

# Texas Collision Repair Shops Cite Legal Issues with GEICO Regarding Certain Fees

by Stacey Phillips

Numerous collision repair shops in the Houston, TX, area are having legal issues with GEICO insurance company regarding the payment of certain rates for tow bills, administrative fees, and storage on total loss vehicles. *Autobody News* recently spoke to some of these shops to find out more.

“It is the opinion of the Houston Auto Body Association (HABA) that this is a calculated effort by GEICO to strong arm shops to accept unfair compensation for work completed by shops on total loss vehicles,” said **James Brown** of the Houston Auto Body Association (HABA).

One of these shops is *Kopriva Body Works* in Houston. This third-generation family-run business is currently being sued by GEICO for damages under theories of fraud, violations of the DTPA, conversion, replevin and trespass to chattels.

**John Kopriva**, the owner of the 85-year-old collision repair shop, said, “We have never been sued or have had anything to resemble what is going on with GEICO.”

**Travis Crowder** of Crowder Law Firm, who is representing *Kopriva Body Works*, said the suit is a result of fees charged by Kopriva in connection with vehicles determined to be “totaled” by GEICO.

“Kopriva has generally denied the claims of GEICO and has asserted its own claims against the insurance company for sums due under a customer’s repair order and damages for bad faith prosecution of its groundless claims,” said Crowder.

The court date is currently pending.

Kopriva first noticed a situation with GEICO in April 2014 when a customer’s vehicle was brought to the shop after an accident. GEICO was the insurance carrier and came out to write an estimate.

“We have a good working relationship with GEICO,” he said. “People who come out to estimate are fair. The way we look at it: the car writes the estimate.”

When the estimator indicated the car might be a total loss, Kopriva notified the customer of the situation. The customer explained to Kopriva

that due to her financial condition she couldn’t afford to lose her car and wanted to explore possibilities to save it. He helped her come up with different scenarios to put some money into repairing the vehicle. In the meantime, GEICO called to say they were going to total the car, and asked Kopriva to determine the costs incurred. He said they seemed to have no issue with the majority of costs, but “when we told them our administrative fee was \$225 they said there was no way that we’re going to pay and the amount was excessive.”

GEICO informed the shop that they were only going to pay \$50 towards the administrative fee.

“All insurance companies that we work with—non-DRP as well as DRP—have no problem with our administrative fee,” said Kopriva. After all of the time spent working on a total loss vehicle, he said, “\$225 is a reasonable cost and is certainly appropriate.”

Kopriva said the next thing he knew he received a letter from GEICO stating that they were only going to pay \$50 towards the administrative

costs and if that was not acceptable they were going to sue. He was told to hold the car and not dispose of it. Kopriva Body Works currently has four of GEICO’s total loss vehicles at their shop.

“The clock is still running on them and they don’t seem to be interested in picking these cars up,” he said. “Basically, it’s like they’ve abandoned these cars,” said Kopriva. “What’s going to be next on their list of things that they want to control?”

Crowder said, “GEICO is thwarted by the fact that independent, non-aligned body repair shops are not regulated and are therefore free to charge any fee that they believe to be reasonable. In an attempt to force these independent shops to accept fee schedules that are acceptable to GEICO, the insurer has initiated these baseless suits in order to coerce the shops into accepting GEICO’s fee schedule.”

Crowder represents two other body shops with suits pending against them by GEICO for similar reasons.

“The most troubling thing to me is the total lack of basis upon which *See Legal Issues with GEICO, Page 27*

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these suits have been filed,” said Crowder. “While there are undoubtedly shops that charge unreasonable and insupportable fees for their services, none of the clients I am representing fall into that category and yet they are being forced to incur significant attorney’s fees to defend themselves.”

**Ed Griffin**, owner of *Griffin’s Paint & Body Inc.*, said he had a similar experience with GEICO. A customer brought in a car in July 2014 that was severely damaged. Although Griffin thought the estimator might total the car, instead she said it was re-

pairable.

“As normal protocol, she left me the estimate and I called the customer,” said Griffin. “After beginning repairs, our technicians found more damage.”

Griffin said once they got the supplement in place, GEICO re-inspected it and finally deemed it a total loss, a considerable amount of time had passed. At that point, Griffin put together a bill, including the parts ordered and a \$20 daily storage fee, which he said GEICO didn’t like since the car had been there three months. Griffin received a call from the law firm and said he was told that GEICO would pay under protest and duress.

“I was kind of taken back and I didn’t know how to react to that,” said

Griffin. “I feel like they are just bullying shops to get their way. We have costs of doing business that they don’t want to recognize.”

In business since 1989 and a member of the Auto Body Association of Texas (ABAT), Griffin said he has never had a situation like this before or been in a lawsuit.

