

MODEL COLLISION REPAIR CODE OF ETHICS

AUTOMOTIVE EDUCATION & POLICY INSTITUTE

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Model Code of Ethics for the Collision Repair Industry to promote the highest ethical practices in performance of professional services to their customers.

Model Collision Repair Code of Ethics

The collision industry and collision repairers have the lives and safety of the motoring public in their hands. Recognizing that consumers typically have no experience with these repairs, they place their trust and confidence in the professional collision repairers to ensure that vehicles are safe and properly repaired. It takes knowledge, skill, and expertise to properly repair a damaged motor vehicle. To ensure that consumers receive high quality repairs and to promote consumer confidence in those repairs, collision repairers must conform their practices to ethical standards.

Definitions

1. “Collision repair” shall mean any act of disassembling, diagnosing, reconstructing, refinishing, and repairing damaged motor vehicles. Each separate act listed is considered collision repair whether performed singly or in connection with other listed activities.
2. “Collision repairer” shall mean any person or business engaged in collision repair.
3. “Collision repair facility” shall mean any business that receives compensation for the activities of collision repairers.
4. “Consumer” is defined as any individual that has purchased or leased a motor vehicle.
5. “Customer” is defined as the consumer or registered owner of the motor vehicle, or the specifically designated representative of either.
6. “Damage analysis” is defined as the documentation of a thorough review of the damage sustained by a vehicle and the proposed plan to repair the vehicle.
7. “Damage analyst” is defined as any person employed by a collision repair facility technically qualified in the practice of preparing damage analyses, but is not otherwise a collision repairer.
8. “Estimate” is defined as a preliminary identification of vehicle harm and expected repair costs.
9. “Like, kind, and quality”, is defined as used original equipment manufacture

parts that are undamaged parts obtained from a motor vehicle of the same manufacture, same year or newer (and same body style if applicable), and from a motor vehicle driven the same number of miles or fewer than the vehicle from which the parts are to be replaced. Due to the potential inherent safety risks associated with such installation, no used motor vehicle suspension, steering, restraint, or safety part may ever be considered as like, kind, and quality.

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11. “Peer Review Board” is defined as a board consisting of members of the collision repair industry who have met the qualifications to serve as an oversight authority for members of the state or local collision repair industry.

12. “Peer Review Panel” is defined as a panel consisting of qualified members of the collision repair industry authorized by a Peer Review Board to hear complaints and render disciplinary recommendations to the Peer Review Board for violations of the Collision Repair Code of Ethics.

13. “Specifically designated representative” is defined as any person who has been given the right to act on behalf of the motor vehicle consumer or registered owner. Unless this person has a familial relationship to the consumer, a person may only be deemed a specifically designated representative upon presentation of an original, duly executed, and notarized power of attorney recognized by the repair facility’s state law as required, as creating a fiduciary relationship between the customer and the representative, which contains language expressly authorizing the representative to act as the consumer’s agent for purposes of collision repair.

14. “Third party” is defined as any person, representative, or organization which is not a party to the repair contract.

Peer Review Board and Panel Recommendations

To provide for self-regulation and to encourage the best practices of persons involved in collision repair, collision repair organizations should consider creating Peer Review Boards to govern the professional activities of collision repairers, to investigate complaints against repairers, and to act upon complaints or violations of the Collision Repair Code of Ethics. The Peer Review Board may establish panels to consider and adjudicate complaints which may then be reviewed by the Board.

1) The Board should consist of seven (7) to ten (10) members. Panels should consist of three (3) to five (5) members.

2) Boards should meet at least once per month, or more frequently as necessary, unless there is no business to transact. A Board is not required to create any Peer Review Panel. If a Board does not elect to create a panel, the Board is responsible for hearing complaints and imposing sanctions on a collision repairer for violations

of the Collision Repair Code of Ethics. A panel may be created and/or dissolved as deemed necessary by the Board. The Board may determine that a permanently existing panel is preferable.

3) Board members should have a minimum of five (5) years of collision repair experience before becoming eligible to serve on a Board. Panel members should have a minimum of three (3) years of collision repair experience before becoming eligible to serve on a Panel.

