

Class Of 1,500 Auto Body Repair Shops Entitled To \$20M In Punitives



David Slossberg

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In what is believed to be the largest unfair trade practices award ever issued in Connecticut, a Stamford complex litigation judge has awarded \$20 million in punitive damages to a class of auto body repair shops.

Waterbury Superior Court Judge Alfred J. Jennings Jr. , in a June 5 opinion, added to the \$14.7 million award a jury awarded in November, 2009, when it found the Hartford Fire Insurance Company engaged in a scheme to unfairly decrease the rates it paid for auto body repairs.

The Hartford used a group of its pre-approved "direct repair providers" which agreed to accept lower rates for a high volume of work, said plaintiff's lawyer David Slossberg, of Milford's Hurwitz, Sagarin Slossberg & Knuff. The Hartford, in turn, would not pay higher rates than the direct repair providers, and in turn put pressure on independent auto repair appraisers to write lower than market value estimates, Slossberg said.

Jennings, in a 20-page opinion, wrote that "the neutrality and independence of licensed vehicle damage appraisers has been seriously compromised, thereby diluting public confidence in their role and the respect they should be afforded as state licensees."

Thomas D. Rohback, of Axinn Veltrop, referred questions about the case to his client, the Hartford Fire Insurance Co. Spokesman Thomas Hambrick said, ""We are disappointed in the ruling and plan to appeal."

Robert Langer, of Wiggin & Dana, and a CUTPA expert, declined to comment. He is expected to handle the appeal.

Originally a class of 1,000 Connecticut body shops, Artie's Auto Body, Inc., et al v. The Hartford Fire Insurance Company, the class has grown to an estimated 1,500 shops affected. The very size of the class is an aggravating factor in determining punitive damages, Jennings wrote. It "shows the breadth and extent to the damage cause by defendant's misconduct."

The Connecticut Unfair Trade Practices Act provided remedies for economic practices that are immoral or harmful to the public, even if they violate no specific law.

Jennings took into account the "large net worth of the Harford" which was approximately \$12 to \$13 billion, in order to fashion an award that has meaningful "deterrent motivation."

The plaintiffs had requested punitives of \$59 million, or four times the jury's award of \$14,765,556. The actual award is a multiple of approximately 1.35 times the jury award.