



After an accident, you look to your insurance provider for advice. Unfortunately, the advice they give you is not always in your best interests.

A wise man once said:

***“Never Take Advice on How to Collect Money From Those That Owe it to You!”***

Beware; Your insurer may try to bully you into using a shop on their “preferred” network, away from shops that don’t comply with their standards of repair, or their use of cheap, imitation parts.

This is known as steering or coercion, and all fifty states have laws in place to protect consumers from this practice. It’s common practice for some insurance companies to skirt the law, using misleading statements and intimidation to direct their policyholders to shops that will save them money.

Who loses out when insurers and shops use cheap parts and cut corners? You, the vehicle owner. But it doesn’t have to be that way. It’s your legal right to have your vehicle restored to the condition it was in before the accident as possible. You’re entitled to be “Made Whole!”

Don’t be bullied! Don’t give in to steering. Defend your right to a safe, high quality repair by preparing yourself for these five common statements the insurance company’s representative may use to steer you after an accident to a repair shop of their choice. The choice of repairer is yours...Choose wisely, you and your family’s safety and economic well-being may depend upon it.

**“That shop isn’t on our preferred network.”**

Insurance companies use the word “preferred” to describe shops that have entered into a contractual agreement with them in exchange for referrals.

Describing these insurance network, or “Direct Repair Program” shops as “preferred” suggests that they are selected for superior quality. In reality, insurance company profits are the priority with these shops.

Preferred shops have been found to use cheaper parts, and to skip procedures that are needed to keep your vehicle safe. Don’t choose a shop that insurance companies prefer. Choose a shop that prefers your interests, over your insurance company’s.

**“If you take it to that shop, we can’t guarantee their work.”**

This is a common, and blatantly misleading statement. In our experience, it is the shop that provides the warranty on the work, not the insurance company.

**“The charges at that shop are higher, and you may be responsible for the difference.”**

99.9% of the time, the initial insurance estimate on repairs is inadequate. When a quality-oriented repairer performs an in-depth analysis of the damage, they prove what is necessary to properly and safely repair your vehicle. This is part of the proper process and most insurers will pay once the need for necessary repairs is shown to be required.

We insist on fully restoring the safety of these vehicles, never using inferior imitation parts, and never cutting corners. Sometimes insurance companies resist this approach, and we do everything we can to protect the safety and resale value of our customer’s vehicles, and ensure that necessary work is covered.

**“Claims take longer to settle at that shop.”**

In our experience, delays in the claims process result from a strategy employed by insurance companies to delay and deny justified claims. Sometimes, they will even say, “If you use that shop, we can’t get someone out for several days, but if you use our preferred shop we have some there to start on it right away.”

This is just another tactic insurance companies use to skirt anti-steering laws, and pressure policyholders to a network shop that will use cheap parts and skip procedures.

**“They’re charging for parts and procedures that aren’t necessary.”**

When you hear this statement, be aware that insurers are just trying to avoid fulfilling their obligation to you, the policyholder, to restore your vehicle to pre-accident condition. This worst part about this is that using inferior parts and skipping procedures has been proven to compromise the safety of your vehicle, to say nothing about the loss of resale value.

Preferred shops will often bow to insurance company pressures to use inferior parts, whereas we insist on repairs that fully restore the safety systems of your car.

Insurance companies use these statements to intimidate you. They want to scare you into going to a shop that cares more about their profits than they do about your best interests.

Now that you understand the motivations behind these statements, you’re better equipped to make the right choices after an accident.

You’ve been in an accident. As a responsible, law-abiding driver, you have car insurance coverage. Many people assume that one of the first steps in dealing with the aftermath of an accident is to call their insurance company to find out what to do next.

Unfortunately, many insurance companies take advantage of their policyholders’ trust, and engage in a tactic known as “Steering”. What is steering? Steering is designed to direct customers to a shop in that insurance company’s preferred or “Direct Repair Program” (DRP).

## What is Car Insurance “Steering?”

“Steering” when applied to car insurance, is when an insurance provider directs their policy holders or 3rd party claimants to get their vehicles repaired at a specific body shop. Insurance companies have also been known to steer policyholders away from specific collision providers. This practice is in violation of US law (the 1963 Federal Consent Decree), yet is still pervasive throughout the industry, as insurance companies attempt to drive policyholders to shops on their referral networks. In exchange for a high volume of insurance company referrals, preferred shops will agree to use aftermarket, imitation, or junkyard parts, which are often unsafe and poor quality in comparison to genuine parts.

## Maximizing Their Profits At Your Expense

Why do they want you to go to one of their preferred shops? Unfortunately, they don't do this to make sure their policyholders get the best repair available. They do it to make sure you get a cheap repair.

## How Do Direct Repair Programs Work?

Insurance preferred shops will agree to work within a very low repair budget, agreeing to discount labor, parts and materials. This will often lead that shop to skip procedures necessary to return your vehicle to the safe, structurally-sound condition it was in before the accident.

These kinds of problems with safety and quality are just some of the reasons why steering is illegal. In New Jersey, your insurance company is required to clearly inform you that you're under no obligation to use one of their shops, and that you're free to use the repair facility of your choice.

Unfortunately, insurance companies regularly engage in steering, despite the fact that it's illegal. They'll often make misleading statements to dissuade you from taking your car to a shop that doesn't play ball with their strategy to maximize their profits.

## Common Scare Tactics

They'll often use scare tactics, telling you that they (the Insurance company) can't guarantee the repairs if you don't take it to one of their shops, despite the fact that it's the shop, not the insurance company that provides the warranty on repairs.

