

Accredited Repairer Bulletin #72

To: Saskatchewan Accredited Collision Repair Firms Date: September 23, 2019

From: SGI Subject: Safe and Quality Auto Repair Project (Update #2)

After the 2019 Spring AGM, we took to the road and held 14 town halls in 12 different communities. The town halls gave us a chance to connect with people from repair shops from across the province. Thank you to everyone that took the time to reach out and provide thoughts and ideas – we received lots of great questions, comments and suggestions!

We consulted extensively over the spring and summer with the industry on changes to accreditation requirements. In addition to the town hall meetings, we had a number of discussions with SAAR and SADA. We are pleased with how collaborative this process has been, allowing us to make a well-informed decision.

We recognize that this is a significant change for the industry. It's a big change for repair shops, and it's a big change for us. As vehicles continue to become more complex, we need to ensure we have an industry capable of repairing them safely. To help ensure that our customers continue to have access to a healthy, sustainable collision repair industry in Saskatchewan, Minister Responsible for SGI Joe Hargrave announced the following changes to the SGI accreditation and rate programs during the Sept. 21, 2019 Saskatchewan Association of Automotive Repairers (SAAR) Annual General Meeting:

- 1) SGI will be updating the requirements for SGI accreditation to match minimum training, tools and equipment required to safely and properly repair customers' vehicles. Changes to the minimum accreditation requirements will take effect **March 1, 2021** (a year later than the original date proposed).
- 2) During the transition period (from now until March 2021), the labour rate will remain unchanged at \$92.68 per hour.
- 3) In the interim, to recognize the level of investment required by shops to meet the new training and tooling requirements, and to advance repair safety, SGI is implementing several changes effective **Oct. 1, 2019**. These include:
 - SGI will amend its policy to include paid time for pre-scans and frame set-up.
 - SGI will provide training and tooling incentives of up to \$15,000 per shop location. Shops will be eligible for a lump sum payment of \$6,000 when they meet the minimum accreditation requirements, then are eligible for another \$9,000 if they invest enough to reach an industry-recognized level of certification.
 - SGI will provide shops with an allowance of \$170 per month until the end of December 2020, to cover the cost of accessing OEM procedures.

At the SAAR meeting, we also talked about some changes we are making with regards to the image desk. We are reviewing image desk practices and procedures, and we have already implemented some changes, with the goal of improving efficiency and reducing repair cycle-time. Changes include:

- In early July 2019, SGI implemented a new annotation process for improved oversight of the image desk, to provide more clarity around requests, for both staff and repair partners. The new annotation process also creates reporting that supports future key-performance indicators. This will allow high-performing shops more autonomy and higher auto-accept levels.
- SGI has committed to providing both repair partners and staff access to additional training opportunities focused around image review and estimating best-practices. SGI is planning on providing shops access to SGI estimating training in spring/summer 2020; we'll provide more information early next year.
- All these new initiatives take resources, so SGI will be adding three additional image appraiser positions, which should help reduce image review wait times, especially during peak seasons.
- Plus, SGI has hired two new shop relations representatives to help support industry partners through this transition.

For more information on these changes, please see the FAQs attached below. Please let us know if you have any questions or comments:

- (North Operations) Gary Paulson – gpaulson@sgi.sk.ca or call 306-683-8736
- (South Operations) Greg Pflanzner – gpflanzner@sgi.sk.ca or call 306-751-3535
- (Image/Audit) Lyle Andrusiak – landrusiak@sgi.sk.ca or call 306-751-1565
- (Appraisal Services HO) Ciaran Downes – cdownes@sgi.sk.ca or call 306-751-1216

Frequently Asked Questions (FAQs):

1. What is the decision around accreditation requirements?

Repair shops have until March 1, 2021 to meet the new minimum accreditation requirements.

2. When was the last time accreditation standards were updated or modified in Saskatchewan?

Tooling and equipment standards for accreditation were updated last in 1991. That's almost 30 years ago. Vehicles have changed significantly in 30 years.

3. What if a repairer doesn't have the required training, tools and equipment by March 2021?

Repairers that don't meet the minimum accreditation requirements by March 1, 2021 will lose their accredited status and will be assigned the non-accredited labour rate of \$46.50/hour.

4. Is there any leeway on this deadline?

The original date we proposed to meet these new requirements was April 2020. We heard from many repair shops that they needed more time, and we listened, extending the deadline by a year. The new deadline is March 2021.

