

# Leif's Auto Body Experience

Under the hood of a Portland collision-repair business.

BY NICK BUDNICK

From the posters of surfers and racing yachts hanging on his office walls to the two gleaming white stretch limousines outside to his neatly coiffed hair and power suit, it's hard not to conclude that Leif Hansen doesn't leave much to chance.

Thirteen years ago, Leif's (pronounced "layfs") Olympic Auto was a one-employee auto-body shop in Northeast Portland that handled about 80 cars a year. Today, Leif's Auto Collision Centers' flagship shop in Tigard, fueled by four drop-off points around Portland and Vancouver, Wash., is one of the largest in Oregon, employing 70 people and handling about 4,000 cars a year.

With annual revenue of \$11 million, Hansen is now in negotiations to buy shops in Eugene and Salem; he hopes to add 40 more across the Pacific Northwest in the next seven years.

Spending \$1 million a year in marketing, Leif's has become the most prominent auto-body shop in Oregon. Hansen's ads have appeared on TV and the sides of TriMet buses, and now air on nine radio stations.

"My friends say I can't change the world," he says in one radio spot. "I tell them I don't want to change the world; I just want to change the collision-repair industry."

Industry experts say Hansen's business model—one in which he constantly gathers evidence for repeated lawsuits against the insurance industry—is unlike any other in the nation. And this week, he will assume a national profile, delivering a trade-convention seminar sponsored by his new group, "Americans for Safe Auto Repair" at the National Auto Collision Expo at the Las Vegas MGM Grand Hotel.

To some, Leif Christopher Hansen, 48, is the car owner's best friend, dueling auto insurance companies on consumers' behalf. "He has changed the industry in Oregon," says fellow body-shop owner Bill Hall of Bill Hall Body & Frame. "Without Leif, people wouldn't know what was going on, would they?"

To others, Hansen is a hardball businessman exploiting the gray areas of collision insurance to build his fortune while leaving dissatisfied car owners in his wake—generating four times the complaints of his nearest competitor. "I would never recommend them to my worst enemy," says Kathryn Dunn, a single mother who says she lost about \$4,000 when she got caught in the middle of a clash between Hansen and an insurer.

Either way, Hansen's biography might seem strange for a self-styled consumer advocate.

Born in Hawaii, Hansen moved to Oregon in 1990, when he was in his early 30s. He says it was his land of opportunity—he had a wife and a 3-year-old daughter, and Hawaii home prices were exorbitant, its schools no good.

Court records and interviews show Hansen left behind enemies and a checkered past. He says now that the "black age in my youth" began in the '70s surfer scene. Hansen got his first auto-body job at age 15 and started running with what he calls a "bad crowd." By 18, "I was a drug addict," says Hansen. "Mainly cocaine, pills."

In 1977, at the age of 20, he pleaded guilty to burglary from a VW repair business and got a suspended sentence.

In 1984, he was arrested again after an undercover informant bought cocaine from Hansen twice at his home. He pleaded guilty to possession and was given probation.

In 1986, he started a Honolulu body work and repair shop called Pristine Coachworks. He rented out Porsches and Ferraris and sold Porsche engines and parts. Eighteen months later, police investigating an anonymous tip found a stolen Datsun pickup at the shop. The pickup had been repainted and had its VIN and license plate illegally changed. Hansen admitted stealing the truck.

The investigation grew, and so did the number of Hansen's enemies. Turning state's witness, he gave evidence against his partner in a Porsche stolen-parts ring; meanwhile, his customers' cars started being seized as evidence, court records show.

Hansen says it was his theft-ring partner who turned him in for the stolen pickup after Hansen abruptly gave up crime in 1988. He'd become a homeless junkie sleeping on the beach when he ran into his "first love" on the street; she'd dumped him for being a "bad person."

"It was kind of like a light went off in my head," he says, adding that he soon married her. "I just quit everything and went

cold turkey. I came clean."

By the time he left Honolulu, Hansen "had a reputation all over town for screwing people," says Bart Rogers, who ran a dealership around the corner from Pristine. "People were ready to shoot him."

For his cooperation with police, Hansen received a reduced sentence of five years' probation. He served it in Washington County, and started working at Courtesy Ford, soon buying a bankrupt Portland auto-body shop at Northeast 70th Avenue and Glisan Street.

Meanwhile, his industry was undergoing enormous changes. Starting in 1988, insurance-industry powerhouses like Allstate started setting up referral programs with auto-body shops who agreed to curb costs. Today, some 70 percent of Oregon auto-body shops belong to such programs, according to the state Department of Justice.

