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The Hartford Insurance Co. ordered to pay \$20 million to Auto Body Association

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Atty. David Slossberg of Hurwitz, Sagarin, Slossberg & Knuff, Milford

STAMFORD, Conn., June 10, 2013 –A Stamford Superior Court judge has ordered The Hartford Insurance Co. to pay \$20 million to auto body shops in the state because of a lawsuit led by the Auto Body Association of Connecticut. The \$20 million is in addition to \$15 million awarded to the group in a jury verdict in 2009. The Association has been fighting a legal battle with The Hartford since 2003 when it filed the original lawsuit charging the insurance company with engaging in unfair business practices in violation of Connecticut law. Judge Alfred J. Jennings, Jr., acting as the trial referee in the case, ruled that in addition to the \$15 million jury verdict, The Hartford should pay \$20 million in punitive damages. He said he also will award the Association attorneys' fees - - the amount not yet unspecified. In its decision in 2009, the jury agreed that The Hartford artificially suppressed body shop labor rates by pressuring appraisers not to be independent and unbiased, and relying exclusively on its own automobile service representatives to perform appraisals so the company could control their content, including labor rates. The result: consumers did not get fair, independent appraisals of the damage to their automobiles. Atty. David Slossberg of Hurwitz, Sagarin, Slossberg and Knuff, of Milford, co-counsel for the Auto Body Association, said, "The punitive damages award is intended not only to punish The Hartford for its unfair trade

practices, including what the Court cited as The Hartford's intentional efforts to conceal its conduct from regulators and the public, but also to deter all insurance carriers in the market from engaging in the same unlawful conduct. The court has placed the entire industry on notice that forcing their appraisers to violate the code of ethics by writing estimates at unreasonably low labor rates must stop." Regarding next steps, Slossberg commented that, "While we expect an appeal, we are determined to see this through and to overcome the draconian delay tactics employed by The Hartford, even as it loses decision after decision. Our hope is to have this case finally resolved in the next twelve to eighteen months." "Judge Jennings in May issued permanent injunctive relief sought by the Association, ordering the insurance company to halt what had been the routine practice of artificially manipulating the labor rates at car body repair shops statewide," Slossberg said. "It now is up to the Association's members to report any violations of that court order so we can alert the Judge." "It has been a very long road to get to this point," said Tony Ferraiolo, president of ABAC and owner of A & R Body Specialty, Wallingford. "Our members have provided literally tens of thousands of pages of documents to demonstrate that The Hartford seemingly totally disregarded both regulations and consumers' interests." "We remain optimistic that our Association will continue to prevail in this case and that it will send a clear message to all other auto insurance companies doing business in Connecticut that the laws and regulations exist to be followed, not ignored." "It is good to see that, finally, the little guy may prevail," Ferraiolo said. The Superior Court in 2006 certified the lawsuit as a class action on behalf of approximately 1,500 auto body shops in the state. That certification was supported by the Connecticut Supreme Court in 2008 after The Hartford appealed. In 2009, the case finally went to trial, with the Stamford Superior Court jury ultimately agreeing that The Hartford improperly forced auto body shops to charge lower labor rates than general market conditions otherwise allow, in effect strangling the industry by exerting undue influence on its appraisers. The lawsuit said that when customers need auto body repairs following an accident, employees of The Hartford, 'customer care team specialists,' were instructed to direct the customers to a preferred shop in The Hartford's 'customer care repair service program.' Consumers were often pressured to abandon their choice in favor of The Hartford's preferred shop, allowing The Hartford's appraisers to exert greater control over the repair. The Auto Body Association of Connecticut is a statewide consumer advocacy group dedicated to the advancement of the collision repair industry. The ABAC continuously strives to enhance the professional abilities and knowledge of its membership, helping provide safe and dependable repairs for the public. Additional information is available at its web site: www.abaconn.com.

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