

Some Insurance Companies May Require Inspections

With the recent announcement by USAA that the insurer may require windshield inspections prior to authorizing repairs, many in the industry have been talking about what this could mean for windshield repair shops. For more on the USAA announcement see the story below.

"It's really just another level of steering. I think it's an obvious move to consolidate the industry to only a few service providers and it is typically those who are linked directly to insurance companies. I would liken it to the fox guarding the hen-house," says NWRA president, Kerry Wanstrath. "Since passenger safety is a big part of the windshield why isn't the industry lobbying for state inspections of the windshield instead of having someone else paying for it?"

If a customer reaches an NWRA member first the challenge will be whether or not to agree to allow the inspection.

NWRA attorney Jonathan Howe reminds members that often the customer's needs and desire to work with their insurance company will be important.

"If the customer comes in and wants the insurance company to pay for it and they need to appraise the damage then the shop, from the standpoint of dealing with the customer, is probably going to yield to the customer's desire," says Howe.

There may be other issues that insurance companies will need to sort out, including who is actually doing the inspection.

"I doubt very seriously that it's an insurance company coming to inspect the prior damage. It's someone acting on behalf of the insurance compa-



ny that probably isn't even legally authorized as an insurance claims adjustor," says Wanstrath. "The one issue that may be a violation of some state laws is that the person doing the inspection is acting as a claims adjustor.

I doubt very seriously if they will have any license to be an insurance claims adjustor, but that is what they are doing."

The NWRA is attempting to determine how widespread these inspections are. If you have been subjected to an inspection by an insurance company or third party administrator please e-mail khodge@nwrrassn.org.

NWRA Member Reports Questioning Letter From Allstate

At least one NWRA member company has received a letter from Allstate Insurance claiming that the member company owes Allstate for a number of repairs done six months ago. Allstate alleges that the invoices show two separate repairs were billed when only one was done and that it was over-billed for a number of repairs. Allstate is requesting that the member company reimburse it for the disputed cost.

"I was shocked to see what they were asking for, and the amount they were claiming. I was wondering why they were just now contacting me about invoices that were six months prior," says the NWRA member. "If there were any problems with repairs or invoices they should have contacted me sooner to correct any alleged problem. The system in place allows for the cost of the repair to be refunded if the customer isn't satisfied with the repairs made."

Nearly everything in the letter was incorrect, according to the member company's records.

"Other than one of the customers being a repeat customer of mine, anything else claimed in the letter is false," says the NWRA member.

Efforts to reach out to Allstate by the NWRA and the member company have been unanswered at this time.

NWRA is attempting to assess how widespread this practice is. If you have received a letter like this one e-mail khodge@glass.com and tell us your story.

INSURANCE NEWS

USAA May Now Require Windshield Inspections Prior to Authorizing Work in Five Different States

USAA recently announced that it may now require inspections of windshields involved in glass claims prior to authorizing work on the vehicle in five states.

According to company spokesperson Rebecca Hirsch, inspections began in December and are conducted by representatives of Safelite Solutions, which administers the company's glass claims program.

"Basically we started this program because we received feedback from our members that some of them felt like they were coerced or pressured to make glass claims when in reality there may not have been any damage to their glass,"

says Hirsch. “... We enacted this to protect our members from any fraudulent activity.”

Currently, the program is in the pilot stages, she says.

“We’re going to keep looking at it,” says Hirsch. “We’ve already heard from a

couple members that they did not have to submit a claim after the inspection process because there was no damage.”

Hirsch was unable to advise of the specific states in which the program is taking place.

“We’re going to see how effective it is



NICB Reports That “Questionable” Auto Glass Claims Are on the Rise; Up 511 Percent for First Three Quarters of 2010

The National Insurance Crime Bureau (NICB) says “questionable” auto glass claims were up 511 percent for the first three quarters of 2010, compared with the same period of last year, according to its latest report. The group, a not-for-profit organization funded by approximately 1,000 property/casualty insurance companies, reports that 2,036 “questionable” auto glass claims were referred to it during this period, compared with 333 during the first quarter of 2009—a difference of 1,703 claims.

