

# The Hartford hit with \$20 million in damages

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Published 9:33 pm, Monday, June 10, 2013

The Hartford was hit with \$20 million in punitive damages for allegedly fixing prices when paying to repair cars in Connecticut.

"We are disappointed in the ruling and plan to appeal," [Thomas Hambrick](#), a spokesman for The Hartford, said in an email.

State [Superior Court Judge Alfred J. Jennings Jr.](#) handed down the penalty Friday, nearly a decade after the [Auto Body Association of Connecticut](#) filed suit against The Hartford.

The judge said the award was meant to send a message to The Hartford and other insurers that violating fair trade rules would not be tolerated. The punitive damages come on top of \$15 million a jury awarded the auto body repair shops in 2009, money that still hasn't been paid.

"We haven't collected anything," said the repairmen's lead attorney [David Slossberg](#), of the Milford firm Hurwitz, Sagarin, Slossberg and Knuff.

He said the team of attorneys expects this case will be appealed to the state [Supreme Court](#), but also feels strongly the judge's rulings will stand.

"This is a win for all those guys who think they can't push back against the big insurance companies," Slossberg said, adding he believes it's the biggest award ever for violating the state's Unfair Trade Practices Act.

More than 500 auto body shops might be eligible to collect should the insurer's appeal be rejected.

The auto body shops claimed The Hartford was getting a discount rate from a network of direct repair shops which agreed to lower labor rates in exchange for high volume. But the Connecticut Auto Body Association said The Hartford also attempted to pressure independent shops to lower their rates by having the insurer's in-house appraisers use a uniform labor rate to estimate what repair costs would be covered.

But labor rates are not uniform across the state, Slossberg said, and the rate The Hartford used was low, at \$50 an hour.

Slossberg, who teamed with Westport-based Attorney [Alan Neigher](#) and lawyers from the New York firm Bernstein Liebhard, said The Hartford should have used a higher rate that was more comparable to the rates of mechanics, which are about \$90 an hour.

Labor rates for auto body shops are not set by law.

Fees for the lawyers will be set later, according to Slossberg, who noted they have worked on this case for 10 years without collecting any fees.

He said there is a bigger issue here, however, because the activities of The Hartford have hurt some small businesses.

Slossberg said prior to the first insurance company creating a network of preferred repair shops, auto body businesses were making a 6 percent profit. Today, they're at 2 percent, he said.

In Connecticut, the shops have a lot of expenses related to equipment and environmental regulations, Slossberg noted, and the shops need to pay for talent.

"They're craftsmen," he said.

[Tony Ferraiolo](#), president of the ABAC and owner of a lead complainant, Wallingford-based A&R Body Specialty, said despite the wins, insurers don't appear to be getting the message.

"We certainly feel great about the judge's decision," he said. "We don't feel very good about The Hartford actually doing what they court has put in place."

Besides the payments, The Hartford was issued a cease-and-desist order related to its appraisals.

But Ferraiolo said he's not seeing any changes in the way it and other insurance companies are settling bills. He said sometimes shops are being paid at lower labor rates, and the shops then have to take the insurer to small claims court. Besides The Hartford, ABAC is also suing Progressive in U.S. Federal Court regarding similar claims.

Shares of The Hartford gained 24 cents to close at \$30.74 in Monday trading.