IN THE KNOW

Auto recyclers need to understand the impact of evolving industry standards and data privacy on their business.

By Stacey Phillips

When an insurance company emails an estimate to a body shop or a recycler buys or sells a vehicle, up until recently, little thought was given to the *personally identifiable information (PII)* being shared. That is no longer the case.

"Those in the collision industry who are participating in e-commerce today need to know that their customer and business information is being shared and compiled and then used in a number of different ways they can't even imagine," said Pete Tagliapietra, managing director of DataTouch.

Whether it's an automobile manufacturer overseas looking to learn about the repairability of certain technology to compete against U.S. rivals, or a parts provider interested in the parts shops are buying from a competitor, Tagliapietra said this type of information is being shared electronically and available for purchase.

"All segments of the collision industry – from auto manufacturers to collision repair facilities, and insurers to recyclers and salvors – now rely on technology to communicate," said Paul Barry, executive director of the Collision Industry Electronic Commerce Association (CIECA).

Since the non-profit organization's inception in 1994, CIECA members have helped develop electronic communication standards to provide trading partners with a common language to exchange data and help businesses be more efficient.

"CIECA Standards are used across the industry to help drive millions of electronic commerce transactions each year," noted Barry.

However, an unintended consequence of the standards is the PII shared with estimating platforms, insurers, parts ordering systems, management systems, repair tools, rental management, and others.

According to a definition provided by the U.S. Department of Labor in its *Guidance on the Protection of Personal Identifiable Information*, "PII is any representation of information that permits the identity of an individual to whom the information applies to be reasonably inferred by either direct or indirect means."

That information can include a customer's name, address, email, phone number, license plate number, vehicle identification number (VIN) and insurance company.

"If your customers are upset about their wrecked vehicle, wait until they realize that their PII and repair data has been exposed," said Tagliapietra.

Rise of Data Privacy

Data privacy was not a major consideration when CIECA standards were created. Tagliapietra said that body shops and companies have developed a heightened awareness of the issue, especially when they find their estimates are showing up on reports from companies like CARFAX and Experian without their knowledge.

"Some for-profit companies are pirating estimate repair information from the vast majority of shops in North America," he said. "This misappropriation of data has legal implications in five states."

These include California, Colorado, Connecticut, Utah and Virginia, all of which have enacted comprehensive consumer data privacy laws. "If you're already doing business in one of those states, you have to be familiar with personally identifiable information," said Tagliapietra.

PAUL BERRY

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PETE TAGLIAPIETRA

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"Protecting PII is rapidly becoming a state regulatory requirement for all businesses and it's going to continue to grow across the country with other states currently following similar legislation."

Tagliapietra stressed the importance of all segments of the industry, including recyclers, taking the time to understand the implications to the collision industry and learning about CIECA Standards because most times, they are working off body shop estimates.

"If you're a recycler and you are providing the full VIN or the person's name and address, in the strictest interpretation of the law, that is PII," he noted.

Those who don't pay close attention and make changes in their business, according to Tagliapietra, will likely take the blame when a customer's data identifies them and their vehicle in a database that diminishes the vehicle's value.

"It's no longer business as usual, and it won't be going forward," he said. "It's going to be an industry issue that cannot be ignored."

Why Collision Industry Communication Standards Were Created

The creation of electronic communication standards dates to the 1990s when body shops began writing estimates electronically and insurance companies were using different estimating systems. It became challenging and cumbersome for many shops because they were using multiple systems to upload the information and had to transcribe estimates from one system to the other.

CIECA was formed to develop a standard method of communication.

To illustrate how a standard is used in daily transactions, Barry shared the example of a collision repair facility ordering a part from a supplier and passing the parts order from their shop management system to the provider's system. Each has what is called an application programming interface (API) that allows the two systems to talk to each other.

"Without a standard, companies could still build APIs, but it's a very time-consuming process," explained Barry. "The companies would have to agree on what data they will exchange, and how it will be formatted and validated to ensure the data is accurate."

He said that standards make this much simpler by using a common language, context and structure of information.

CIECA's first standard, the Estimate Management Standard (EMS), was created to exchange electronic estimates. Barry said many companies have used EMS over the years and found it easy to work with.

"It contains all the information necessary for many workflows," explained Barry. "Shops can export an EMS file and share it with anyone they want. It's also supported by all three estimating systems – CCC Intelligent Solutions, Mitchell International, an Enlyte Company, and Solera."

However, there are also challenges with EMS. Barry said CIECA's original communication standard is based on aging technology and only supports one use case – an estimating system communicating with a shop management system.