The situation resembles the changes in health care over the past two decades whereby medical insurance companies try to keep costs down by negotiating with doctors and hospitals on their fees, says Sheila Loftus, editor of the auto-body trade magazine *Hammer and Dolly*.

In the same way that some critics think HMOs lead to cutting health-care corners, some believe the referral programs, by promoting the use of cheaper, aftermarket and used parts and other cost-cutting measures, reward businesses that do cut-rate repairs. The agreements, which are not disclosed to the insurance policyholder, "are invisible to the consumer," says Loftus. "They pay fee-for-service, but get the HMO plan."

By 1992, Hansen owned two shops and had joined the resistance movement to insurer-driven auto-body changes.

In 1994, Hansen says, he realized that the only way to survive in the new insurance-dominated environment was to grow—and to directly challenge the insurance industry. Without the insurer-referred business enjoyed by other shops flowing his way, he started advertising.

"Leif: your insurance consumer advocate," says his website, leifs.com. "If you're involved in an auto accident, I'm the first person to trust," says one of his ads in *The Oregonian*.

His ads blast insurer-affiliated shops and alert consumers to the influence of insurers, and to their rights to choose any shop—not just the one touted by their adjuster.

"He's made Oregonians aware of what their rights are," says Hall, Hansen's fellow auto-body shop owner. "As a consequence, the insurance companies have had to be more creative in the ways they manipulate people."

Shawn Miller, an insurance lobbyist who defended the industry against a Leif's-backed bill in the state Legislature targeting insurance company referral programs, says Hansen and Hall have got it all wrong.

"A lot of these agreements have to do with quality and doing a good job for the customer," Miller says.

Today, Hansen lives in a five-bedroom Tigard home worth \$656,000. He runs triathlons, plays golf and flies regularly to Hawaii to surf with his three kids.

His 100,000-square-foot, warehouse-sized facility on Southwest 72nd Avenue in Tigard bears testament to his determination and business acumen. Large computerized, laser-guided frame-measurement machines look for hidden flaws. There's a state-of-the-art, temperature-controlled painting booth with high-velocity vertical ventilation to ensure a paint job's consistency. Blue-suited workmen weld and poke and buff—his typical body tech makes \$40,000 to \$60,000 a year, Hansen says.

He's compartmentalized the

separate functions of the shop into stations so that functions are specialized and efficient, the way Henry Ford first did it.

Hansen says he has maintained roughly 20 percent annual growth over the past decade, despite getting no referrals from the insurance industry.

"He's very focused on his business," says Dennis Rice, who worked for Hansen for three years. "He's a very hard-driving person."

Hansen's words: "I'm cheap."

Hansen's bottom-line mentality is not unique. Nor is his anti-insurance advertising campaign; it's a formula that at least a dozen shops around the country have used to achieve success.

What is unique, however, is how much Hansen relies on the courts. He is a one-man lawsuit factory. In Washington County, Multnomah County and federal courts, no fewer than 20 lawsuits and 39 small claims have been filed by, and against, Leif's Auto. Hansen says he is the only auto-body shop in the nation to have an in-house counsel—a 29-year-old lawyer named John M. Thomas.

In contrast, Kadel's, the largest auto-body business in Oregon, has had just one lawsuit, for personal injury.

When Hansen's courtroom exploits are related to the auto-body expert, Loftus, she says no other shop in the country is so litigious.

Hansen zealously guards his reputation. He has sued insurance companies several times alleging defamation, claiming they are badmouthing him to their policyholders. His most intense was a six-year, two-lawsuit saga with Farmers Insurance Group. Though Hansen will not discuss the confidential settlement, it consisted of an agreement by Farmers not to steer business away from him.

Hansen has noticed a direct correlation between his lawsuits and his company's survival—more business followed the filing of each lawsuit.

He also brings in business another way: He advertises that if customers bring in a car repaired by another body shop, he will reinspect it for free. Then he will repair it himself—and refer that person to a lawyer to sue their insurance company or the person at fault.

Says Hansen of his litigation, "You can call it a war, but it's more like you try to do the right thing."

Hansen has even taken his crusade to the Oregon Legislature. Earlier this year, he hired two lobbyists to work on a bill he liked that was sponsored by Attorney General Hardy Myers. The bill would have required insurer-affiliated auto-body shops to alert consumers to their agreements to curb costs.

"If I don't know the terms of that agreement, I can't make an informed decision," says Myers aide Kevin Neely, who worked on the bill. But Neely says it faced "extraordinary pushback" from the insurance industry lobbying in the Capitol: "I'm not sure there was a single lobbyist in the building, with one or two exceptions, that wasn't fighting that bill."