5. What are the new minimum accreditation requirements (what is changing)?

SGI is updating the requirements to be SGI-accredited to match up with the minimum training, tools, and equipment required to safely and properly repair customers' vehicles.

The accreditation program changes will include new tool, training and equipment requirements, plus we will also be introducing a new key-performance indicator (KPI) model and changes to the accreditation levels.

The new training, tool and equipment requirements are the same as the previously proposed minimum accreditation requirements for tools, training and equipment.

GENERAL REQUIREMENTS	Current	March 2021
Spray Booth (NFPA 33 or local code)	X	X
Computerized Paint Mixing Room (NFCC 4.2.9 or local code)	X	X
Repair Warranty	2 Years Labour	2 Years Labour
Secure Vehicle Storage	X	X
Electronic Estimating System w/P-pages subscription	X	X

MINIMUM TRAINING	Current	March 2021
Provincially Registered MVBR Journey-person	X	X
ICAR Gold Class		X
ICAR WCS03 - Steel GMA (MIG) Welding		X
ICAR BRZ02 - MIG Brazing Course (or equivalent)		X
Refinishing System Product Training	X	X

MINIMUM TOOLS/EQUIPMENT	Current	March 2021
Estimating Software	X	X
OE Repair Procedure Subscription		X
Diagnostic Scan Tool & Subscription	X	X
Frame Rack or dedicated/universal Fixture Bench	Frame Machine (4-Point Anchor)	Frame Machine (4-Point Anchor)
Pressure Feed Anti-Corrosion Application Equipment		X

Dent Removal System (Steel)		X
MIG/MAG Welder	X	X
Squeeze Type Resistance Spot Welder		3-phase (10K A), 600lbf
Pulse MIG w/ Silicon Bronze MIG Brazing Capabilities		X

6. What is the difference between the new minimum requirements and the current accreditation requirements?

The primary difference between the new requirements and the current accreditation requirements are:

- 1) Technicians must have basic industry recognized technician training (I-CAR) and be engaged in continuous professional development/upgrading; and,
- 2) MIG brazing and resistance spot-welding capabilities (required to weld high-strength steel panels which are becoming very common - requiring more panel replacements than panel/dent repairs).

7. Will the current accreditation levels (basic, standard, select and elite) be changing?

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

8. Generally speaking, what kinds of vehicles or repairs will shops that meet the new minimum accreditation requirements be able to undertake?

There's no one-size-fits-all answer. The types of vehicles that an accredited repair shop will be expected to be able to repair will depend on the type, scale and severity of the damage, plus the tools and equipment required by the vehicle manufacturers in their published repair procedures/instructions.

In general, shops meeting the new minimum accreditation requirements will be able to complete repairs on claims where there is no damage to any load bearing panels or structure (for example, an animal hit where there is no damage to the vehicle frame or structure, or replacing a dented door panel). These shops may be able to complete structural repairs on vehicles where the manufacturer does not require the use of computerized measuring systems and specialized frame repair equipment (again this will vary by manufacturer), but a majority of vehicles manufactured within the last few years do require the use of computerized measuring and specialized frame machines to repair any structural damage. This is the reason SGI requires **all shops** have access to the vehicle manufacturers' repair information, to ensure they accept only those claims that they are capable of repairing.

9. What about for shops that do “minor” repairs, like repairing a windshield or a grill?

“Minor” repairs aren’t so minor any more. Replacing a component as simple as a windshield, broken grill, scratched bumper cover or exterior rear-view mirror can result in the requirement for the vehicle to be re-calibrated to ensure the driver assistance safety technologies are operating correctly. These systems are very common on vehicles manufactured over the last few years (and are only getting more popular; for example, Toyota has included these systems as standard equipment on just about every 2019 model). If they are not properly calibrated they can result in accidental triggering of automatic emergency braking or intelligent cruise control malfunction.

The fact is, just about every vehicle manufactured over the last decade requires some sort of computerized diagnostics as part of the collision repair process (for example, since 2007 Toyota requires the passenger air-bag system to be recalibrated after any collision; if not, it could deploy improperly and injure a child passenger). As a result, **all shops** must have the ability to complete a diagnostic scan using a computer to read the vehicle’s on-board computer (technology first introduced in 1997).

10. Are there any changes that impact repair shops’ business immediately?

Although this is not a new requirement, we remind shops of the 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).

