

**Accredited Repairer Bulletin #67**

To: **Saskatchewan Accredited Collision Repair Firms** Date: **March 11, 2019**

From: **SGI**

Subject: **Safe and Quality Auto Repair Project (Update #1)**

Improvements in vehicle automation and fuel efficiency have resulted in significant advancements in vehicle construction and driver safety technologies, resulting in the need for new tools, equipment and training to ensure vehicle repairs are completed safely, to manufacturer standards. SGI – as well as other auto insurers/jurisdictions – have turned their attention more seriously to this issue, recognizing there are safety as well as liability issues.

In response, SGI launched the Safe and Quality Auto Repair Project (SQARP), to assess the collision repair industry’s capacity to perform repairs properly and safely on new vehicles, and develop a strategy to ensure our customers continue to have access to a healthy and sustainable body shop network (see September 28, 2018, Bulletin #61).

As part of the project, SGI intends to introduce the following changes effective **April 2020**:

- a two-tier compensation structure, with the top tier receiving a higher labour rate than the second tier;
- a new key-performance indicator (KPI) model and changes to the accreditation levels; and
- new minimum tool, equipment, training and certification requirements, as outlined below:

<b>GENERAL REQUIREMENTS</b>	<b>TIER 1</b>	<b>TIER 2</b>
Garage & Commercial General Liabilities Policy	As required by OEM	\$1M
Spray Booth (NFPA 33)	X	X
Computerized Paint Mixing Room (National Fire Code of Canada 4.2.9)	X	Yes (based on paint system)
Forced Air Drying Capabilities	As required by OEM	
Repair Warranty	As required by OEM	2 Years Labour
Secure Vehicle Storage	X	X
Customer Satisfaction Index (CSI) Process	SGI	SGI
Electronic Estimating System w/ P-pages subscription	X	X
Utilize a preferred rental car provider or provide complimentary customer transportation	As required by OEM	
Dealer Sponsorship	As required by OEM	
Certification(s)	OEM	

<b>MINIMUM TRAINING REQUIREMENTS</b>	<b>TIER 1</b>	<b>TIER 2</b>
Provincial Registered (MVBR Journey-Person)	X	X
ICAR Gold Class (or Gold Class In-Progress)	X	X
ICAR WCS03 - Steel GMA (MIG) Welding	X	X
ICAR BRZ02 - MIG Brazing Course (or equivalent)	X	X
3D Vehicle Measurement System Training	X	
Refinishing System Product Training	X	X

<b>MINIMUM TOOL/EQUIPMENT REQUIREMENTS</b>	<b>TIER 1</b>	<b>TIER 2</b>
OE Repair Procedure Subscription	X	X
Diagnostic Scan Tool	X	X
Above Ground Lift		
Frame Rack or dedicated/universal Fixture Bench	X	X
Electronic 3D Vehicle Measuring System w/ Data Subscription	X	
Pressure Feed Anti-Corrosion Application Equipment	X	X
Dent Removal System (Steel)	X	X
MIG/MAG Welder	As required by OEM	220V (200A)
Squeeze Type Resistance Spot Welder	As required by OEM	3-phase (10K A) 600lbf
Pulse MIG w/ Silicon Bronze MIG Brazing Capabilities	X	X

<b>ALUMINUM REPAIR MINIMUM TOOL, EQUIPMENT &amp; TRAINING REQUIREMENTS</b>	<b>TIER 1</b>	<b>TIER 2</b>
ICAR FOR06 Structural Repair (Ford)	X	
ICAR WCA03/05 - Aluminum GMA (MIG) Welding	X	
Advanced Structural Composite Training		
Isolated Aluminum Repair Area	X	
Pulse MIG (Aluminum) Welder	As required by OEM	
Dent Removal System (Aluminum)	X	
Self-Piercing Rivet Gun	X	
Dedicated Aluminum Dust Extraction System	X	

As an interim measure in support of these efforts, starting **March 11, 2019**, all collision repair partners must reference OEM repair procedures as part of the repair planning process on all SGI claims. Shops are also being asked to ensure that they document all repairs requiring panel or structural component replacement or sectioning. Please include photos of undressed welds and any sleeves/backing used to reinforce sectioned panels/structure (upload into Mitchell as part of the claim).

## Frequently Asked Questions (FAQs):

### 1. What is the Safe and Quality Auto Repair Project (SQARP)?

SQARP is a project SGI is introducing that will require repair shops to have the proper certifications and meet specific training and tooling requirements to repair vehicles involved in collisions resulting in a claim to SGI. In addition, SGI's intent is for repair shops to be incentivized through a two-tier compensation structure beginning in April 2020, to meet these requirements.

### 2. Why is SGI introducing the SQARP project?

SGI is introducing this project to help ensure vehicle repairs are completed safely. Improvements in vehicle automation and fuel efficiency have resulted in significant advancements in vehicle construction and driver safety technologies. Traditional repair techniques and tools used by many of Saskatchewan's auto body shops are no longer sufficient to repair many of today's newer vehicles to manufacturer standards.

### 3. When does this take effect?

The accreditation program changes and associated tool, equipment and training requirements are scheduled to come into effect in April 2020.