In fact, the insurers persuaded lawmakers to rewrite the bill to remove all references to their industry. Instead, the bill, which ultimately died, would have required body shops to let prospective consumers view any complaints against them by past customers.

Hansen, with his whopping complaint totals (see chart, this page), calls it the "Get Leif amendment."

Did the bill intend to target Hansen specifically? "Absolutely," says Miller, the insurance lobbyist who engineered the rewrite.

Court records show that Hansen's war with insurers is mirrored inside his shop when insurance-company adjusters show up to put a price tag on what they think is a reasonable repair.

In most auto-body shops, if adjusters want to do an estimate, they just show up. They look at the car in the company of the shop's own estimator, and the two try to reach an agreement.

In Hansen's shop, adjusters must first make an appointment. Certain ones are not even allowed inside; instead they inspect the car in the lot outside. Court records show that they are met by four or five Leif's employees, and sometimes Hansen himself. Conversations are often tape-recorded.

Insurer lawsuits and sworn statements filed in court cases by several adjusters accuse Leif's employees of using insults, harassment and intimidation to drive up insurers' estimates.

Last year, Geico adjuster Eric Michael Ronzo told Tigard police that after he questioned a Leif's estimate, Hansen shoved him, spit in his face and yelled, "I know where you live!" (See *Rogue of the Week*, *WW*, April 7, 2004.)

Another adjuster, Jared Hansen (no relation), claimed Hansen pushed him and slammed the door of his car behind him, yelling, "Watch your knee!," court records show.

Hansen denies both allegations.

If adjusters stand firm by their estimates, Leif's may file a small-claims action against them personally—for the money they didn't approve. Then the adjuster loses a half-day of work to show up for court.

Because of these tactics, many adjusters are afraid to go into Hansen's at all, according to court records and interviews.

"They treat these guys so poorly, like they're less than human sometimes," says Oscar Luckman, a former Leif's employee. "They just think it's funny."

In June, State Farm even stopped inspecting cars at Leif's, citing harassment, and instead required they be towed elsewhere, according to court records. The insurer resumed inspecting cars in September, after Hansen sued, accusing the insurer of maliciously interfering with his business.

In court documents, Farmers has accused Hansen of inflating his estimates, by requesting unnecessary parts or charging for repairs not performed, for instance. One Farmers court brief called it "fraudulent," which Hansen denies.

Two former employees told *WW* that they think Leif's appeared to be charging for unnecessary repairs or labor.

"There were things that had to be included in the estimate whether it was needed or not," says Walter "Ted" Sellers, who worked for Hansen in 2004. "To me, it was just a way to increase their...bottom line."

And Luckman, a former shop owner who had worked in the business for 25 years before joining Leif's late last year, recalls several estimates that he questioned there, including one for a blue Jeep Liberty. "They requested a lot of parts for this car that weren't even damaged," he said. He quit after three months, he says, for ethical reasons. "What they did was totally different from anywhere I ever worked."

Hansen's response to all the charges: Others may disagree with his practices because they don't, as he does, insist upon high-quality work. But he says if he were inflating estimates, insurers wouldn't let him get away with it. "The insurance companies are not going to pay more than what's necessary," he says.

But even if an insurer does not agree with a Hansen estimate, one adjuster says, Hansen's hardball style means he can get repairs funded that other shops don't—because he often will not let the consumer take a car until repair bills are paid.

"The reason he's able to collect these fees is because he can hold the car hostage, and the insurance company is obligated to get the customer's car away from him," said Rand Lindell, a Farmers adjuster, in a sworn deposition accusing Leif's of "gouging." "You pay him what he wants, or you don't get your car."

If Leif's is indeed inflating estimates, it's often the consumer who gets caught holding the bag. That's because if the insurer won't pay for a particular repair, then Hansen requires the customer to pay the difference. This helps explain the large number of complaints made about Leif's to the consumer-protection unit of the state Department of Justice.

In the past five years, Leif's has generated 46 complaints alleging cheating, poor repairs and the like, state records show. Even auto-body businesses far larger than Leif's attracted far fewer complaints. Kadel's, which does triple the business of Hansen, had just three.

In all the complaints, Hansen denied wrongdoing and blamed either insurers or the customer for the problems. Asked about his number of complaints, he claims most of them were generated by adjusters who were out to get him.

But many of the complaints come from consumers who were caught in the middle of disputes with insurers, in which Leif's would not release the car until its owner paid what the insurer wouldn't.