"The EMS was never designed to support workflows that were external to the body shop," explained Barry. "More importantly, it may contain personally identifiable information a vendor doesn't need."

"The implementation of CIECA's EMS has been a resounding success and literally penetrated the entire collision industry," said Tagliapietra. "EMS eliminated the proprietary constraints that existed in the early 2000s and changed how e-commerce is conducted."

At the same time, he said PII is embedded in EMS. This means that all information is sent to a trading partner rather than being able to select certain data.

In addition, some vendors have developed "data pumps" which are software controls that monitor the EMS files, often without a shop's awareness.

"People have used the data and monetized it at the expense of the public," said Tagliapietra.

Recognizing that PII was becoming an issue, CIECA set out to create new standards in 2006. The result was Business Message Suite (BMS) Standards.

Paulette Reed, CIECA's technical project manager, said that BMS is comprehensive and supports all major

industry workflows, including rental car assignment, parts order, towing, etc. BMS was designed to generate a file containing all information to support a specific use case.

"The BMS is designed to support secure communication as it separates out PII so trading partners can choose the data they want to be shared," she explained. "However, the BMS is big and perceived by many to be complex and unwieldy to work with."

CIECA has attempted to move the industry to BMS for many years, but EMS is still widely used.

The Next Generation of Industry Communication Standards

CIECA is now embarking on the next generation of industry standards known as CIECA API Standards (CAPIS). Reed said the Architecture Committee is using contemporary tools to develop the standards and will work alongside other CIECA committees to meet the industry's needs.

"CAPIS is not intended to eliminate the BMS," said Barry. "It's not an 'either-or' scenario. It's up to our members to decide which is the right tool for them and their trading partner."

Companies building new integrations may choose to use CAPIS while maintaining BMS integrations already in production. CAPIS will be available via the CIECA website as opposed to a paper format and all data elements will be consolidated into one alpha-sorted dictionary.

"In the BMS, elements of the data dictionary may be repeated in various parts of the document," said Reed. "In CAPIS, there will be one dictionary and each data element will only be in one place."

This is expected to improve maintenance and accuracy. It will also allow only some aspects of the file to be shared, for example, the rental car assignment or parts order, rather than the entire estimate file with the customer's information.

The Consequences of Sharing PII

To learn more about how data is being shared, the Collision Industry Conference (CIC) formed the Open Systems, Data Access & Sharing Task Force in 2017, which was renamed the Data Access, Privacy and Security Committee two years later. The committee is co-chaired by Dan Risley, V.P. Quality Repair & Market Development for CCC Intelligent Solutions, and Trent Tinsley, AVP, Business Development & Sales Operations for Entegral.

The committee has helped the industry better understand EMS and BMS, as well as the components of a VIN and how the information can be used.

During the January CIC meeting, in Palm Springs, CA, the committee invited Steven L. Bloch, Esq. from Silver Golub & Teitell LLP, and Lawrence H. Pockers, Esq. from Duane Morris LLP, to share information about PII and strategies for limiting a repair shop's liability.

ARA's Use of CIECA Standards

The Automotive Recyclers Association (ARA) has built a strong alliance with CIECA since 2011. "The evolution of CIECA Standards has created a digital super-highway for recycled parts procurement to meet the expectations of collision repair customers," said Ginny Whelan, senior ARA consultant.

"Ginny saw the vision for our involvement many years ago and that has led us to assure that the automotive recycling industry is a recognized strategic partner in the automotive repair industry," said Sandy Blalock, executive director of ARA.

ARA assisted in the formation of the CIECA Recycled Parts and Inventory committee and has been active in the development of standards over the years.

Whelan said that recyclers use BMS to secure their place in first notice of loss (FNOL) and salvage acquisition.

"With the use of CIECA Standards, new APIs have been developed using CIECA Standards for both the procurement of recycled original equipment (ROE) parts and salvage acquisition," said Whelan. "Building standards with CIECA for the procurement of recycled parts has strengthened the use of these parts as part of the repair order information."

Bloch and Pockers said the unauthorized disclosure of customers' PII – whether intentional or not – creates a significant liability for repair shops.

They talked about examples of settlements against companies that unlawfully shared personal information, in addition to data privacy class action lawsuits in the auto industry. In Greenley v. Avis Budget Group, Inc., the plaintiff alleges that Avis failed to maintain adequate policies and procedures to safeguard class members' PII that was obtained when consumers pair their mobile devices to the rental vehicles' GPS technology and/or automotive infotainment systems.