4) Collision repair experience for Board or Panel membership is defined as “hands on” experience in a collision repair facility, with proof of ongoing training and industry-recognized certification credentials to verify professional qualifications.

5) Panels should have the ability to review complaints pertaining to workmanship, safety, and any issues governed by the Disciplinary Rules.

6) Panels should have the ability to issue decisions and recommend the imposition of sanctions to the Board as the Panel deems appropriate.

7) Panel decisions may be appealed to the Peer Review Board.

8) The Board should establish rules governing the complaint process, hearing process, appeal process, and sanctions appropriate for misconduct. The Board should also establish rules governing the selection process for Board and Panel membership, provisions for ensuring impartiality of any Board or Panel, and guaranteeing the adequacy of the adjudicatory process.

Ethical Considerations

1. Education and Training

a) Collision repairers should ensure they have the training, education, certification, and experience to begin undertaking the repair of motor vehicles. This training and certification may consist of:

1) courses offered by high school, technical school, and accredited post-secondary educational institutions;

2) I-CAR training;

3) ASE certification:

4) training provided by internships with collision repair facilities and/or experienced and certified individual collision repairers;

5) training and certification programs offered by motor vehicle manufacturers, equipment manufacturers or paint suppliers;

6) training and/or education programs offered by recognized collision repair organizations; and

7) training and/or education programs offered by external organizations whose programs are approved by collision repair organization.

b) Collision repairers should engage in continuing training and certification to ensure they remain proficient at the repair of one or more specific types of motor vehicles. This training and certification may consist of those opportunities outlined in EC 1.a.1 or other programs deemed by the collision repair organization to be worthy of inclusion.

c) Collision repairers with substantial experience and demonstrating competency, but no formal education or training, may develop education and training credentials for themselves by participating in the education and training of other repairers.

2. Facility and Equipment

Collision repairers should ensure they have the proper facilities and equipment to engage in the safe and appropriate repair of motor vehicles. Collision repairers or repair facilities that do not have specialized equipment necessary for the safe and proper repair of the damage to any given motor vehicle should not undertake such repair. Examples of specialized equipment include, but are not limited to:

a) frame bench and structural correction tools ;

b) three dimensional structural measuring devices;

c) metal inert gas (MIG) welding and brazing;

d) paint booth;

e) separate tools and space for aluminum work;

f) tools to repair and weld ultra-hard, boron, or other types of specially formulated steel.

3. Organization Participation

Collision repairers are encouraged to join one or more collision repair-related associations. This will assist repairers to share knowledge and expertise, promote the professionalism of the industry, increase the industry's public presence, and increase public confidence in the collision repair industry.

4. Plain Language

The purpose of laws requiring customer consent for the use of particular parts in a repair and for the anticipated cost of repair are to enable those customers to make informed decisions about the repair. Current repair estimates provided to consumers are written in a coded fashion that is similar to a foreign language and not readily understandable by an ordinary person. Therefore, any documentation provided to a customer should be written in plain language that is capable of being understood by an ordinary person. This will enable consumers to make truly informed choices about repairs to their motor vehicles.

Disciplinary Rules

1. Vehicle Owner is the Customer

(A) A collision repairer shall always recognize that only the consumer, registered owner, or individual selected by either as a specifically designated representative is the customer.

(B) Irrespective of any authority conferred by the customer on a specially designated representative, a collision repairer shall not engage in any repair that compromises vehicle safety or activities that interfere with or compromise the repairer's exercise of professional judgment, as set forth in DR 3.

(C) A collision repairer owes a duty of professional care to the customer and shall act in the best interests of the customer in all repair decisions and recommendations. Nothing in this section, however, shall be interpreted as prohibiting a repairer from charging for goods and services, collecting for goods and services rendered, including initiating or defending any action permitted by law or equity, or acquiring or enforcing a possessory lien upon a customer's vehicle.

2. Damage Analysis

(A) A collision repairer or collision repair facility's damage analyst must prepare and provide the customer with a written analysis of the damage caused, plan of repair, and as nearly as practicable - the expected cost to repair the vehicle.

