

Can CIC Really Improve Insurer Relations?

After several years as an active member of CIC's Electronic Commerce/Communications committees, I was disappointed to find the committee retired for 2007. I guess the CIC body felt the success of the committee's "re-keying" efforts were such that there were no longer any pressing technology issues to deal with in the near term. While the need for a technology oriented committee could be the subject of different rant, I found myself without a home within the CIC community and sought out the "Insurer Relations" committee – a logical choice given my insurance background.

Jeff Hendler is now the Chair of the Insurer Relations committee, and he promptly provided me a long list of issues drawn up at the January planning session relative to improving Insurer relations. What immediately struck me about the list was how confrontational it was – "Insurer condemnations" would be a more appropriate title for the committee given the issues! No doubt the issues were heartfelt responses by collision repairers about their financial position and the future of their businesses – that was loud and clear. What was also clear to me, however, was that few claims executives would allocate time or resources to the resolution of these issues. The tone was that antagonistic, and I emailed Jeff with just such a comment.

Tone aside, the list itself illustrates the need for a different approach to the issue of inter-industry relations. To be frank, if repairers think "relations" mean insurers trash their current business models and technologies, pay substantially more for repairs and then rely on repairers to do the right thing – they don't understand the structure and nature of the business they're in. Repairers are politically fragmented, have very little pricing power and are generally dependent on insurers for work. In the absence of some regulatory event in a major state, I don't see the structure of the industry changing anytime soon. Tough words, but before you can improve relations you must understand one's position within the relationship. A frontal assault on the insurer's power base is counter-productive and likely futile at this point in the industry's development.

A better approach, in my opinion, is one that exudes professionalism, fosters interaction and establishes trust. We need to find issues where we can work together before we can make the leap to issues that challenge claims leadership's ability to effectively manage costs and expenses. *There are areas where both parties can find common ground.* We did it with the re-keying issue, and I suggest the following are additional examples of areas where both parties are interested in working together to improve performance:

Total Losses – most carriers understand the costs and service issues inherent in the increasing frequency of total losses. In addition, repairers need more cars to repair. What can repairers do to minimize totals? Can it be done profitably? If it can, what new approaches could be tested by repairers – dedicated heavy hit shops? Co-operatively owned trauma centers? What have the MSO's learned in this area? Can we significantly reduce repair cycle time with new approaches? Hard data and the right forum would certainly peak insurer's interest and maybe co-operation.

Estimate Audits – I doubt many insurers think judgment times can or should be negotiated from afar via estimate auditing tools. Their implementation at the local level is the real issue. A proper business case, including the costs and service implications of such practices, should be within the capacity of a dedicated group of repairers. Prepare, distribute and discuss such a document and the major insurers will have the data and perspective to create a policy that eliminates negotiating judgment times without physical inspection.

Policy and Process Compliance – Dan Risley’s recent Collision Week article on local insurance personnel “interpreting” Company policy on data base times and procedures underscores a real issue for repairers. How do they communicate what is thought to be a local violation of Company policy without forever jeopardizing their relationship with local claims personnel – especially on DRP claims? Could the insurers devise and agree upon an anonymous process repairers could utilize? Considering the legal and regulatory implications of misguided “interpretation”, perhaps there is some common ground both parties could live with.

Supplier Performance – My experience suggests that better pricing and a “24 hour” delivery capability will always get an insurer’s attention relative to part supplier selection within the estimating system. In the absence of any adverse data around service, this is a reasonable business decision. Repairers need a way to provide supplier feedback similar to feedback systems on Ebay, Trip Advisor and the like. A supplier feedback system would be invaluable to both parties, and would also drive improved supplier performance. Who can build this, what would it cost and would it have credibility? My sense is this is worth a CIC panel discussion to evaluate interest and feasibility.

The above are but a few issues that negatively impact repairers and might find an interested audience with insurers. I’m sure there are numerous others. They are real common ground issues that can be documented, discussed and maybe resolved – building the process, relationship and trust needed prior to taking on the more complex and contentious industry issues.

Finally, I have to question whether CIC is even the right forum for such Insurer relations work given its’ structure, schedule and seemingly heavy reliance on the usual suspects for output (no disrespect intended – I’m one too). At the minimum, we should demand the supplier side step up – they have benefited greatly despite our discord and just might have a more objective view of the industry’s health and needs than either repairer or insurer. They certainly have the talent and wherewithal to facilitate such discussions – and might even have a more strategic view versus the tactical views expressed so ferociously by those that contributed to the list of issues facing the Insurer Relations committee.

Anyway, just my two cents.