“GEICO’s policies and procedures are difficult to work with for us,” said Griffin. “They encourage you to do cut rate work with what they are allowing, in my opinion. That’s my battle with them. I need to be compensated and to compensate my workers fairly in order for us to do a good quality, safe repair on a vehicle.”

Griffin said as a small business in a small town, it can be challenging.

He finds that a lot of work is steered away from him because he isn’t a DRP.

“If you don’t fully go along with their money-saving policies and procedures, you get labeled hard to deal with and potential customers are steered away via the insurance company’s strong influence they have on customers.

“A lot of times I’ll have to go in my pocket to go that extra mile to make a customer happy and I should get paid for that but I don’t most of the time.”

**Corey Pigg**, a manager of *S&W Expert Collision Repair*, said the shop’s relationship with GEICO as well as other insurance companies has been somewhat of a feast or famine.

“At one moment it’s great, at other times it’s rocky,” he said.

S&W has operated in Lufkin and East Texas since 1975 and opened their second location in Nacogdoches in 2001. Pigg said at the beginning of 2014, the company realized that in order to maintain profitability they would need to increase their rates. As a DRP for multiple insurance companies, S&W sent out notification to almost all of the companies they work with on a regular basis that their rates were changing in April after nearly four years of being the same. S&W also began charging a markup on outside tow bills and an administrative fee on total losses.

Even though S&W is not on any sort of DRP program with GEICO, “GEICO had a big problem with all of these changes and refused to pay,” said Pigg.

S&W received letters from a GEICO attorney stating the insurance company is only making “payment under protest and duress” because S&W charged an \$800 markup on a tow bill that they had to pay.

“We asked GEICO to leave some blank checks with us in order to pay tow tickets with, but they declined. They want us to use our own funds to pay their tow bills for free,” Pigg said. “We had no choice but to get our customers involved.”

S&W found their customers to be more than willing to step up and help. Many called GEICO supervisors as well as the Texas Department of Insurance. Pigg said the response was surprising.

“GEICO informed many customers that if they wanted S&W to re-

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## Legal Issues with GEICO

pair their vehicle then the customer would have to pay the differences out of his or her own pocket,” he said.

In just one example, Pigg said GEICO towed a vehicle out of their facility to a shop 50 miles away to avoid paying their labor rates.

“We have had GEICO supervisors email our customers contact information to other local shops in order to steer them away from S&W while the customer’s vehicle was already at our facility,” he said.

Pigg said there have been some positive changes recently. GEICO began paying S&W’s new rates this year, which has helped the relationship they have with one another. However, he said GEICO still refuses to pay for certain required repair procedures and requires the use of aftermarket parts.

Although Pigg said the company likes working with insurance companies for the most part, “The problem arises when an insurance company refuses to pay for work that is essential to repairing cars correctly or tries to steer customers to other facilities that may

use cost cutting practices that compromise the integrity of repairs.”

“While partnering with insurance companies, we’ve always let our customers know that he or she and a correctly repaired vehicle are more important than any DRP program. We would rather take a loss on a repair or not repair the vehicle at all, than fix a car improperly,” he added.

Pigg, who is an active member of ABAT, said the association has given Texas shops a voice.

“We are no longer accepting the insurance company’s response, ‘Well, that’s a cost of doing business.’ Or ‘you’re the only one that charges for that.’ However, it seems the more we stand up for ourselves, the bolder some insurance companies get.”

**Burl Richards**, Owner of *Burl’s Collision Center*, is not involved in a lawsuit with GEICO but is aware of other body shops that are. As the President of ABAT, he stressed the importance of shops coming together.

“To me, the whole system is broken because everyone is scared to communicate because they’re afraid they’re going to step over an antitrust law,” he said. “Insurance companies have had us so scared and so concerned about

that for years so we’ve started to educate ourselves and we’ve learned what antitrust really means.”

Richards operates two body shops in the East Texas area. One of them is set up with the latest technology and equipment such as resistant spot welders, aluminum prep rooms and expensive frame equipment. About two and half years ago he purchased a second location without any frame equipment and an approximately 30-year-old paint booth. He said not all shops are set up for heavy collision repair, yet they are paid the same fees by insurance companies.

“All costs are going up and insurance companies are saying we’re not going to pay for it because others aren’t asking for it,” said Richards. “We all have different expenses; each shop is different.”

Richards said there is currently no incentive for shops to do things the right way. One of his goals is to implement a tiered pay system in Texas. He said this would reward the shops that invest in equipment, employees and training. He hasn’t purchased additional equipment at his other shop because the insurance companies will pay him the same rate regardless of his overhead.

