

Good deal or bad business? Some body shops waive auto insurance deductibles

By: Kathryn Hawkins, AutoInsuranceQuotes.com

In the midst of a less-than-stellar economy, some auto repair shops are competing for your business by offering to waive all or part of your auto insurance deductible.

For instance, if you bring your car to a body shop to repair a dent, the shop owner might waive your \$500 deductible on a \$2,000 repair job. On the surface, it saves money. But are you really getting a good deal?

Not a bargain after all

Tony Lombardozi doesn't think so. He's president of the Coalition for Collision Repair Excellence, a trade association for body shops.

"There's no such thing as waiving a deductible," he says. "Contrary to what many people believe, there's not a lot of profitability if the job is done correctly in a quality collision repair center."

If a shop owner offers to waive a deductible, you're not getting your money's worth for the job, Lombardozi says.

"They're not waiving the deductible; they're doing less than was originally estimated or less than you expected," he says. "There's no way possible that you can have a \$2,000 repair done the same way for \$1,500."

Jim Quiggle, a spokesman for the nonprofit **Coalition Against Insurance Fraud**, agrees. When a body shop operator offers a deductible waiver, he says, "the body shop has one intent: to lure that driver into the shop in order to do shoddy or inflated repairs that may leave the car dangerous and not road-worthy."

Lombardozi says: "When you ask someone to save your deductible, you're asking them to cheat you. You're giving carte blanche to the shop to cut corners. They make more profit, cut more corners, and you can't go after them in court."

Likelihood of insurance fraud

Offering to cut a customer's deductible isn't a crime. However, some industry experts worry that many of the shops offering deductible waivers may be overcharging their customers' auto insurance companies to make up for the loss — and that *is* a crime.

"Whether a repairer chooses to forego making a consumer pay the deductible portion of the repair cost is the right of that business," says Loretta Worters, a spokeswoman for the nonprofit Insurance Information Institute. "If, however, a shop owner charges the insurance company \$1,500

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Coalition Against Insurance Fraud

for a \$1,300 job in an attempt to recover the \$200 discount, this is insurance fraud — a crime."

Quiggle adds: "Insurance companies control the repair costs so tightly that it's very tough for a body shop to pay the deductible without bilking the insurance company somewhere along the way."

Consumers who accept deductible waivers without their insurers' knowledge are breaking their policyholder contracts.

"In the insurance contract, it says that you have agreed to pay deductible yourself," Quiggle says. "You need to pay your fair share and foot the bill for repairs."

However, Quiggle thinks law enforcers are unlikely to file charges against consumers who accept waivers. "The body shop is what they want to go after," he says.

Good for business

So why do some body shops persist in offering to waive deductibles for car repairs? It's good for business.

"Very often, shady body shops use a waiver of deductible as a carrot to induce drivers of damaged cars to patronize that shop for repairs," Quiggle says.

Crestview Paint and Body, in Crestview, Fla., has been offering deductible discounts since 2007.