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Glass Choice Organization *Your Voice For The Future*

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G. P. Woods Glass Shop Owner Takes On AAA

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Staff Writer

A local businessman is fighting the state's largest insurance company over what he said are unfair trade practices.

Bill Farrah, president of IXL Glass in Grosse Pointe Woods, has joined nearly 50 independently owned glass repair shops from around the state in suing AAA Michigan.

According to the plaintiffs, a recent program touted by AAA to heighten consumer choice instead funnels work away from independent glass shops toward Harmon Auto Glass, headquartered in Minnesota.

The suit seeks damages in excess of \$25,000 and an end to the AAA Michigan-Harmon relationship.

"The customer is being guided like thread through the eye of a needle to Harmon," said Farrah, who is also president of the 100-member Glass Choice Association of independent glass installers. "As a result, I've seen my AAA referrals drop at least 80 percent since April."

At between \$160 to \$200 dollars per customer, the lost revenue is putting a crack in his profits. Farrah said auto glass repairs comprise 12 to 14 percent of his annual sales.

Nancy Cain, spokeswoman for AAA, said the insurance company receives nearly 65,000 windshield claims annually. Farrah doubled the figure to include total claims for all kinds of auto glass.

If the charges are true, AAA and Harmon are violating the Michigan Consumer Protection Act and Uniform Trade Secrets Acts, according to the plaintiffs' attorney Jay Schwartz.

"If this keeps up," said Farrah, "the independents will be out of business and the consumer will lose."

"I respectfully disagree," said Cain. "The program is in the best interests of our members. It's the latest of many innovative programs that have helped us reduce insurance premiums 5 percent since August."

"My rates haven't gone down," answered Farrah.

Back to the lawsuit, the accusations were denied by both defendants.

Cain said Harmon was contracted in April to operate a toll-free customer service center to process glass claims.

"The operators give out the names of conveniently located glass repair shops on a rotating basis," said Cain in a statement echoed by Michaela Diercks, Harmon's vice president of marketing.

Citing the suit, Diercks said she was unable to elaborate. "We haven't seen the lawsuit," she said, "and can't comment on it."

Yet both representatives said glass shops in AAA member's home areas have an equal chance to receive a referral.

In what the defendants said was a coincidence, calls by the Grosse Pointe News to the AAA-sponsored, Harmon-operated customer service center resulted consistently in referrals to Harmon repair shops. The recommendations included an upbeat tag line that a Harmon repair truck can "come right to your home."

"That's not surprising," said Farrah. "The Harmon store in Grosse Pointe is really a mobile operation that rents space in a car wash. They don't have a 'store' in the sense people normally expect."

A News follow-up call to the AAA call center (Harmon) confirmed that IXL was authorized to make repairs covered by AAA.

No promotional statements by Harmon operators accompanied referrals to non-Harmon stores. In the test, referrals to independent repair shops occurred only when the News' caller asked for a repair shop in a city known not to contain a Harmon outlet.

"We can document more than 100 steering incidents," said Farrah.

Describing a situation that brought to the plaintiffs' minds an image of a fox guarding the hen house, Farrah said the AAA-Harmon deal "is like making a

customer call Steak & Ale for dinner reservations at Win Schuler's."

"I'm not mad at AAA, just Harmon," said Farrah. "But because AAA contracted with Harmon, we have to sue both companies. Consumers should know they can go wherever they want to go to get their auto glass repaired."

Farrah said he and his colleagues warned AAA last winter something bad would come of the Harmon connection.

AAA's actions have coalesced the independent store owners to action.

"The owners used to be fragmented," said Farrah, "but no longer. They're in a fight for their lives."