Compared with the first three quarters 2008, NICB reports that “questionable” auto glass claims are up 995 percent—from 186 in the first three quarters of 2008.

The group releases its questionable claims report at various stages throughout the year and tracks claims that its member insurance companies refer for closer review and investigation based on one or more indicators of possible fraud. The report notes that each claim can be referred for up to seven reasons, and other vehicle referral reasons include items such as inflated tow bills/storage, faked damage, unperformed repairs, suspect rental bills, and phantom accidents.

Overall, “questionable” claims for vehicles are up 6 percent from the first three quarters of last year, totaling 26,648 in 2010 and 25,120 in 2009; the number of auto glass claims included in the report for the first three quarters of 2010 (2,036) makes up 8.1 percent of the total number of questionable claims.

“Criminals who commit insurance fraud believe in equal opportunity—they will commit fraud anytime and anyplace they choose,” says NICB president and CEO Joe

Wehrle. “Auto glass fraud and towing-related scams are occurring across the nation, but criminals also look for the path of least resistance, so increasingly they are choosing states like Florida and New York where ‘no-fault’ insurance provides a fertile environment for auto-related personal injury protection scams.”

The latest report follows several over the last two years with similar findings; earlier this year, NICB reported that for the first half of 2009, it had 239 “questionable” auto glass claims referred to it, compared with 1,498 for the first half of 2010, and up 527 percent. Prior to that, in 2009 overall the group reported that suspicious auto glass claims were up 76 percent over the previous year.

While “questionable” auto glass claims may be up, NICB spokesperson Frank Scifaldi says questionable claims don’t always result in fraudulent ones.

“These are not definitive fraud cases at all,” Scifaldi says. “These are cases that the member companies—of which there are more than 1,000—have the option of referring ... as ‘questionable’ to us.”

Shortly after the report was released, the NICB began running public service announcements (PSAs) during several national programs warning consumers about “windshield bullies.” The ad program, produced in conjunction with Safelite, “was developed in response to the increase in suspicious auto glass claims as well as NICB

member companies reporting an increase in these kinds of claims,” according to Scifaldi.

The PSA featured the voice of an elderly woman heard calling her insurance company to explain that she thought her windshield had been replaced unnecessarily after an encounter at a gas station.

“I don’t know for sure when [my windshield was damaged],” she says. “They said yesterday but I don’t know ... I don’t like this. I don’t think I need a new windshield. I don’t know what they’re up to. Well, they put it on before I had a chance to talk to my insurance company or anything. Boy, I’m not stopping at this station anymore.”

NICB developed both a 30-second and 60-second version of the commercial, which ran between December 4-24 on a variety of radio programs, including several NFL games, NCAA basketball and football games, Associated Press news reports, and a few other programs.

“NICB has been getting a lot of complaints from our member companies about all these glass claims,” adds Scifaldi, who is based in Sacramento. “I even see it out here, I’ll go up to a gas station and I’ll see someone offering free glass repair.”

“Where the fraud comes in, it depends,” he adds.

The NICB is a not-for-profit organization headquartered in Des Plaines, Ill., which says its mission is to “prevent, detect and defeat insurance fraud.”

“Questionable” Claims for First Three Quarters

Referral Reason	2009	2010	Percent Change
Suspected Auto Glass Fraud	333	2,036	+511 percent
All Reasons	25,120	26,649	+6 Percent

Source: NICB

and then perhaps roll it out to the rest of the country,” adds Hirsch.

USAA is not the first company to enact such a program. GEICO made a similar announcement last January and American Family also has been reported to require inspections prior to work authorization. In addition, NWRA Board Member Rich Campfield of Ultra Bond says he has had inspections requested on several recent jobs involving The Hartford.

KUDOS Three NWRA Members Named to 2011 Franchise 500 List

Three NWRA members ranked on the annual Franchise 500 list for 2011. These include NOVUS Glass, Glass Doctor and SuperGlass—all of which ranked last year as well.

NOVUS Glass was ranked No. 65 on the list, up from No. 89 on the 2010 list. The company also was listed as No. 68

for fastest-growing franchises, No. 15 for low-cost franchises, No. 17 for top home-based franchises and No. 56 for top global franchises. Novus was founded in 1972 and has been franchising since 1985. The company currently has 223 U.S. franchisees, 120 Canadian, 1,272 foreign and ten company-owned.

