



# Historical Snapshot

with John Yoswick

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## ASA-MI and DRPs, Carstation.com, Right to Repair and Toby Chess' Legal Threat

### 20 years ago in the collision repair industry (April 1995)

Tucked into a referendum on the ballot in Michigan last November was a provision that would have allowed an insurer to establish a direct repair program only if all repair facilities meeting the insurer's criteria are allowed to participate in the program.

But the provision was part of a larger referendum on renewal of the state's no-fault insurance regulations, and opponents of no-fault insurance successfully defeated the measure.

The Automotive Service Association of Michigan now hopes to attach the DRP provision from the unsuccessful ballot measure to one of several other bills making their way through the state's legislature in 1995.

—As reported in *Spray Dust Magazine*. The legislation was never passed in Michigan, but a similar bill was passed in Montana in 2009. Some believe that law was among the reasons Travelers discontinued its direct repair program in Montana last fall, as part of the insurer's effort to "ensure regulatory requirements and customer service expectations are met."

### 15 years ago in the collision repair industry (April 2000)

Nine months after its first panel discussion on "e-commerce," a second Collision Industry Conference (CIC) panel convened on the same issue.

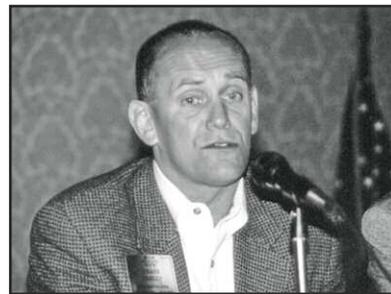
"At that time, parts and e-commerce in our industry was just an idea," **Russ Thrall**, chairman of the CIC Electronic Commerce Committee said of last July's panel. "There were a lot of people working on it, but it really wasn't happening to a large extent. Today, the situation is drastically different."

The panel at CIC in Kansas City, MO, in April included representatives of three organizations currently or soon using the internet to allow shops, insurers and vendors to conduct business. **Frank Terlep** of CarStation.com, said his company has determined that the cost for a shop to order one part using current methods is between \$2.50 and \$10; automatic parts ordering via the internet can not only reduce errors but

also cut these administrative costs by at least half.

Terlep said online parts ordering would require the shop to do little more than prepare a computerized estimate.

"Instead of printing out that document and faxing it [to parts suppliers], once you upload that estimate to an e-business hub, we communicate it automatically to the vendors you've chosen," Terlep said. "You're not going through the printing; you're not faxing it to multiple vendors. We want



In April of 2000, **Frank Terlep** was a vice president at CarStation.com, an early electronic parts ordering hub that, like many "dot-com" start-up companies of that era, did not survive much more than two years. He is now CEO of *Summit eMarketing Sherpas*

to integrate the procedure into the existing workflow."

Shop owners on the panel and in the CIC audience raised some concerns about online parts ordering, questioning whether it may be another step toward direct purchase of parts by insurers and raising privacy issues.

"I certainly have a problem with giving every dealership all that [customer] information [from the estimate], because I don't want that dealership selling my customer a new car just because he got in a wreck," California shop owner **Kevin Caldwell** said. "Information is valuable. Who owns the information is a bigger question."

—As reported in *Autobody News*. Carstation.com, like many of the "dot-com" start-up companies of that era, did not survive; by early 2001 it had laid off staff, closed offices and sold rights to its technology to another company. Terlep is now the CEO of Summit eMarketing Sherpas, a body shop marketing firm focusing on use of social media and technology. Cald-

well is now a senior claim service consultant with Allstate Insurance.

### 10 years ago in the collision repair industry (April 2005)

U.S. Rep. **Joe Barton** (R-Texas) predicted passage in 2005 of federal "Right to Repair" legislation (the "Motor Vehicle Owners' Right to Repair Act") during remarks to more than 250 people at the Aftermarket Legislative Summit.

Wearing a "Support the Right to Repair Act" button, Barton urged summit attendees to follow-up on their experience in Washington, D.C. by meeting with their elected officials in their home district, reinforcing the value of grass-roots advocacy. Barton's remarks preceded the attendees' 200 appointments with legislators and key staff from 37 states.

"Everyone at the summit was energized by the encouraging words from Rep. Barton, the bill's sponsor and chairman of the powerful House Energy and Commerce Committee," said **Kathleen Schmitz**, president and CEO of the Automotive Aftermarket Industry Association (AAIA), a key backer of the "Right to Repair" bill. "There is truly a sense that momentum and support for our legislation is growing."

—As reported in *Parts & People*. The federal "Right to Repair" legislation, designed to ensure independent shops have access to the same OEM repair information as dealership shops, was never passed, although the AAIA (now the "Auto Care Association") pushed for it for nearly a decade after Rep. Barton predicted its imminent approval by Congress. A state version of "Right to Repair" was enacted in Massachusetts in 2012. Although long critical of any volunteer agreement with automakers, the AAIA in 2014 signed just such a voluntary agreement with the automakers to suspend efforts to pass the legislation in exchange for the automakers agreeing to extend the terms of the Massachusetts law nationwide.

### 5 years ago in the collision repair industry (April 2010)

Just hours before industry trainer **Toby Chess** was to make another presenta-

tion about non-OEM bumper and structural parts at last week's Collision Industry Conference (CIC) in Atlanta, Chess said he was threatened with a lawsuit if he did so.

He declined to reveal who threatened the legal action, but said because he had not had a chance to consult with an attorney, he chose to forego making his presentation at the meeting.

In presentations at the last two CIC meetings, Chess showed potential problems with a number of non-OEM bumper parts, including apparent significant differences in the material and structure of the parts. In one presentation last November, Chess used a firefighter's extrication saw to show how much easier it was to cut through the metal used to make a non-OEM bumper bar being sold as a replacement for an OEM part made from ultra-high-strength steel.

That has led to at least four insurers to pull back from the use of such parts; it has also led parts suppliers to develop tracking and recall programs for the parts, and to the launch of several testing and certification programs for such parts.

Chess was clearly frustrated by the threat of legal action against him, saying he never portrayed the demonstrations as scientific research but merely as a way to "bring light" to a potential problem.

"I was asked last month why I did this," Chess said. "I said that I don't work for insurance companies, I don't work for parts companies, I don't work for body shops. I work for the consumer. I'm a trainer. I teach. So I have no vested stake in this. I thought it was necessary to say these things."

—As reported in *CRASH Network* ([www.CrashNetwork.com](http://www.CrashNetwork.com)), April 19, 2010. Although Chess chose a different topic for his presentation at the next CIC in 2010, the non-OEM structural parts issues he had raised still got plenty of attention. Ford reported on testing the automaker did comparing non-OEM bumper beams, bumper brackets, and radiator core supports to the corresponding Ford parts, finding differences in spot welds and the types, thicknesses and weights of the materials used.