They (The Insurance company) may tell you that you may be responsible for additional costs, despite the fact that the law states that they have to cover all costs required to restore your vehicle to pre-loss condition.

We've even heard them tell customers, flat out, “We can't work with that shop” despite the fact that the law clearly states that every customer has the right to take their vehicle to the shop of their choice.

## Why Steer Away From Independent Shops?

Why would an insurance company steer a customer away from a body shop like Livingston Collision Inc.? It's all about control and profit. Livingston Collision works with all insurance companies, but we don't have any contractual agreements for referrals.

A preferred shop that depends on insurance referrals for volume isn't in a position to insist that the correct procedures and quality parts are used in a repair. If they did, they'd lose their referral source.

## We Take Your Safety Very Seriously

At Livingston Collision, we take your safety very seriously. Your vehicle is supposed to be returned to pre-loss condition, meaning it's just as safe and structurally-sound as before the accident.

Of course, we hope that you never have to experience an accident of any kind. But if you do, it's important to understand the concept of steering, and the motivations that may be behind the recommendations made by your insurance company.

## “We Can Guarantee the Repair...”

*This statement isn't just misleading, it's completely false. The insurance company does not, has not and will not warranty the repair even if your car is repaired at their direct repair facility.*

Let's say you do follow their recommendation and take your car to one of their shops. If there are problems with that repair, the shop itself is liable, in exactly the same way that Livingston Collision is liable for any of the repairs that we perform.

The shop you choose, whether it be an insurance preferred shop or an independent shop, is solely responsible for the warranty on the repairs to your vehicle.

So why do insurance companies make this misleading statement to their policyholders? It's just another scare tactic.

In reality, the insurance company itself doesn't provide any guarantee. In fact, with the pressure they place on their shops to turn out high volume, they create an environment that's more likely to result in bad repairs.

But they don't have to worry about that. Because ultimately, the shop is responsible.

## “If you take it to that shop, we can't guarantee their work.”

This is a common, and blatantly misleading statement. In our experience, it is the shop that provides the warranty on the work, not the insurance company.

## ***Delay, Deny, Defend – Prepare Yourself for this Insurance Tactic***

Car Insurance. Every month you pay a premium to protect your vehicle, oftentimes the second biggest investment besides your home,

If that accident happens, your insurance company, or the other party's insurer, is required by law to make you whole again (indemnify you). Unfortunately, they don't always act in your best interests and all too often, they may place their economic interests first.

In fact, many insurance companies engage in a well-documented strategy designed to minimize the amount they pay for justified claims.

### **It's called "Delay, Deny, Defend."**

- Some insurance companies first seek to **delay** payment of justified claims. They used to come out to look at your vehicle within two days of an accident. Now it can take two weeks or more, especially when you take your car to a shop that isn't on their direct repair program, and therefore hasn't entered a contractual agreement to repair your car cheaply.
- During that time, they're looking for every opportunity to **deny** your claim, or scare you into the lowest possible settlement.
- Then, if they're unsuccessful in denying the claim, or getting you to settle for inferior parts, omitted processes and pennies-on-the-dollar, they underpay the cost of repair, forcing you to either pay out-of-pocket or seek legal counsel and **defend** your claim in court.

### **What's Behind This Tactic? Profit!**

Why would an insurance company adopt such an aggressive policy against its own customers? Because it works. The big insurance companies are seeing record profits.

Think about it. If an insurance company can save a thousand dollars on a million claims, well... you can buy a lot of Super Bowl commercials with that kind of money.

And despite what they're telling you in their multi-million dollar ad campaigns, they don't have your best interests in mind.

It's all about the bottom line, about keeping your insurance premiums in their pockets.

### **Prepare Yourself**

So, if you're in an accident, take what your insurance company tells you with a grain of salt. Understand that they're using a strategy designed to intimidate you into accepting a settlement on their terms. And, most importantly, understand that it's your legal right to get a repair and a settlement that restores you to pre-loss condition to the best of human abilities.

# ***What is the “Right of Appraisal” Clause in Your Auto Insurance Policy?***

## **You Have the Right to Dispute Your Car Insurance Company’s Appraisal**

The Right of Appraisal Clause allows you, as a policy holder, to dispute the estimate provided by your insurance company. When the Appraisal Clause is evoked, both you and your insurance company each select an unbiased appraiser. These appraisers will go before an Umpire, who will determine the fair and reasonable amount.

## **They Must Return Your Vehicle to Pre-Accident Condition**

What every consumer needs to realize is that all insurance policies provide that your vehicle is to be returned to pre-accident condition, with parts that equal to, or better than the parts that they’re replacing.

Many times, the initial estimate your insurance company gives you won’t provide enough to restore your vehicle to pre-accident condition. Fortunately, you’re not at the mercy of this initial estimate, and the Appraisal Clause gives you an avenue to receive the proper repairs your policy provides for.

## **Do I need to get Different Estimates?**

No – there is no law requiring three estimates. You have the right to have your vehicle repaired at the repair facility of your choice. (If you’re dealing with a private party or an insurance company that does not have a local office, it may expedite your repair/claims process to obtain two estimates. However, do not obtain an estimate from any collision repair service that you would NOT want to repair your vehicle.)



“This information is provided as a courtesy by this quality ADE Approved repair facility simply because they have nothing to hide and want their customers fully informed so they can make the best decisions in their time of uncertainty.

We at ADE believe a quality repairer’s best customer is an informed one! The choice of repairer is yours...choose wisely!”