11. Are you raising the labour rate?

Not at this time.

12. Why aren’t you raising the labour rate?

SGI is holding off on changing the labour rate or rate structure until after the transition period is over. The labour rate will remain \$92.68 per hour. After March 1, 2021, we will reassess.

However, we recognize this is a significant investment for shops, so we are implementing several changes to help the industry and advance repair safety. Effective **Oct. 1, 2019**:

- SGI will amend its policy to include paid time for pre-scans and frame set-up.

- SGI will provide training and tooling incentives of up to \$15,000 per shop location. Shops will be eligible for a lump sum payment of \$6,000 when they meet the minimum accreditation requirements, then are eligible for another \$9,000 if they invest enough to reach an industry-recognized level of certification.
- SGI will provide shops with an allowance of \$170 per month until the end of December 2020, to cover the cost of accessing OEM procedures.

The combined cost of the pre-scan, frame set up, training incentive payments, and OEM procedure allowance is the equivalent of an effective labour rate increase of 5.2%.

13. What changes are being made regarding frame time allowances?

Effective Oct. 1, 2019, SGI will allow an additional two-hour frame set-up time to be added to the current frame-time allowances for frame/unibody structural conditions. The new allowance is intended to provide shops additional compensation for measuring/gauging the vehicle structure and anchoring (and removing) the vehicle to the frame machine (*may be charged once per repair*). SGI Appraisal Services will be distributing a new two-hour “frame set-up” long expansion in the Mitchell application. The new two-hour allowance will harmonize our policy with those in neighboring jurisdictions, plus it recognizes the additional set-up time and the investment required to purchase computerized 3D measurement systems and maintain a data subscription.

14. How do shops access the training and tooling incentives? When will they be available?

The lump-sum training and tooling incentive payments will be available starting Oct. 1, 2019 for shops that meet or exceed the March 2021 minimum accreditation requirements. Shops that meet the minimum accreditation requirements at any point before March 1, 2021 will be eligible for a \$6,000 one-time lump-sum payment.

Shops that become OEM or Industry certified through a recognized program any time before March 1, 2021 will be eligible for the \$6,000 one-time lump-sum payment, plus an additional one-time lump-sum payment of \$9,000 (total of \$15,000). Currently, the only third-party industry certification programs recognized by SGI are:

- Certified Collision Care (www.certifiedcollisioncare.ca)
- Canadian Collision Industry Accreditation Program (www.cciap.ca)
- Automotive Retailers Association – Certified Collision Repair Program (www.ara.bc.ca/certified-collision-repair-program/)

Shops will be required to provide documentation to SGI when applying for the lump-sum payment. In early October, SGI will be distributing SQARP Training/Tooling Incentive Program application forms, providing more information on the application process.

15. How do shops access the \$170 OEM procedure access allowance? When will it be available?

All SGI collision repair partners are required to access OEM repair procedures as part of the repair planning process, on every claim. In recognition of the costs associated with accessing online OEM procedure databases, SGI will be providing all accredited repair shops a

\$170/month allowance to assist in the purchase of OEM subscriptions. Starting in October 2019, SGI will generate monthly payments for each shop location (based on the payee number) until December 2020.

To access the allowance, shops will be required to have a monthly (or annual) reoccurring subscription with either an OEM or a third-party OEM procedure consolidation software (e.g. ALLDATA or Mitchell Tech Advisor). SGI may ask a shop for evidence that they have an active subscription as part of an audit. Failure to provide evidence of accessing OEM procedures may result in the discontinuation of the allowance.

16. What changes are being made to the diagnostic scanning policy?

SGI will be amending its Pre/Post-Repair Diagnostic Scan Policy to harmonize the allowances for pre and post-scans. Effective Oct. 1, 2019, both pre-repair and post-repair diagnostic scans completed **in-house** by repair firms will be compensated at a rate of **0.3 hours/scan** (at the accredited rate) for:

- vehicles 2011 model years and newer;
- stolen-recovered vehicles;
- vehicles older than 2011 with ADAS systems (e.g. camera, radar or proximity sensors); and,
- vehicles older than 2011 with SRS deployments.

Pre-repair diagnostic scanning is recognized as an industry best-practice during the repair-planning process, and this change will align SGI with the policies of a majority of repair networks and insurers. Please refer to Bulletin 62 (October 2018) for more information.

