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The Hartford to Pay \$20 Million to Connecticut Body Shops

June 11, 2013—Connecticut Superior Court Judge Alfred Jennings has ordered The Hartford insurance company to pay \$20 million to auto body shops throughout the state for unfair trade practices related to hourly labor rates for vehicle repairs, according to the Auto Body Association of Connecticut (ABAC), a main plaintiff in the class action lawsuit.

The lawsuit alleged that The Hartford used its in-house appraisers and network of direct repair shops to artificially suppress labor rates in their appraisals throughout Connecticut.

Tony Ferraiolo, president of the ABAC, said a large piece of evidence in the case was a letter written to the state of Connecticut by four of The Hartford's appraisers claiming they were unable to do their job in an unbiased manner due to the demands of their employer.

Ferraiolo said the judge's decision last week for \$20 million in punitive damages is in addition to a judgment of \$14.7 million reached against the company by a Superior Court jury in Stamford, Conn., in 2009—led by class representatives ABAC, Artie's Auto Body of Fairfield, A&R Body Specialty and Skrip's Auto Body. The total judgment now amounts to nearly \$35 million.

The ABAC said the judge issued an injunction for The Hartford to "refrain from interfering with the independent judgment of motor vehicle physical damage appraisers in its employ in the performance of their duties, including the determination of the hourly rate to be applied in calculating the labor component of costs to repair."

The judge also issued an order for The Hartford to submit to the court a Quarterly Compliance Report that includes the following information:

- The range of hourly labor rates used by each Hartford appraiser, and the average hourly labor rate used by each appraiser during that quarter
- The hourly rate or rates charged at any time during the quarter by each direct repair shop under contract with The Hartford
- Any changes made by The Hartford to the appraisal report or estimate of any appraiser as the result of a reinspection or supervisory review
- A summary of any adverse employment action or other disciplinary action against any Connecticut licensed motor vehicle damage appraiser employed by The Hartford.

Ferraiolo said the case involves about 1,500 shops in Connecticut, although the exact total is not yet known.

"It's been a 10-year lawsuit. We're trying to do a tally of how many shops have gone out of business," he said. "This involves all Connecticut licensed repair shops—any that have done business with The Hartford that can prove damages."

Ferraiolo said every shop involved with the lawsuit will be entitled to receive a certain percentage of the money once it's distributed. A decision has yet to be made regarding attorneys' fees for the class representatives.

Tom Hambrick, spokesperson for The Hartford, said the company is "disappointed with the ruling," and plans to file an appeal.