

EXHIBIT 1 B04
DATE 7-31-09
NO 286

Mr. Chairman and members of the committee:

For the record my name is Todd Litton: *Todd Billings*
for MCRS Board Member here
Rep. All Shops in MT.

I am here to today to give you some insight on the day to day processes that we as an automotive repair industry go thru to comply with the many different Insurance companies.

Most Insurance companies will mandate which estimating system we are required to use. There are three major ones used and recognized at this time. In order to work with these insurance companies we must lease one or more of these estimating systems at a cost that can exceed \$500.00 per system per month. *each.*

These systems, by design, are compiled time studies for the replacement and refinish times for new undamaged panels. Due the complexity of the modern vehicle there are many variables in the different makes and models.

Therefore the estimating systems have designed procedure pages, or p pages, that identify included and non included operations that make up these times. *"Hand out"* The problem arises when the insurance companies only want to pay the base cost and not the non included operations that are required to restore your vehicle to pre loss condition, fit, finish and safety. The non included operations are tasks that *still* need to be done to insure *your* ~~the~~ car is returned to preloss condition.

So as a shop owner I am faced daily with decisions on making sure the customer's car is repaired properly so it will maintain the safety standards that the auto manufactures and you the customer require. In order to do this I must ask my techs to perform tasks that they are not being compensated for ^(jok) and as an auto body repair facility we are not getting ^{now} reimbursed for. These procedures are listed in the p pages but the insurance companies choose to ignore these procedures and in turn compromise the repair of the vehicle ~~to return it to its pre-loss condition.~~

As an auto body repair facility we are morally obligated to keep our customers safe ^{if we provide a life time written warranty!} but this comes at a loss of income to ~~our technicians~~ we hear day to day from the insurance ^{That under these D.P.P. Programs are required. But the ins co. is adamant from.} company that "We do not pay for that in this market area ~~but you need to do it anyhow~~". Or "try to make up for it somewhere else" or sometimes they will ask us to go against the manufactures recommendations and do things like: spot painting, or paint around things need to be removed, and not replacing things that due to manufacture recommendations need to be replaced and not repaired.

This is important as the Auto manufactures are the ones who build safety into the vehicle design to start with. Going against these factory recommendations will sometimes even

void the warranty on the car which will cause a financial burden to the vehicle owner.

Insurance Companies will sometimes use scare tactics like: if you continue to ask to be paid for work that you have preformed they will steer work away from the shop. They require us to use the estimating system so let's use the system that they have chosen, but not in bits and pieces like the insurance companies want to do but in it's entirely like it is meant to be used.

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You ~~will probably~~ hear from the Insurance Companies that this will raise the total losses in Montana, and the cost of insurance in Montana. But the body shops don't decide if the vehicle is a total loss the insurance company does. Montana is currently ³⁵ ~~37~~th in the nation in total losses. ~~The added administrative costs to fight to get paid for these procedures have created a financial and emotional burden on both shop owners and employees. In addition it is degrading to the estimator to always be wrong when it comes to writing estimates. Especially when he is talking to a person over the phone has no repair experience and has never even seen the vehicle the person on the phone is told by his employer the Insurance Company to just say no to the estimator.~~

HB 280

Insurance Companies may want to talk about this raising prevailing repair rates. The prevailing repair rates are driven by

Workers Comp^{Rates} No sales tax in MT.

many different factors such as parts availability. Some areas have an overabundance of small ill equipped and ill trained back yard shops that the Insurance Companies will use to drive ~~costs~~ ^{rates} down.

Again all we are asking for is to get paid for what we do and if the Insurance Companies are going to require us to use the estimating systems then let's use the estimating system in its entirety not pick and choose what ~~suits the insurance~~

~~companies the best.~~ so I would ask for your support on HB 286

Thank you for your time.

Refinish Procedural Breakdown (Non-Standard, Damaged Repair Panel)

Procedure	Database provider: Inc or Not Inc?	% of Refinish Time Allocation	Example: Avg. Outer Door skin; Database Published Time = 2.0
R&I Attached components	Not Inc	0%	0.00
Clean panel for repair	Not Inc	0%	0.00
Repair damage	Not Inc	0%	0.00
Repair materials cost	Not Inc	Not applicable	Not applicable
Clean panel for initial prep	Not Inc	0%	0.00
Initial prep of panel	Not Inc	0%	0.00
Feather edge & fill repaired area	Not Inc	0%	0.00
Mask/cover area for primer	Not Inc	0%	0.00
Mask/cover vehicle for primer	Not Inc	0%	0.00
Mix primer	Not Inc	0%	0.00
Load sprayer/gun	Not Inc	0%	0.00
Primer application	Not Inc	0%	0.00
Clean sprayer/gun	Not Inc	0%	0.00
Block sand primed repaired area	Not Inc	0%	0.00
Repeat primer app. & block sand if necc.	Not Inc	0%	0.00
Remove primer masking	Not Inc	0%	0.00
Clean panel for prep	Inc	8%	0.14
Prep panel for refinish	Inc.	15%	0.30
Mask adjacent panels (up to 36")	Inc.	20%	0.40
Mask panel openings (back tape)	Inc.	10%	0.20
Mask/cover vehicle interior	Not Inc	0%	0.00
Mask/cover vehicle jambs	Not Inc	0%	0.00
Mask/cover vehicle recessed edges	Not Inc	0%	0.00
Mask/cover vehicle exterior (beyond 36")	Not Inc	0%	0.00
Retrieve accurate color information	Inc	4%	0.08
Mix paint	Inc	5%	0.10
Test spray out panel	Not Inc	0%	0.00
Tint color/color matching	Not Inc	0%	0.00
Load sprayer/gun	Inc	3%	0.06
Clean panel for refinish	Inc	5%	0.10
Sealer application	Inc	3%	0.06
Base color application (up to 3 coats)	Inc	10%	0.20

Clean sprayer/gun	Inc	7%	0.14
Clear coat application	Not Inc	0%	0.00
Remove masking	Inc	10%	0.20
Wet sand/De-nibing	Not Inc	0%	0.00
Paint & materials cost	Not Inc	Not applicable	Not applicable
Waste disposal	Not Inc	0%	0.0

Total % of Panel Refinish Time: 100% Total Labor Time: 2.0

NOTES: