categories in 2007.

### **Part 1: Impacts on Business**

Survey participants were asked to evaluate the impact of nine pressing issues on their businesses. The scope of the impact was classified four ways: "Dramatically Impacts," "Somewhat Impacts," "Little Impact" or "No Impact." Table 1 shows the results for 2007 and 2008:

**Table 1.**

Issue	Impact on Business (in percent)							
	Dramatically Impacts		Somewhat Impacts		Little Impact		No Impact	
	2007	2008	2007	2008	2007	2008	2007	2008
Suppressed Labor Rates	51.66	55.66	31.33	28.00	8.33	8.00	8.66	8.33
Losing Customers to Steering	40.66	40.53	25.66	28.90	22.66	18.60	11.00	11.96
Lack of Insurance Field Staff Training	33.33	27.24	40.00	49.83	16.66	16.61	10.00	6.31
Database Abuse/Manipulation	31.00	28.23	33.33	38.20	16.00	19.60	19.66	13.95
Insurer Dictating the Repair	26.66	23.92	35.00	45.84	20.66	18.60	17.66	11.62
Refusal to Acknowledge P-Pages	25.00	17.60	33.00	36.87	18.66	27.24	23.33	18.27
DRP Requirements	23.07	18.60	34.11	34.88	18.06	27.24	24.74	19.26
Fear of Reprisal or Threats from Insurer	20.33	11.66	25.33	22.00	19.66	33.33	34.66	33.00
Third-Party Desk Reviews	15.33	17.33	38.00	39.33	25.00	29.33	21.66	14.00
TOTALS	2274.04	2248.77	2302.76	2331.85	2172.69	2206.55	2178.37	2144.7

Though the totals in the table above appear at first glance to be essentially a draw over the two-year period, a slightly different view is provided by combining the "Dramatically Impacts" and "Somewhat Impacts" categories to come up with the *Total Impact* to repairers. This is shown, in order from greatest to lowest, in Table 2:

**Table 2.**

Issue	Total Impact on Business	
	2007	2008
Suppressed Labor Rates	82.99	<b>83.06</b>
Lack of Insurance Field Staff Training	73.33	<b>77.07</b>
Losing Customers to Steering	66.32	<b>69.43</b>
Database Abuse/Manipulation	62.33	<b>66.53</b>
Insurer Dictating the Repair	61.66	<b>69.76</b>
Refusal to Acknowledge P-Pages	58.00	54.47
DRP Requirements	57.18	53.48
Third-Party Desk Reviews	53.33	<b>56.66</b>
Fear of Reprisal or Threats from Insurer	45.66	33.66

Though there was marked improvement in some categories, especially fear of reprisal or threats from insurer, progress on the majority of issues displayed in Table 2 has moved in a downward direction. These issues are displayed in bold type. The suppression of labor rates, the biggest concern in last year's summary, continues to top the list. Losing customers to steering also ranked high, in part explaining the continued efforts by local associations to address this issue through legislation.

The survey also asked participants to rank, in relation to the same nine issues, those insurers that had the most dramatic impact on each. In other words, if an issue had a dramatic impact, what insurance companies contributed most to its effect? Table 3 shows the top three insurers for each issue. Insurers new to the list for 2008 appear in bold type:

**Table 3.**

Issue	2007		2008	
	Insurers	% Dramatic Impact	Insurers	% Dramatic Impact
Suppressed Labor Rates	Progressive Allstate State Farm	20 17 13	Progressive Allstate State Farm	17 15 13
Losing Customers to Steering	Progressive Allstate GEICO	23 19 14	Progressive Allstate GEICO	24 15 14
Lack of Insurance Field Staff Training	Progressive GEICO Allstate	39 13 11	Progressive GEICO <b>Farmers</b>	37 11 8
Database Abuse/Manipulation	Progressive Allstate State Farm	23 18 12	Progressive Allstate State Farm	24 14 9
Insurer Dictating the Repair	Progressive Allstate Nationwide	22 19 12	Progressive Allstate Nationwide	22 17 13
Refusal to Acknowledge P-Pages	Progressive Allstate Nationwide	20 19 12	Progressive Allstate <b>Farmers</b>	23 17 7
DRP Requirements	State Farm Allstate Farmers	23 14 11	State Farm Allstate Farmers	23 13 11
Fear of Reprisal or Threats from Insurer	State Farm Progressive Nationwide	21 16 13	State Farm Progressive <b>Allstate</b>	21 11 11
Third-Party Desk Reviews	Allstate State Farm Nationwide	16 10 8	<b>Farmers</b> State Farm Allstate	10 10 8