(1) The collision repairer has an affirmative obligation to contact the customer, provide the customer with an opportunity to discuss the proposed plan of repair, and obtain the customer's express consent for the repairs.

(2) A collision repair facility must only utilize an estimate or damage analysis for the repair prepared by a person employed by or directly affiliated with the repairer or repair facility for the purpose of engaging in repairs to a vehicle. An estimate or damage analysis prepared by any person not directly affiliated with the repairer or repair facility may be used solely for administrative purposes.,¹

(B) At the time of preparing the damage analysis, a repairer shall include in the written analysis all damage visible and all damage reasonably expected to require repair that is not visible.

(C) A pattern of preparing a damage analysis that does not include damage reasonably expected to require repair which substantially exceeds the initial analysis shall be presumed to be deliberate and unethical.

(1) 5 or more complaints of merit regarding substantially inaccurate damage analyses written within a 365 day timeframe is deemed to constitute a pattern.

(2) A repairer can rebut the presumption of a pattern of deliberately undervaluing estimates by presenting evidence of the specific circumstances and or complexity involved in each situation which contributed to the undervaluation. Greater weight may be given to evidence rebutting undervaluations involving new or newly altered models of vehicles.

(3) Allegations of a pattern of writing undervalued estimates may be submitted to the Peer Review Board for adjudication

3. Professional Judgment

A collision repairer or collision repair facility shall exercise professional judgment and utilize repairer's expertise in all aspects of collision repair.

¹ [Examples of administrative activities include vehicle identification upon delivery, supply ordering, scheduling and resource allocation.](#)

(A) On issues of safety, a repairer shall not relinquish professional judgment as to the repairs necessary in favor of any external interest, including the customer's.

(B) On non-safety issues, the repairer may only consider the express wishes of the customer in addition to the repairer's professional judgment in the repair of the vehicle. In the exercise of due care, the repairer has the final determination of the appropriate method of repair or parts to be used in the repair. The repairer, however, has a duty to act in the best interests of the customer.

(C) The repairer shall always make the final determination of whether an issue is safety-related.

(D) The repairer shall consider the vehicle manufacturer's use and repair position statements, and/or recommendations for the repair. If the repairer does not follow the manufacturer's standards, position statements, and/or recommendations in the repair, the repairer must document and disclose in writing to the customer the reason why the repairer did not follow a manufacturer's standards, position statements, and/or recommendations existing at the time of repair.

4. Affiliations and Compensation

(A) A repairer shall have the customer sign an acknowledgement that the customer is responsible for payment of the cost of repairs.

(B) A repairer may accept payment from a third party on behalf of the customer. However, a collision repairer shall not accept payment from any third party if the payment suggests it compromises any claim, or portion of a claim, on behalf of the customer.

(C) A repairer shall not agree with any third party to perform repairs for the amount the third party is willing to pay. Only the customer has the right to make the determination of and agree to the type and cost of repair to be performed.

(D) No collision repair facility repairing vehicles for customers shall be owned by, controlled by, or unduly influenced by any person or entity whose financial interests could interfere with a repairer's exercise of professional judgment on behalf of, and in the best repair interest of, a customer.

Allowing representatives of another company preparing vehicle damage appraisals or estimates of repair to maintain a work location at the collision repair facility is unduly influential. Additionally, ownership of a collision repair facility by an insurer is an "inherent conflict of interest" as set forth in *Allstate Ins. Co. v. Abbott*, 2006 U.S. Dist. LEXIS 9342 (N.D. Tex., Mar. 9, 2006), *affd*, 495 F.3d 151 (5th

Cir. 2007), *cert. denied*, 2008 U.S. LEXIS 1297, 76 U.S.L.W. 3439 (U.S. Feb. 19, 2008), and is unduly influential.

Nothing in this section shall be interpreted as prohibiting a repairer or repair facility to be “certified” by an original manufacturer of a motor vehicle, or exist as a department within a new car dealership. This section is not intended to prohibit repairers or a repair facility from engaging in normal business relations with product suppliers. It is intended to prohibit actions on the part of the repairer or repair facility from allowing the interests of the product supplier to interfere with the best interests of the customer.

