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48 Independent Glass Installers Sue AAA and Harmon Glass

Group Alleges Unfair & Deceptive Trade Practices by AAA Through Steering Customers to a Minnesota-Based Glass Company

FARMINGTON HILLS, MI /PRNewswire/ -- A coalition of independent glass installers have filed a lawsuit against AAA of Michigan and Harmon Glass to halt deceptive practices, protect the consumer's right of choice, and to halt unfair trade practices.

The lawsuit filed May 20, 1999 by attorney Jay Schwartz, was assigned to Wayne Circuit Court Judge Isidore Torres who ordered a hearing for 9 a.m. June 22 for AAA and Harmon to show cause why a preliminary injunction should not be issued.

Some 48 vehicle glass installers from throughout Michigan are demanding changes from AAA. Namely, that AAA insist that Harmon Glass ends its deceitful acts, stops misleading consumers, and quits asking for proprietary information from independent glass installers as a condition of processing AAA claims.

"AAA was warned about Harmon before starting down this path," said attorney Jay Schwartz of Schwartz Law Firm in Farmington Hills, Michigan. "What is occurring is completely outrageous. Consumers should have the freedom to pick their auto glass repair shop without steering attempts."

The campaign also will include a public education effort and a petition drive to enact anti-steering legislation in Michigan. According to the Washington office of the Automotive

Service Association, some 38 states in the U.S. as of January 1999 had anti-steering legislation on the books -- Michigan does not. Steering is the process of referring consumers to a particular shop without informing them other choices exist. Many of the plaintiffs have presented AAA with an alternative call center which would guarantee AAA and consumers that fair trade practices would be followed.

According to the lawsuit, when a consumer calls AAA with a glass claim they are referred to Harmon Glass who signed a contract with AAA to operate a call center to process glass damage claims. The Harmon workers identify themselves as AAA, attempt to steer the customer to one of Harmon's facilities, and will dissuade the customer from using independent installers operating in the consumer's neighborhood.

Furthermore, for an independent glass shop to qualify as a Harmon Glass Provider Shop, the owner must provide to Harmon, sales, billing and marketing information, costs, profit margins and other proprietary customer information. The suit also alleges that payments from Harmon Glass to the independent glass providers is not done in a timely manner causing considerable monetary damage to the plaintiffs.

“My clients firmly believe consumers should have the ability to go to the glass shop of their choice,” added Schwartz, “and they are adamantly against handing proprietary information over to Harmon Glass who, in effect, is a competitor. We hope AAA and Harmon would change their behavior. We welcome fair and honest competition.”

Earlier this year, AAA signed a contract with Harmon Glass to handle administration of all auto glass claims. Based in Minnesota, Harmon is a direct competitor with every Michigan-based glass installation company, said Hank Weber, president of Auto One, Jackson, Michigan and a co-plaintiff.

“The first issue of the lawsuit is consumer choice,” stressed Weber. “The second issue is to protect the established glass shops' right to do business with our customers. It is grossly unfair that as a condition of doing business with a state regulated insurance company, we must provide proprietary information to a competitor. The result we really want is to cease this relationship which prevents free access

for consumers and glass shops."

Bob Blackmer, president of Auto Ameristar, Westland, Michigan, comments, ``From our vantage point the issue is of using the position of gatekeeper to force our shops out of business. If this relationship is allowed to continue and given sanction, we will go the way of the 'mom and pop' drug stores. I'm appalled that the largest insurance company in Michigan would allow Harmon to do what they are doing."

``AAA cannot see it is shooting itself in the foot," explains Bill Farrah, President, IXL Glass, Grosse Point, Michigan. ``They are reaching beyond the ethical standards self-imposed by most businesses." Ethics is also a serious concern of co-plaintiff Daniel Eerdmans, V.P., Vision Auto Glass, Jenison, Michigan, ``When competition is controlled and eliminated, the end result usually does not favor the consumer."

The lawsuit specifically charges AAA and Harmon Glass of unfair trade practices under the Michigan Consumer Protection Act; violation of the Michigan Uniform Trade Secrets Act by Harmon; AAA and Harmon with unfair competition; and AAA and Harmon with tortuous interference with business relations.

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