Pockers said that scrutiny is widely increasing in the collection and use of data. This is partly due to public reports that have raised concerns about the practices of auto industry companies seeking to monetize data collected from vehicles that is essential to the repairs.

"Auto industry participants, including repair shops and their vendors and partners, are absolutely in the crosshairs here," he said.

Currently, there is no comprehensive federal statute governing data privacy, "If we're sitting here two years from today, I'd be willing to bet that there may be one," surmised Pockers. "This is one of those areas where even in an intensely divided Congress, these issues seem to have crossover appeal for both parties."

In addition to the five states that have enacted comprehensive data privacy laws, there are hundreds of state laws related to the collection, storage, safeguarding, disposal and use of personal data collected from residents.

The California Privacy Rights Act (CPRA), for example, grants consumers the right to limit the use and disclosure of sensitive personal information and limits how long a company may retain a consumer's information to only what's necessary and "proportionate" to the reason it was collected.

Bloch recommended that the industry begin to understand the type of information being shared with partners and vendors through the various license agreements and other transactions being conducted.

"First and foremost, of course, is the protection of customer PII," he said. "Once that information has been breached or disclosed improperly without customer disclosure and authorization and consent, there is liability and exposure for the shops… customers are entitled under these various statutes to that disclosure and how the PII that you're collecting is going to be used in conducting your operations."

He said that businesses will be held responsible in many circumstances for that use, whether it was agreed to or not. "Simply because you didn't intentionally disclose customer PII or you don't have a full understanding of what your license agreements provide as far as that data use is concerned or what your partners are using that data for down the chain and how they're transacting, it doesn't absolve you of the liability that you're going to face here," he added.

The Future of Data Privacy

Tagliapietra foresees businesses will need to control and segment the information they share in the future to comply with the law and protect their business information.

He established DataTouch in February 2022 to help collision repairers securely manage and control their customers' PII and protect estimate repair information from being misappropriated (sold) by third-party companies The company will soon be offering body shops software that will audit their computer system(s) to report what data pumps are running and what companies they are associated with.

"For shops concerned about their data, particularly with vehicle history reports, DataTouch will be able to tell shop owners about the data pumps, how often they are taking data and what data that is, whether it's an EMS or BMS transaction," said Tagliapietra.

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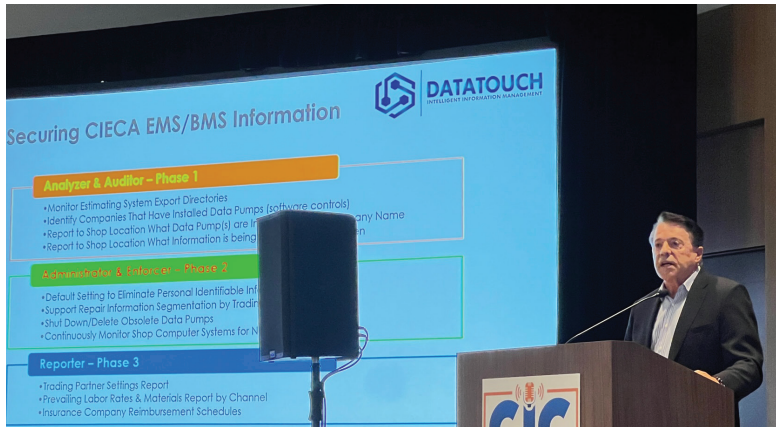

The company, which doesn't repurpose or sell the data, will also be able to identify what information is obsolete and shouldn't be running on their systems, as well as help shops comply with state legislation.

"Most people aren't aware that once a data pump is installed unless the trading partner comes back and removes it, it's just going to keep running," he explained. "It might run for months or years until it is shut off because those data pumps are configured so that when you turn off your computer, they automatically restart."

Tagliapietra also forecasts that the United States will adopt the General Data Protection Legislation (GDPR) or a similar version. The European law established protections for the privacy and security of personal data about individuals in European Economic Area ("EEA")-based operations and certain non-EEA organizations that process personal data of individuals in the EEA.

"We believe the chain of control starts at the body shop, if it's not controlled there, it will continue to be shared until there are an infinite number of people that have access to the PII and data," he said. "The collision industry, through government legislation, is going to be forced to deal with this issue sooner or later."

Stacey Phillips is a freelance writer and owner of Radiant Writing & Communications, where she specializes in providing content and digital marketing for the collision repair industry. She also serves as the marketing director for CIECA since 2017.