Orlando, Fla.-based SuperGlass Windshield Repair also was on the rise—ranked No. 161, up from its No. 191 ranking in 2010. SuperGlass also ranked No. 33 for low-cost franchises, No. 44 for top home-based franchises and No. 127 for America’s top global franchises. Founded in 1992, the company has been franchising since 1993 and has franchisees throughout the world—including 244 in the United States, two in Canada and 18 foreign, including locations such as South Africa, Spain, France and Germany.

Glass Doctor® moved up to No. 167. The company was ranked No. 240 in 2010, No. 277 in 2009 and No. 312 in 2008. The company also ranked No. 97 among fastest-growing franchises, and No. 132 among America’s top global franchises. The Waco, Texas-based company was founded in 1962 and has been franchising since 1981. It currently has 178 U.S. franchisees and 10 Canadian.

“We are always proud to be ranked in the top 500 franchises in the country. We were especially pleased to have risen to the rank of 161 this year,” says David Casey, president of SuperGlass Windshield Repair. “Our growth, our longevity and our reputation we owe to our franchisees, our greatest resource.”

The Franchise 500 list is created based on a number of factors, including financial strength and stability, growth rate and size of the company’s franchising system, according to Entrepreneur. The publication also considers the number of years a company has been in business, the amount of time that has passed since it began franchising, start-up costs, litigation, termination percentages and whether the company offers financing to its franchisees.

EVENT NEWS

Reserve Your Room for Auto Glass Week™

Discount rooms have been made available to Auto Glass Week™ attendees for only \$99 per night plus tax at the Memphis Marriott Downtown. Auto Glass Week will be held September 15-17, 2011 in Memphis, Tenn and will include the NWRA Conference as part of its line-up.

Staying at the Memphis Marriott Downtown allows attendees to be close to the event so you are not missing a beat. Located on 250 North Main Street in Memphis, this hotel truly is in the heart of the city and provides its guests with all the latest comforts and amenities.

You may reach the hotel directly at 888/557-8740 or reserve [online](#). You must reference that you are with Auto Glass Week to receive the discounted rate.

The 2011 event will bring together the National Windshield Repair Association, the Auto Glass Replacement Safety Standards (AGRSS) Council Inc., the Independent Glass Association (IGA), the National Glass Association (NGA), **AGRR** magazine’s Auto Glass Technician Olympics and the **AGRR**-NWRA Walt Gorman Memorial Windshield Repair Olympics for one event in one venue. The International Window Film Tint-Off and Conference also will be held concurrently.

“This joint event is an incredible testament to the desire by all the groups to preserve and advance the auto glass industry as a unique industry,” said a joint statement issued by the groups. “We all believe in the future of the auto glass industry.”

Each organization has agreed that Auto Glass Week will be the sole auto glass event each of them are involved in during the year and the single event to which they direct their auto glass constituents. Auto Glass Week will be managed by **AGRR** magazine.

Further details are available on www.autoglassweek.com.

Want to attend the Conference and save money? Contact the NWRA by e-mailing khodge@nwrassn.org and let us know you want to share a hotel room and we will connect you with someone looking to share.



LEGISLATION NEWS
Auto Glass Related Bills Currently Under Review in Several States

As the state legislative season has kicked off in several areas of the country, several state governments currently are reviewing measures that could affect both the auto glass and insurance industries.

Among these, a South Carolina representative pre-filed a bill in December that is designed “to prohibit an insurer, agent, employee or representative from recommending to an insured or a claimant to use a specific shop for repair.”

Specifically, the bill would amend the state’s insurance code by adding a section with the following language addressing steering (or what some refer to as “deceptive referrals”).

“An insurer, agent, employee, or a representative may not recommend, steer, request, or require an insured or a claimant to use a specific shop for repairs,” reads the bill’s language. “This restriction forbids an act to influence an insured’s or a claimant’s decision, including reducing the deductible or offering additional warranties or suggesting that choosing a non-direct repair shop will result in delays, a lack of guaranty, or additional costs to the insured or claimant.”

