

# Finding Common Ground: A Claims Perspective

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# Finding Common Ground: A Claims Perspective

## ■ Study Objectives

- Provide Claims personnel a forum and opportunity to discuss their perspectives on inter-industry issues....
  - Anonymously
  - On their own campus
  - On a full range of Auto Physical Damage (APD) topics
- Identify potential areas of common ground where segments can work together to improve performance
- Share results with all industry segments

# Finding Common Ground: A Claims Perspective

## ■ Study Methodology

- Engaged Condon Consulting, LLC and Square1 Systems to conduct the study
- Solicited participation from a broad range of Insurers with differing business models
- Facilitated meetings with each participating company's Claims organization (May-July)
- Provided topical outline to guide discussions

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## ■ Study Overview

– 9 Insurers participated

- Represented \$16.5 Billion in APD repairable spend

- Over 22 hours of interviews

- 30 Claims personnel participated

- DRP Frequency ranged from 10% to 50%+, but most between 25-35%

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## Areas Discussed

- Industry Structure
- Education & Training
- Technology
- Lean, Green and Other Emerging Trends
- DRP Processes
- Fraud Identification & Awareness
- Total Loss
- Appraisal Processes
- Quality Assurance
- Customer Service
- CSI
- OE's, The Economy & Parts Distribution
- Inter-Industry Relations

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## ■ Characterizing the Discussions

- Open and very frank, almost no “out of bounds” topics
- Focus was on Issues, Challenges & Barriers
- A healthy mix of strategic and operational issues
- Operational issues often backed up with concrete examples of reasons for their concern
- Discussions were not necessarily focused on repairers – all segments were well represented

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## ■ Disclaimers:

- Don't shoot the messenger!
- Insurer's anonymity will be protected – don't ask 😊
- Their perception is their reality
- We report what we heard, without modification to sanitize or be politically correct
- Full report available for free download at [www.BASFrefinish.com](http://www.BASFrefinish.com)

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Report Detail For Three Topics

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## ■ Inter-Industry Relations

### – Notable Quotes

“CIC has good intentions, but there is too much grandstanding”

“There is no trust in the inter-industry, and for good reason”

“I’m not sure CIC represents the repairers we do business with every day”

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## ■ Inter-Industry Relations

- Mistrust mentioned by almost all participants
- Several questioned who speaks for the repair industry – and can move the ball forward
- Consensus around the positive value of interaction, varied opinions on the preferred forum
  - CIC least preferred

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## ■ Inter-Industry Relations

- Strong preference for smaller, trust building “working sessions” to identify and resolve issues
- Several suggested CIC needs a more strategic, solution oriented structure and process
  - Allow more time on individual topics
  - Focus on working together
  - Moderate all panels and require written questions from floor
  - Avoid redundancy and granularity
  - Develop new voices that represent current industry structure

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## ■ Technology

### – Notable Quotes

“The refinish material formula is broken”

“Providers need to improve vs. protect their technology offerings”

“We must have BMS implementation to move forward”

“Technology is the only way to dramatically improve our industry”

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## ■ Technology

- Broad based dissatisfaction with progress on BMS implementation
- Majority believe refinish material calculations need total overhaul
- Majority believe “build sheet” data within estimating systems critical to eliminating parts ordering errors, delays, additional rental, improving return ratios

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## ■ Technology

– General dissatisfaction with estimating systems around:

- Identification of new materials
- Lack of imbedded repair info / warnings / web links
- Time to market for updates, revisions
- Delivering on wants/needs

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## ■ DRP Processes

### – Notable Quotes

“DRP is not a program, it is a process that is earned”

“I’m amazed repairers tolerate all these requirements”

“Their Brand is critical to our relationship – protect it at all costs”

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## ■ DRP Processes

- Many want to move to self-managed DRP, but technology and repairer-led QA processes are not adequate at this time
- Several look at personality (trust) and fraud awareness as membership criteria
- Several growing tired of Steering issue and discussions thereof – customer education is essential and DRP is part of the educational process

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## ■ DRP Processes

- Several open to allowing repairers access to their internal customer service training modules
- Most see the DRP liaison as a critical role, several prefer requiring a proficiency testing process and a “turnover” penalty
- Several want DRP-like technology for non-DRP claims

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## ■ DRP Processes

– Some insurers noted the need for:

- DRP partners to stand up to the industry and defend the value of DRP to their business
- Escalation processes when disagreement jeopardizes membership or substantial amounts of revenue
- Incentive based programs driven by improved labor hours per day
- Dramatic reductions in “billed but not performed” to maintain “Trust”
- New or improved scheduling technologies

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## Potential Areas for “Common Ground” Solutions and Innovation

(National, Regional and Local Level)

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- Potential Areas of “Common Ground”
  - Develop common KPI’s for severity, cycle time and CSI
  - Jointly ask the tough questions about each information providers timetable for BMS implementation
  - Respecting anti-trust issues, solicit Information Provider direction relative to new approaches to the refinish calculator

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### ■ Potential Areas of “Common Ground”

- Utilize I-CAR and other training organizations to create an economical but robust package around new material and procedure training – look to the Unibody model for mission, resource sharing, technology needs and implementation models

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## ■ Potential Areas of “Common Ground”

– In DRP environments:

- Request access to insurer training programs related to service, employee and management development
- Co-develop a repair quality validation process that supports improvement vs. creating scorecards
- Establish DRP liaison training program to minimize need for insurer involvement – include turnover notification process

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- Potential Areas of “Common Ground”
  - Jointly develop, support, implement industry recruiting programs at a local level
  - Utilize advisory councils and other industry forums to ensure technology providers understand need for “imbedded” information and decision support within their applications

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- Potential Areas of “Common Ground”
  - Collaborate on TL “tests” of new business approaches
  - Develop internal QA programs that use insurer-like measures (primarily MLO’s)
  - Collaborate with DRP partners on fraud awareness training, issue resolution & escalation processes
  - Lobby technology providers for development of DRP-like communication tools for staff assigned claims

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### ■ Potential Areas of “Common Ground”

- Revise CIC and/or other forums to ensure neutral, solution oriented, trust building working sessions
- Ensure industry events, conferences always include a common ground issue on the agenda
- Develop a “Green” view of the industry and jointly market to the consumer via various industry organizations

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### ■ Potential Areas of “Common Ground”

- Attend insurer training sessions on prior damage identification and communication techniques that minimize opportunity for customer to “claim” the damage
- Sponsor a “visioning” meeting/conference on how technology could be applied to staff / indpt appraisals, and the benefits to all parties
- Perform “joint” post-delivery surveys to measure delivery process effectiveness

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## Thank You!

Full 65 page report available for free  
download at:

[www.BASFreinish.com](http://www.BASFreinish.com)

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