### 4. Are there any changes that impact repair shops' business immediately?

Yes, there is an immediate requirement to be aware and perform all the operations to repair vehicles safely. Shops are reminded of their obligations under section 4.12 of the current accreditation agreement:

*"You agree to complete repairs according to the accompanying Appraisal written by an eligible accredited repair firm, or provided directly or indirectly by SGI, utilizing products and recognized repair techniques that ensure the repairs meet all safety and quality standards, based on I-CAR or OEM repair standards and recommendations (4.12 Proper Repairs)".*

Effective immediately, all collision repair partners are required to access OEM repair procedures as part of the repair planning process. Shops are also being asked to ensure that they document all repairs requiring panel or structural component replacement or sectioning. Please include photos of undressed welds and any sleeves/backing used to reinforce sectioned panels/structure (upload into Mitchell as part of the claim).

### 5. What is the new two-tier compensation structure?

SGI intends to move to a two-tier compensation structure beginning in April 2020, with the top tier receiving a higher labour rate than the second tier.

### 6. What does this mean for repair shops in Saskatchewan?

It means shops will need to meet the new tool, training and certification requirements to qualify as a top-tier repairer. Second-tier repairers will also need to meet a less stringent set of minimum tooling and certification requirements, exceeding the current requirements.

**7. What will the new top tier and second tier labour rates be?**

That is still being determined. The top tier will receive a higher labour rate than the second tier.

**8. Will the top tier be higher than today's current rate?**

That is still being determined. The tiered rate structure will be established in rate discussions with industry. At a minimum, in order to maintain the current accredited labour rate and be eligible for any future rate increases, shops will need to meet the top tier training, tool, equipment and certification requirements.

**9. Does this mean the current accreditation program is changing?**

Yes, beginning in April 2020 SGI intends to move to a two-tier compensation structure, combined with new tool, training and certification requirements. SGI will also be introducing a new key-performance indicator (KPI) model and changes to the accreditation levels.

**10. Some repair shops have already made investments in signage and advertising to promote current SGI accreditation levels. Will there be compensation to shops resulting from the changes?**

As part of the project, SGI will be re-evaluating the current accreditation levels (basic, standard, select and elite). This work is currently ongoing and no decisions have been made yet. SGI will be consulting with the industry associations and communicating any changes.

**11. Why are you telling us this now?**

We wanted to give repair shops enough notice to complete training/certification and invest in the required tools before the effective date (April 2020).

**12. What new tools will be required?**

That will depend on the repair shop, and the type of certification they are seeking, but examples include a squeeze-type resistance spot welder and silicon MIG brazing capabilities.

**13. How much will these tools cost?**

The level of investment will depend on the shop's current level of tooling and training. Some shops will not be required to make any investment, and some shops that have not made any recent investments in tools may need to make investments of up to \$10,000 - \$200,000 to access the top-tier rate.

**14. What kind of training is required?**

Shops will need to attain I-CAR Gold Class status to remain certified. They may also need training on the new tools.

**15. What are the certification requirements?**

To qualify as a top-tier repairer, shops will need a minimum of one OEM certification (eg. Certified Collision Care (CCC)) or an approved industry certification (eg. Canadian Collision Industry Accreditation Program (CCIAP)). OEM/industry certification is not required to qualify as a second-tier repairer.

**16. What if a repairer doesn't have the required tools, training and certification by April 2020?**

Repairers that don't meet the top-tier or second-tier requirements will lose their accredited status and will be assigned the non-accredited labour rate.

**17. What if a repairer is really close to meeting the requirements, but isn't quite there by April 2020?**

We're giving shops one year of notice so they have time to meet these requirements by April 2020.

**18. SGI is impacting peoples' livelihoods with this change. How do you respond to that?**

This is a global issue facing the collision repair industry; it is not specific to Saskatchewan. SGI – as well as other auto insurers/jurisdictions – have turned their attention more seriously to this issue, recognizing there are safety as well as liability issues. It is imperative that SGI customers have access to safe, quality repairs when their vehicle is involved in a collision.

**19. Will SGI be telling customers what kind of repairs specific shops are able to perform?**

SGI will not be directing work to specific repair shops; however, SGI is obligated to assist its customers in making an informed repair decision. SGI is currently working on a customer communications strategy that will involve updates to our customer communications, website and adjuster processes.

**20. Can a repair shop sublet repairs if they do not have the required tools, equipment and training?**

SGI will be updating the Appraisal Sublet Policy to reflect the changes to the minimum tools and equipment requirements. Electronic 3D vehicle measurements, resistance spot welding, MIG brazing and aluminum MIG welding will no longer be eligible to sublet. Effective April 2020, these operations will no longer be eligible for mark-up or sublet travel allowances.

**21. What if a customer chooses a shop that does not have the training, tools and equipment required to complete the repair in accordance with OEM procedures?**

The shop will be required to turn the work away, and if possible, recommend or assist the customer in selecting a shop that has the capabilities to complete the repair.

**22. Can repair shops rent, borrow or pool together to purchase tools listed in the new minimum tool and equipment requirements?**

Each shop location must own (or a lease with an agreement covering the accreditation term) the minimum set of tools required to access the top or lower tier labour rates and maintain their accredited status.

**23. What tools and equipment does SGI recommend?**

SGI will not recommend tools and equipment. Repairers will need to consult with tool and equipment manufacturers/vendors and OEM certification program requirements.

**If you have any questions or comments, please contact:**

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