“We’re just trying to keep the insurance companies honest,” says bill sponsor Rep. Bill Herbkersman. “This legislation is a hybrid of other states’ legislation that protects the consumers.”

The bill, pre-filed by South Carolina Rep. Bill Herbkersman on December 14, was referred to the Committee on Labor, Commerce and Industry.

In addition, the Massachusetts Senate currently is reviewing a bill that could make it illegal for any person “to engage in motor vehicle glass repair unless such person is registered as a motor vehicle glass repair shop under this chapter.” The Massachusetts House passed H5080 in early December and, once in the Senate, was referred to the Ways and Means Committee.

Originally sponsored by Massachusetts Rep. Charles Murphy, if passed the bill also would also require that shops have a

Welcome New and Returning Members

All American Auto Glass II Inc.	Henderson,	NV
Ben David’s Glass repair	Elk Grove,	CA
Chip ‘n Dent Dynamics	McKinney,	TX
Crack Doctor Windshield Repair	San Diego,	CA
Delta Kits Inc.	Eugene,	OR
Glass Werx	Manalapan,	NJ
Jack Anthony Industries Inc.	Vallejo,	CA
LA Super Glass LLC	Los Angeles,	CA
O.K. Auto Systems Inc.	Twin Falls,	ID
Rock Star Mobile Windshield Repair	Garden Ridge,	TX
San Antonio Windshield Repair	San Antonio,	TX
SuperGlass Windshield Repair #236	Los Angeles,	CA
Tri Glass Windshield Repair Systems	Jacksonville,	FL
Windshield Doctors	Oakdale,	CT
Windshield Guy	Bedford,	TX

physical place of business within the Commonwealth of Massachusetts “at which it has indoor facilities to perform motor vehicle glass repair services, or from which it would lawfully dispatch mobile service vans.” Likewise, mobile service vans would be required to be “commercial vehicle[s] properly registered and insured in the Commonwealth.”

A similar bill that would enact several requirements for auto glass shop is under review in Connecticut. The Connecticut bill under review in the state’s house would address liability insurance coverage required for those who hold auto glass licenses in the state. In addition, it would prohibit those who process auto glass claims from having a financial interest in a business that installs auto glass.

Regarding liability insurance, Connecticut’s H.B. 5283 would require that all auto glass contractors holding an “AG-1 license” in the state have a general liability insurance policy “of not less than one million dollars.”

Likewise, if passed, the bill would “prohibit an adjuster for an insurance company, automobile physical damage appraiser or individual or entity that processes claims for automotive glass replacement work from having a financial interest in a business that installs automotive glass.”

Connecticut House Rep. Robert

Megna introduced the bill on Friday, January 14. It has been referred to the House’s joint committee on insurance and real estate.

PEOPLE NEWS
Glass Doctor Promotes Dotson to VP of Franchise Relations and Training;

Glass Doctor has promoted **Doug Dotson** to vice president of franchise relations and training. Dotson previously served as franchise consultant for the company.



Doug Dotson

Dotson was introduced to the auto glass business by his father, who worked for Safelite for 38 years in Wichita, Kan., and Dotson himself joined the company as a technician at the age of 17. He went on to become a store manager in Wichita and then market manager in Minneapolis, Minn. After 18 years with Safelite, he left to join Harmon Auto Glass as district manager in Kansas City, where he managed 14 stores from South Dakota to Arkansas. Dotson joined Glass Doctor in 2003.

SUPPLIER NEWS
Franchisor SuperGlass
Adds New Franchisees
in Kansas, Iowa and Virginia

Franchisor SuperGlass Windshield Repair has added new franchisees in Wichita, Kan., Sioux City, Iowa, and Norfolk, Va.

The location in Wichita is owned by a father-son team, Steve and Ian Barnes. The new Sioux City franchise is owned by Russ [redacted] and will service both Sioux City and Northwest Iowa with his location. The Norfolk location is owned by [redacted] shop.

Should Insurance Be in the
Business? The Debate Continues

The debate continues among windshield repair companies about whether

not all) independent shops would be better off and have better market access to the real customer (the person who owns the car on which you are working) if all insurance companies exited the auto glass repair and replacement industry.”