17. What about repair shops that can't afford to invest in the training, tools and equipment?

We recognize for some this is a significant investment. It's important to remember this is about safety. With so much new technology in vehicles today, we want to ensure vehicles are repaired safely and properly to meet national industry standards. To do this, we are working with the industry to give them notice of these changes, and have extended the original deadline by a year. We know some shops will have to invest in tools and equipment to be able to continue to repair collision claims. We also understand that not all shops will be able to make the investment needed to become an OEM-certified facility. That's why new minimum criteria do not require accredited shops to be OEM certified – but it does, as it always has, require shops to turn away work that they do not have the training, tools or equipment to repair in accordance with the OEM requirements.

18. My shop is (or will be) OEM certified and I have made significant investments in training, tools and equipment. Why is a shop that has not made the same level of investment getting paid the same rate as my shop?

As the number of vehicles built using advanced materials and equipped with advanced safety systems increases, so will the volume of work for those shops that are properly equipped to repair these vehicles.

19. Does a shop need to have aluminum certification to be accredited?

No, aluminum repair capability will not be required to be an SGI-accredited shop. Aluminum repair capabilities are optional under most OEM/industry certification programs. Shops that do not have the training, tools and equipment required to repair aluminum in accordance with the vehicle manufacturers' recommendations will be required to turn away/redirect panel and structural repairs and replacements requiring the use of specialized aluminum tooling.

20. Will I need to upgrade my frame machine to meet the new minimum accreditation requirements?

No. The frame machine requirements will be the same as section 4.26 - Tools & Equipment, in the current accreditation agreement "*a frame machine that is a four-point anchoring system to hold vehicles in stationery positions during structural pulls suitable for the type of vehicle being repaired.*"

***Please note:** Most OEM & Industry Certification Programs have specific frame rack or dedicated/universal fixture bench requirements. SGI strongly recommends that shops get in contact with the OEM or Industry certification program they are interested in pursuing for specific frame rack/bench (tool) requirements, as these are specified by each of the respective programs*

Also, SGI has received multiple inquiries regarding Wedge Clamp systems. The Certified Collision Care (CCC) and Canadian Collision Industry Accreditation Program (CCIAP) have confirmed that both programs recognize newer Wedge Clamp systems that do not rely on floor pots for anchoring (e.g. <https://www.wedgeclamp.com/products/full-frame-anchoring-system-for-trucks-and-suvs/>).

For more information, please contact the OEM/Industry Certification Program administration teams directly (the following link provides contact information for many of the Canadian OEM programs: <https://ccif.ca/initiatives/oe-certified-programs/>).

21. The new minimum accreditation requirements state that all shops must be I-CAR Gold Class. However, I-CAR said that a shop with only one technician cannot be Gold Class-certified. How can a small shop with a single technician be accredited if they are unable to be Gold Class?

The I-CAR Gold Class program requires a shop to have staff that are "Platinum-certified" in the four core roles: Non-structural Technician, Steel Structural Technician, Estimator and Refinish Technician. Prior to January 2019, a single technician could hold all four core roles. I-CAR recently introduced changes to their Gold Class and Platinum Recognition Programs restricting one technician to a maximum of two roles. As a result, a shop with a single technician is no longer able to be Gold Class recognized.

In recognition of this change, a shop with a single technician on staff will still be eligible to be an accredited shop, as long as the technician is Platinum-certified in at least two of the four core I-CAR roles (Non-structural Technician, Steel Structural Technician, Estimator and Refinish Technician), and has completed all of the required classes in the two remaining roles. For more

information please contact I-CAR Canada (www.i-car.ca).

22. Is SGI changing the vehicle storage requirements needed to be accredited?

No, SGI is not planning on changing the current vehicle storage requirements. Accredited shops need to continue to meet the requirements listed in section 4.23 - Vehicle Storage, of the current (2017) accreditation agreement: *“You are required to provide secured storage for all SGI customer vehicles. You will have adequate storage capacity to meet the volume of SGI customers, or provide off-site secure storage. The addresses of off-site storage facilities must be included on your garage and commercial general liability policies”.*

23. Is SGI changing the spray booth and paint-mixing room requirements needed to be accredited (the previous proposal references NFPA standards and National Fire Code)?