“As a shop myself I felt like I was the only guy out there who was asking to get reimbursed and payed for procedures and processes that we were doing everyday,” said Richards. “It’s real simple. If we do the process and it is owed to us, we should be reimbursed.”

During every ABAT meeting he passes on the same message to members: “If you’re not going to ask for it, you’re not going to get it.” Richards said the more shops get together they realize that “We’re competing against each other but we’re not against each other. It’s really the body shops versus the insurance companies... I don’t want it to be that way. At the end of the day it’s all about fixing the customers’ cars right.”

GEICO and its attorney at **David Knight** and Associates in Houston, Texas were contacted but had not yet responded to *Autobody News* as of press time.



## RARE PARTS' Extreme Duty Pitman and Idler Arms

RARE PARTS INC has announced the EXTREME duty pitman and idler arms for 2001–2010 Chevrolet/GMC 2500 and 3500 trucks. “When your customer’s truck has our heavy duty tie rod assemblies installed, the next weak link becomes the pitman and idler arm. The new Extreme arms have been developed to fix that,” said Danny Burgess, President of Rare Parts, located in Stockton, CA. In 2013, the company redesigned its heavy-duty tie rod assemblies, originally designed for AM General. “After seeing the final result, we wanted to apply our design to address another problem with the 2500/3500 trucks and SUVs,” said Burgess. “Namely the weak idler and pitman arm, which are known to allow center link roll and fail prematurely.” Made in the United States, the oversized forged pitman arms are designed with a full ball stud that swivels to eliminate binding between the pitman arm and idler arm when mounted in the center link. It is also heat treated. The Pitman arm and idler arm are never perfectly parallel to each other when mounted. The idler frame bracket can be slightly tilted and the gear box can also be tilted in relationship to the idler frame bracket. For more information, call at 800-621-2005.

## CCC ONE® Repair Workflow Has Reached 5,000 Users

CCC Information Services announced on March 12 that CCC ONE® Repair Workflow, a shop management solution available as a single application with repair estimating, has reached 5,000 users. “Our customers have been instrumental in the evolution of our shop management solution,” said Mark Fincher, Vice President, Market Solutions, CCC Information Services. “By taking advantage of the integrated feedback feature in CCC ONE Repair Workflow, users have been able to quickly and easily share input and suggestions about how to make the tool better. We want to thank our customers for their support in helping us create a workflow solution that broke the mold of traditional shop management systems. With the broad scale of industry adoption, we are well positioned to continue making ongoing investments in this platform.” CCC ONE Repair Workflow is a mobile-enabled solution that allows for intuitive and proactive shop management. The solution is differentiated by driving work to each role in the shop. Key features include resident estimating, production management and role-based dashboards and tasks to quickly identify exceptions. CCC ONE Repair Workflow is available for all popular mobile devices.

## Matrix, USC Brands Renew Partnership with “Counting Cars”

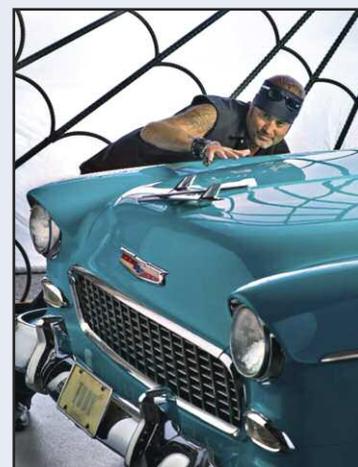
Quest Automotive Products, the manufacturer of Matrix and USC brand automotive repair products, paints and finishes, has renewed its partnership and support of the popular reality television series “Counting Cars.”

The Matrix and USC brands have supported the show since its inaugural season in 2012. The show chronicles the repair projects undertaken by **Danny “The Count” Koker**, owner of Count’s Kustoms, a Las Vegas, NV, body and design shop that specializes in restoring and customizing classic cars and motorcycles.

“Our support for Counting Cars has been a win-win for our brands and for Count’s Kustoms,” said **Laura Yerkey**, director of communications and marketing strategy for Quest. “The show connects with body shop owners and professional painters who are our customers, and it strikingly demonstrates the artistry that can be created with our Matrix paints and finishes.”

**Ryan Evans**, the paint specialist on the show, said he is excited to be able to use USC and Matrix products again this season.

“Our ability to make repairs, create custom colors and spray flawless



**Danny Koker**, AKA The Count, examines the finish on a new paint job

finishes with USC and Matrix products is incomparable. We have very high standards, and the quality of their products doesn’t just meet those standards, it enhances them as well as the quality of our restorations.”

Counting Cars airs every Tuesday on HISTORY at 9 p.m. EST/8 p.m. CST.

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