Wanstrath’s personal opinion revolved around the idea that repair companies could market directly to their customer without the interference of an insurance company. He goes on to argue that if a consumer gets a nail in the tire they will get it fixed and it’s not covered by insurance. There has been a great amount of debate about Wanstrath’s opinion.

company provides coverage to keep your vehicle in a safe operating condition.”

Others, also, shared their opinions with Wanstrath after reading the column.

“The simple fact is that the public generally does not recognize the importance of maintaining a quality, factory installed windshield in their vehicles and that offering ‘free’ repairs in order to

guarantee that structural integrity is not only a benefit to their well-being but that of the insurance companies as well,” said Jim Re [redacted] Desert Stars in Glendale.

Others argued that insurance companies were to [redacted] for

quick
opinion
take on



Should Insurance Cover Your Windshield?

by Kerry Wanstrath

Seems like a fairly straight forward question with a simple answer, doesn't it? Most consumers think it is a nice benefit, and perhaps the only benefit, they get from their insurance companies, barring a collision with another car. So it seems nice that our insurance carrier is giving us something back for all the money we pay out year after year after year. For those of us that have never had an accident, it is their little way of saying how much they appreciate our business over the years—right?

Well, life as we all know it is not that simple and neither is one's motive for doing something that seems nice.

"For every reaction there is an equal and opposite reaction"—someone smarter than I said that and I think it applies to the auto glass repair and replacement industry. How so? Well, what are the consequences (or the opposite reaction) of insurers handling a windshield repair claim? Does your premium as a consumer go up or down as a result of a claim? Every year, 30 percent of all comprehensive claims filed are for auto glass, so it is logical that auto glass coverage will increase the cost of all of our policies.

An Idea

So, I am about to suggest the unthinkable. Here I go: why don't insurance companies just stop paying for

windshield repair? That's right—insurers should just stop paying, let the consumer pay. Perhaps you think I have lost my mind, but not as it pertains to this subject. In fact, I'll take it one step further; I think they should stop paying for replacement, too.

Do people stop getting their tires repaired when they get a nail or a flat? Of course they don't. There is lots of life remaining in the tire, so you simply fix the affected area and you are good to go. I see no real difference in a windshield.

The Claims Process

Okay, now let's move to the real meat of the issue: the claim itself. In part, insurers turned to third-party administrators because the cost of the repairs might have been close to the cost of processing the claim by the insurance company. This opened the door for replacement as well, and without getting into the evolution of the various claims processors and the creation of networks, independents now have the problems associated with processing an auto glass claim and complaints and the claims of steering associated with glass claims. In fact, even non-insurance claims (those that are not covered by the carrier and are paid by the consumer) are processed by a network as if they were claims.

What is that about?

Why isn't the customer being told

that he should just handle the repair or replacement on his own and keep the claim off his record? With the \$500 deductible becoming the norm, well more than half of all repairs and replacements are already cash jobs that are being processed as if they were claims.

I truly believe most (if not all) independent shops would be better off and have better market access to the real customer (the person who owns the car on which you are working) if all insurance companies exited the auto glass repair and replacement industry. Since State Farm stopped waiving the deductible for repairs, have State Farm customers stopped repairing their windshields? That has not been our experience.

Imagine competing based upon the merits of your work, service and a fair price. I know it is an idea foreign to some in our industry, especially looking at the past decade. But the only way to change the road on which you're driving is to turn off and drive down a different road. The definition of insanity is doing the same thing over and over again and expecting a different result. Claims processing and steering issues are not going to change no matter how loud you scream, because there is no one out there to hear your complaints.

So, why not encourage insurance companies to save their money by exiting our business? Perhaps the tire industry would like them—or the "quick lube" industry. These are maintenance-related services similar to auto glass. I would suggest an industry-wide effort to contact all major auto glass insurance companies and encourage them to save their money by stop paying for the maintenance of a vehicle and let the consumer and free markets take care of the rest.

Kerry Wanstrath is the president of the National Windshield Repair Association. In addition, he serves as president of Glass Technology in Durango, Colo.



Kerry Wanstrath's column is reprinted here, courtesy of AGRR magazine.