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from

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Addressing the new "40 CFR Part 63- 6H" Rule

As many of you already know, there is a new Federal Rule pertaining to refinish application, training, and equipment. It's known in short as the "6H" rule.

Collision Repair shops must send in an initial notification of operation by January 11th, 2010, and be in compliance by January 10th 2011. The overall rule has several parts including equipment, training, processes, and record keeping. According to the Nebraska Department of Environmental Qualities (NDEQ) the fine for non-compliance can be as high as \$25,000.00 per day. Some insurance companies have already stated that any shop doing work for them must be in compliance by the required dates.

There is a lot of mis-information floating around as to specifics of the rule. That is why D&R Auto Paint and Supply has already met one on one with the NDEQ in Lincoln for further clarification of the rule. A series of questions has been developed by the staff at D&R and has been presented to the NDEQ.

In late August, D&R Auto Paint and Supply customers will be invited to a meeting with representatives from the NDEQ. An invitation with the date and location will be distributed soon.

It is the goal of D&R Auto Paint and Supply to help our customer become compliant using the correct information. We also want to assist in the training and documentation pieces of the rule.

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If you are a D&R Auto Paint and Supply customer expect to receive a NDEQ invitation by next week. Hopefully by then we will have most all questions researched and ready to share with our shops. If you would like a condensed version of the rule, please feel free to call 677-8640. We will email it to you.

Americans keeping cars longer, study says

An annual survey of new vehicle buyers shows a significant increase in the number of people planning to hold onto their cars and trucks. In 2005, just over 46 percent of new car acquirers indicated they would not be shopping for a new vehicle for four years or more; in the just completed survey that number has risen to about 59 percent — an increase of almost 13 percent. At the same time, the number of people intending to replace their vehicle within the next 2 years has fallen.

In April, automotive research firm AutoPacific conducted a national Internet survey which revealed that the general public was very hesitant to invest in a new vehicle; with 72 percent of those surveyed saying it would be more than a year before they would be in the market to buy a new car. That finding supports other surveys which indicate that the public is wary about the current condition of the American automobile industry and the U.S. economy as a whole. It also confirms that not only are consumers wary, but those that did make the investment intend to hold onto their vehicles longer.

"Rapid replacers don't seem to be changing their pattern, but people who previously bought a new car every one or two years have significantly scaled back their purchasing, and those who before bought every three to four years are now waiting at least an additional year," says George Peterson, president of Tustin, Calif.-based AutoPacific. "We'll not be seeing the frequent replacement pattern brought about by strong incentives and financing programs that made it easy and financially reasonable over the last
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decade for consumers to get into a new car frequently. This may also tell us that consumers will be putting a higher priority on vehicles with a reputation for quality and durability that meets not only their short-term needs, but also their long-term expected needs."

State Farm Ends Electronic Parts Ordering Program

Insurer has no plans for national roll out of the parts ordering process.

State Farm on Monday notified repair facilities participating in its electronic parts ordering test that the company is ending the program. The test program was originally launched in August 2007 in San Diego, CA and Indianapolis, IN. In May 2008, the program was expanded statewide in both markets.

In a Tuesday telephone interview with George Avery, claim consultant for State Farm, he explained, "State Farm has completed the electronic parts ordering platform test we were conducting in California and Indiana. We believe the program works and provides value to those using it and we learned a lot of what we hoped we would during the test."

Avery explained that State Farm does not have plans at this time to roll out the program nationally. "We want to thank all of the repairers and dealers who participated in the test," said Avery. "While we are not rolling out the program nationally at this time, we believe the process has value and those that participated can continue to use the systems as they see fit."

In March, State Farm had suspended the additional parts discount it had received from OEMs as part of the program. Citing the economic turmoil experienced by OEMs, State Farm announced, ""Based on the current business and economic environment, a decision has been made to suspend a component of the automotive parts-ordering process that involves application of OEM parts discounts."

Repair facilities that are part of the Select Service program in the test markets applied additional discounts on OEM parts on estimates created under the program based upon the OEM-discount arranged by State Farm. This discount was on top of any discount State Farm and the repair facility agreed to as part of their Select Service participation. Repair facilities then received additional discounts on the cost of the parts to make them whole on a dollar basis.

Words to Live By

T Wallowing in the past may be good literature. As wisdom, it's hopeless. - *Aldous Huxley*

Mitchell Releases Latest Edition of Industry Trends Report

Mitchell International released the third quarter 2009 edition of its Industry Trends Report (ITR)-the company's quarterly publication that highlights industry-related trends, news items and statistics.

This edition's Quarterly Feature, "Looking at Europe to Predict the Future of U.S. Collision Repair," by Mitchell's Vice President of Industry Relations, Greg Horn, argues that Europe's experience with advanced vehicle technology clearly predicts the future changes in the U.S. collision repair industry. European manufacturers are tackling increased fuel efficiency and mileage targets and mandated side impact standards that will soon reach the U.S. market, which insurance companies must be prepared to estimate and shops expertly trained to repair.

Repairers and estimators in the U.S. cannot risk being caught off guard when high-tech vehicles demand highly specialized and very costly repairs-there will be no room for on the job training when safety is at stake in an era of rising prices for parts and labor. Europe's experience with both high-end and more commonly repaired vehicles, such as Jaguar's new XJ and Volkswagen's new Rabbit, is instructive. Both types of vehicles will soon come to U.S. shops for repair and present challenges to those unfamiliar with their advanced materials and construction. For example, the estimating and repair of new VW Rabbits requires knowledge of Ultra High Strength Steel alloys and the proper techniques to safely repair them.

In the case of the Jaguar XJ, its unique new door frame construction is complex enough that the manufacturer will sponsor a door exchange program where the damaged door must be exchanged through the dealer for a rebuilt unit rather than risking a faulty repair.

"This is a remarkable time in the collision repair industry. The technological advances taking place are transforming today's vehicles into increasingly complex pieces of machinery," said Horn. "Just as it did in the 1970s, the high-tech vehicle revolution occurring today in Europe offers a clear and compelling view of the challenges ahead in the U.S. collision repair industry. In the competitive U.S. market, we cannot afford the risk of being left behind. We have to seize the opportunity and prepare to meet our customers' high expectations for performing advanced repair techniques."

The latest Industry Trends Report may be downloaded in PDF format by visiting

<https://www.mitchell.com/mitch/pubs/industrytrends.asp>