5. Licensure, Registration, and Insurance

(A) No collision repair facility or individual repairer required by state law to be licensed or registered shall operate or engage in any activities constituting collision repair without being licensed or registered pursuant to the mandates of the state’s law. No collision repair facility or individual repairer shall fail to maintain compliance with the licensure or registration requirements mandated by state law.

(B) No collision repair facility or individual repairer, if not employed by a repair facility, may undertake the repair of any customer’s motor vehicle for compensation without first acquiring and maintaining in effect a garagekeepers and/or garage liability insurance policy.

(C) A collision repair facility or individual collision repairer shall maintain a minimum of \$100,000 of garagekeepers and/or \$100,000 of garage liability insurance, unless state law requires higher minimum amounts. These limits may be reset by the Peer Review Board.

(D) No collision repair facility or individual repairer may enter into any agreement that requires the repair facility or individual repairer to indemnify the other party relating to a vehicle repair., Nothing in this section, however, shall be construed as prohibiting a repair facility or individual repairer from entering into a contract for vehicle repair with a governmental entity that requires indemnification.

6. Negotiating on Customer’s Behalf

(A) Unless expressly required by state law, no repairer shall negotiate the repairs necessary or amount to be paid for the repair of a motor vehicle with any person or business other than the customer.²

² Unless expressly required by state law, no repairer shall negotiate the repairs necessary or amount to be paid for the repair of a customer’s motor vehicle with any insurer or insurer’s representative. Negotiating or otherwise compromising a customer’s claim is, or may be construed as, the unauthorized practice of law and is expressly prohibited.

7. Motor Vehicle Titles as Compensation (conflict)

Despite the compensation permission in DR 4.B,

(A) No collision repair business or individual repairer may accept a salvage motor vehicle title from an insurer as payment for any services rendered, unless the collision repair business or individual repairer is licensed as a salvage motor vehicle dealer, salvage parts seller, or salvage yard as defined by state law.

(B) No collision repair business or individual repairer may accept from an insurer or consumer as payment for any services rendered, any motor vehicle title which the collision repairer knows or should have known was deemed to be a total loss by the insurer.

(C) No collision repair business or individual repairer may accept from an insurer or consumer as payment for any services rendered, a motor vehicle title for any motor vehicle the repairer reasonably believes in the exercise of professional judgment should have been declared a total loss.

8. Misconduct

It is professional misconduct for a collision repairer or collision repair facility to do any of the following in the conduct of collision repair activities:

(A) violate or attempt to violate the Collision Repair Code of Ethics, knowingly to assist or induce another to do so, or do so through the acts of another;

(B) commit an illegal act that reflects adversely on the collision repairer or collision repair businesses' honesty or trustworthiness;

(C) engage in conduct involving dishonesty, fraud, deceit, or misrepresentation;

(D) engage in conduct that constitutes "bidding" for collision repair work that is arranged, controlled, or influenced by a third party;

(E) engage in conduct that involves completion of collision repair work that is initiated by, or results from, a third party's deliberate dismantling of one or more parts of a motor vehicle³;

(F) engage in conduct, including a failure to act, that adversely affects the safety of any member of the motoring public, including passengers;

³ [This section is not intended to interfere with vehicle restorations, such as those performed for collectors, but is limited to vehicles used for ordinary transportation that have sustained property damage.](#)

(G) falsely report that a collision repairer or collision repair facility has engaged in professional misconduct.

9. Reporting Professional Misconduct

(A) A collision repairer who possesses knowledge of a collision repairer's or repair facility's violation of the Collision Repair Code of Ethics shall inform the Peer Review Board or other disciplinary authority empowered to investigate or act upon such a violation.

(B) A collision repairer who possesses knowledge of a collision repairer's or repair facility's violation of any state or federal consumer protection statute shall inform a regulatory authority empowered to investigate or act upon such a violation.

(C) A collision repairer who possesses knowledge of a collision repairer's or repair facility's violation of any state or federal vehicle code or safety regulation or statute shall inform a regulatory authority empowered to investigate or act upon such a violation.

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