In most cases, the customer is out of luck. That's because Hansen's contract is unlike his competitors' in several respects. For one thing, it specifies that the consumer will pay the difference if an insurer will not pay. For another, it essentially shields Hansen of legal liability, making him next to impossible to sue even if the repairs are shoddy or overpriced.

"His is the only shop in this area that has people literally sign away their rights," asserts J.P. Teet of the reinspection company Vehicular Forensics, which helps consumers with beefs against shops or insurers.

In 2001, 102-year-old Desiree Denmark got hit with a \$3,000 bill after Leif's and Geico disagreed on what was reimbursable. A state Insurance Division letter faulted Leif's contract, saying it "actually makes the customer liable for all charges not paid by insurance companies and allows Leif's to retain possession of the customer's vehicle until all charges are paid."

But even people who disagree with Hansen's hardball business practices concede that he's not all bad. Jim Justice of J&M Body Shops, for instance, has clashed with Hansen several times over Hansen's criticisms of J&M's work. "I definitely disagree with his tactics," says Justice. "But some of the things he's talking about are legitimate, like when he talks about the insurance companies. There's a real problem right now."

And even his critics say by questioning other shops' work and raising consumer awareness in a cutthroat, completely unregulated industry, he's improved things in greater Portland.

"Leif's has done good things for the industry," says Luckman, who now works for a competing auto-body shop. Hansen's

attacks on other shops "have raised the standard of the auto-body business in Portland."

Now, when an insurer wants to skimp on repairs, Luckman says, "I say I have to repair this so it will pass a reinspection by anybody—including Leif's."

With insurers and Hansen accusing each other of fraud, you might think someone would look into it. But although Hansen and other shop owners say they have sent boxes full of documented problems with the insurance industry to the state Department of Consumer and Business Services, there's been no action.

In fact, the state hasn't bothered to investigate them—because the insurance consumer-protection unit is overworked and looks at complaints only from policyholders, not body shops, says the state's top insurance regulator, Larry Culbertson.

As for Hansen, in July the state Department of Justice concluded a three-year investigation of Leif's. In a letter, it reported finding evidence that the business had engaged in "misrepresentations" and "unconscionable" tactics. Citing scarce resources and a drop in the number of complaints against Hansen this year, the department said it would not take action but warned that it would "closely monitor" Leif's.

Hansen says the letter is filled with falsehoods. And he knows the constant strife means he must be at his best: "He who lives in a glass house shouldn't throw stones."

*Brandon Hartley provided research for this article.*

## CRASH COURSE

You get in a crash—and suddenly you're in a minefield, not knowing whether to trust the auto-body shop or your insurer.

First, ask questions of your prospective insurer: Are you required to use aftermarket or non-original parts? Does your insurer provide a rental vehicle, and does the rental car have coverage?

Then, read the fine print carefully. Jim Justice of J&M Body Shops recently dropped out of a referral program after the insurer ordered him to stop using the term "used" to describe used parts; instead, he says, he was supposed to call them "quality alternative parts" to deceive consumers.

Of the different types of parts, original equipment manufacturer parts are best. According to one industry survey by the magazine BodyShop Business, at least 45 percent of aftermarket or non-original parts don't provide an acceptable fit. Bumpers and later-model headlights are of particular concern. The survey found that 62 percent of the shops that do use aftermarket parts do so due to pressure from insurers.

Whatever you do, don't accept the results of a "drive-by" estimate offered by your insurance company. Ostensibly intended to get money in your hand quickly, such programs often look only at visual damage but absolve insurers of liability once you accept a check. Then, when your car gets to a real body shop, the bill will often be much higher, shop owners say—as much as double what the insurer claimed.

Don't be afraid to ask questions of the insurance and shop representatives writing the repair estimate. From the shop itself, ask for printouts of any measurements, before and after. Does the shop provide a warranty? A loaner? Does the shop have electronic measurement systems and computerized headlight aiming? If it's a small shop with little in the way of equipment, you may regret it. —NB

---

### TOP AUTOBODY COMPLAINT TARGETS IN THE PAST FIVE YEARS:

*Leif's: 46*

*MAACO: 11*

*Angel's: 8*

*Five Star: 6*

*[SEVERAL TIED]: 3*

*Kadel's, which does triple the business of Leif's, has only three complaints. And J&M, which is four-fifths the size of Leif's, also has only three.*

*SOURCE: OREGON DEPARTMENT OF JUSTICE.*

---

Find this story at [www.wweek.com/editorial/3152/6909](http://www.wweek.com/editorial/3152/6909) | [Close Window](#)