**Part 2: Insurance Relationships**

This part of the survey began by asking respondents to characterize their relationships with 13 different insurance carriers, choosing from one of the following descriptions:

- **Business partner**
- **Customer**
- **Company I work with out of necessity**
- **Adversary**
- **No Impact (don't do business with them)**

Table 4 displays the results of this portion of the survey:

**Table 4.**

Insurer	Characterization of Relationship									
	Business Partner		Customer		Out of Necessity		Adversary		No Impact	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
State Farm	54.66	62.45	30.66	32.55	9.66	4.31	3.33	0.33	1.66	0.33
Allstate	24.00	23.58	41.00	53.48	25.00	18.27	3.66	2.32	6.33	2.32
GEICO	16.33	11.62	50.33	61.79	20.00	15.61	2.66	3.65	10.66	7.30
Progressive	19.33	17.27	34.00	39.53	20.66	27.90	16.00	11.62	10.00	3.65
Nationwide	18.72	17.94	40.80	50.16	15.71	17.27	4.34	2.65	20.40	11.96
AIG	8.00	15.28	44.00	53.48	16.00	11.29	2.33	1.32	29.60	18.60
American Family	11.00	11.62	23.66	28.90	7.66	4.65	1.00	0.99	56.66	53.82
Farmers	19.33	14.95	42.00	50.83	18.00	14.28	2.00	1.99	18.66	17.94
Liberty Mutual	18.66	24.58	45.33	54.81	17.00	10.96	2.33	1.32	16.66	8.30
The Hartford	16.72	15.28	46.48	62.79	16.05	10.63	1.00	0.99	19.73	10.29
Travelers	14.33	8.63	53.00	69.10	14.00	11.96	1.00	0.33	17.66	9.96
USAA	49.33	46.17	34.33	42.85	5.66	6.31	0.66	0.66	10.00	3.98
AAA	15.71	18.93	30.10	38.53	12.37	5.31	0.66	0.66	41.13	36.54
TOTALS	2293.12	2296.3	2522.69	<b>2646.8</b>	2204.77	2166.75	2047.97	2036.83	2266.15	2192.99

While a number of conclusions might be drawn from the above information, it is clear that repairers still do not prefer the term "partner" to describe their business relationship with insurers. Only State Farm was defined by a majority of participants (> 50.00) as a "Partner." The prevalent descriptor in every other case was "Customer." This has not changed much since 2007, although the "Customer" category experienced the largest numeric increase out of all categories.

The survey also asked participants to rate their relationship with each of the included insurers on a 0-10 scale (with 10 being the highest and 0 being the lowest). The results are listed in Table 5, from companies of greatest satisfaction to least:

**Table 5.**

Insurer	Satisfaction Rating	
	2007	2008
State Farm	8.26	8.30
USAA	8.26	7.98
The Hartford	7.21	6.73
AAA	7.18	7.22
Travelers	7.14	6.88
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	6.55	6.33
Nationwide	6.03	6.12
Progressive	5.09	4.79

In only three cases did insurer satisfaction ratings improve, but improvement was nominal: State Farm (+.04), AAA (+.04) and AIG (+.04). All other insurers were ranked lower than last year.

Though the survey's results cannot in any way be called encouraging, SCRS hopes that a hard look at the issue will continue to motivate collision repairers to find common ground with insurers in a way that does not compromise the standing of their own businesses. There is no question, however, that it is going to take some re-thinking of approach.

"Obviously, what we have been trying so far is not working," says Wano. "That doesn't mean we should give up, but it does mean that we have to try different things. This need would not have been as apparent without the results of the survey, which lays it all out in black and white. It's a call to action, really; a tool that underscores the necessity to try out-of-the-box thinking to ensure that 'Working Together Is the Most Important Work We Do'."

*About CSi Complete:* CSi Complete, a division of WIMCO, is a provider of customer satisfaction indexing to collision repair, claims and other service industries. Located in the Columbus, Ohio area, the company has 11 years of experience in survey and report development, in addition to managing its own onsite call center. As a result, it is positioned to provide customer satisfaction programs to a wide range of clients across the U.S. and Canada.

*About SCRS:* Through its direct members and 36 affiliate associations, SCRS is comprised of 6,000 collision repair businesses and 58,500 specialized professionals who work with consumers and insurance companies to repair collision-damaged vehicles. Additional information about SCRS including other news releases is available at the SCRS web site: [www.scrs.com](http://www.scrs.com). You can e-mail SCRS at the following address: [info@scrs.com](mailto:info@scrs.com).

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