No. SGI is not planning on making any changes to the spray booth and paint mixing room requirements for accredited shops as part of this project. All shops will need to continue to meet the minimum spray booth and paint mixing room requirements contained in the current (2017) accreditation agreement:

“4.04 (Business Permits, Inspections and Licensing) - Additionally, you will maintain all valid permits and certificates as required by the City or Municipality, including but not limited to a health inspection certificate and a fire inspection certificate.

4.26 (Tools and Equipment) - You agree to maintain on-site and operational the tools and equipment (including): An operational spray booth that complies with the applicable NFPA and CSA standards and the National Fire Code of Canada; and, Operational welding equipment; and, a paint mixing and application system with the ability to reproduce original manufacturer’s specified finishes”.

In 2017, as part of the self-declaration process, SGI asked all accredited collision repair shops to provide a fire inspection certificate signed-off by their local fire department (or the authority having jurisdiction). As long as a shop is able to produce a fire inspection certificate (or equivalent) for their spray booth and paint mixing room, that is all that is needed to meet the accreditation requirements.

Please note: *Shops pursuing an OEM or Industry Accreditation will need to meet the spray booth and paint mixing room requirements for the OEM/Industry Certification Program(s) they have selected. Most programs require a minimum of forced air-drying capabilities.*

24. The new requirements specify a three-phase Squeeze Type Resistance Spot Welder (STRSW), but I only have a single phase electrical service at my shop?

Accessing a three-phase power source may be a challenge for some shops. There are a number of alternatives to running a three-phase service to your building, such as digital phase converters and battery-powered spot welders. Shops are encouraged to consult with tool suppliers to understand their options (<https://www.bodyshopbusiness.com/spot-welding/>).

25. What is Medallia?

Medallia is the program SGI uses to survey claims customers. It gives customers an easy way to provide feedback about their shop experience, and an easy way for shops to act on that feedback in a timely way, resulting in improved customer service. SGI will be offering this application to shops for free, so shops can get real-time feedback from customers and track their Customer Satisfaction Index. SGI is providing access to this customer feedback management program for free, a value of about \$125/month. We'll be reaching to shops in October 2019 asking if they are interested in participating, and we're hoping to launch in November 2019.

26. Do all shops have to use Medallia?

Participation in the SGI program will be voluntary; however, a third-party administered program is required by all of the OEM and Industry certification programs. SGI is in the process of developing a Customer Satisfaction Index key-performance indicator (KPI) and is investigating opportunities to integrate it into the accreditation program changes planned for March 2021. Currently, SGI is the only national insurer in Canada that does not collect and share this information with its repair partners.

27. I am interested in participating in an OEM or Industry Certification program. Can a shop use Medallia to satisfy the requirement to have an independently-administered customer satisfaction tracking process?

Yes. All OEM/industry certification programs require participants to use a third-party customer satisfaction index application, and both Certified Collision Care (CCC) and the Canadian Collision Industry Accreditation Program (CCIAP) have approved the use of SGI's Customer Satisfaction Index application.

28. How much will the new tool requirements cost?

The level of investment will depend on the shop's current level of tooling and training. Some shops will not need to make any investment, and some shops that have not made any recent investments in tools may need to make significant investments to meet OEM certification requirements. We anticipate most shops will need to spend less than \$40,000 to reach minimum accreditation requirements, if they have not made any recent investments in training, tools and equipment.

29. 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.

30. 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. As part of the change, operations requiring resistance spot welding, MIG brazing and aluminum MIG welding will no longer be considered "specialized" welding,

and effective March 2021, these operations will no longer be eligible for mark-up or sublet travel allowances.

31. 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 have a lease with an agreement covering the accreditation term) the minimum set of tools required to maintain their accredited status.

32. 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 administrators, if applicable.

33. How is SGI ensuring that total loss vehicles are rebuilt safely? How will the safe and quality auto repair program affect the Saskatchewan Body Integrity Inspection Program?

As part of the safe and quality auto repair program, SGI will be re-evaluating the Saskatchewan Body Integrity Inspection Program. SGI will be consulting directly with certified inspection facilities as part of this review, many of which are also accredited repair facilities. It is anticipated that this review will result in changes to the following policies and procedures:

- SGI Vehicle Standards & Inspection Rebuilt Total Loss
- SGI Salvage Whole Vehicle Sales
- SGI Claims Retained Total-Loss Vehicle

The plan is that any changes resulting from this review would coincide with the March 1, 2021 effective date for the accreditation program changes. SGI will provide more information in a bulletin next month.