



CIC committees eye inconsistency in DRP procedure requirements

Two Collision Industry Conference (CIC) committees are taking slightly different approaches to tackling one of the more vexing problems for many shops: the ever-changing and highly-inconsistent requirements of insurer direct repair programs (DRPs).

At the latest CIC meeting this summer in Washington, D.C., the CIC Trade Practices Committee offered a first look at five proposals it is offering for possible adoption within the industry, the first of which centers around DRPs and dominated discussion at the meeting.

"Direct repair and referral program policy, agreement guidelines and key performance metrics should be published and made available to all participants to provide transparency to the insurer's processes and objectives," the first draft proposal states. "In addition, insurers should publish the intended field application of the programs policies, guidelines and metrics along with a process for handling potential misunderstandings or deviations from company policy."

Mike Quinn, chairman of the committee, said the goal of such proposals is not to try to tell anyone how to conduct business but to identify "trade practices that benefit the consumer and all the stakeholders in the collision repair process."

Illinois shop owner Jeanne Silver said documenting program requirements could be a first step toward eliminating unnecessary inconsistencies – such as some insurers wanting photos to be dated while others do not – that cause wasted time and effort for shops. The practice, she said, also could help address the issue of inconsistent implementation of program requirements even among a particular insurer's personnel.

There was discussion among participants at CIC in Washington as to what the proposal means in terms of guidelines being "made available to all participants." Does that include all shops, or just those participating in that insurer's program? Does it include making them available to the vehicle-owner?

"I would love the consumer to have this so if the consumer decides to take their car to this insurance company shop, these are the requirements the insurance company has on the shop, what they can and can't do," Charles Dillard of Precision Body & Paint in Beaverton, Ore., said. "I think the consumer should absolutely know how the car is going to be repaired if they take it to an insurance company shop."

Without endorsing any specific language in the proposal, which the committee will continue to refine, representatives of two insurance companies at the meeting acknowledged the potential benefits of the concept. Chris Andreoli, corporate physical damage process manager for Progressive Insurance, said he has seen shops having thick binders to document all the various requirements of different DRPs, and is open to the idea of working toward more consistency among the programs.

"I have a hard enough time keeping up with State Farm policy and procedure (while some shops) have to have current knowledge of a dozen (insurer programs)," George Avery, State Farm auto claims consultant, agreed. "I think there's a real need for insurers to be sensitive to that."

He said that insurers do try to develop programs that give them a competitive advantage or offers the customer something that other carriers don't, and may wish "to keep some of that pretty close to the vest." But if a lack of transparency and consistency impacts a shop's efficiency, that negatively impacts all the customers and insurers working with that shop, he said.

The committee's other four proposals, all of which will continue to be refined over the coming months, focus on: preventing disparaging comments to consumers about any shop or insurer; making repair procedure decisions based on OEM guidelines; halting requirements on shops to use any particular vendors; and working jointly on more productive administrative and workflow processes.

Seeking a "win"

Meanwhile, another CIC Committee, the Insurance Relations Committee, held a panel discussion at the meeting in Washington also on the topic of the inconsistency among direct repair programs.

Like Avery, insurers on the panel said complete consistency among the programs isn't likely to happen. Insurers aim for different segments of the market, Mark Houde of Travelers Insurance pointed out, and so insure different types of customers and cars, and may design programs around that particular type of customer.

"You're looking for differentiators. You're looking for things that set you apart," agreed Randy Hanson of Allstate. Auto insurance policies are all very much the same, he said, so the claims handling process becomes a key differentiator for insurers.

Shop owners on the panel, including Al Estorga and Gary Wano, pointed out that insurers also deal with shops with variety and inconsistency in their procedures

But Rollie Benjamin, CEO of the ABRA Auto Body & Glass Chain, drew applause by saying there have to be things – such as consistency in the type and labeling of photos – that don't constitute any type of competitive advantage for one insurer and that, if standardized, could make the entire process more productive for shops and insurers.

"Let's pick one item that could be standardized and let's get a win," he suggested to the committee.

Committee chairman Rick Tuuri said that while the purpose of the panel discussion was to help clarify why complete consistency isn't going to happen, the committee's goal is, as Benjamin suggested, to work toward more consistency on even just a few items.

Other CIC news

In other news and discussion at CIC in Washington, D.C.:

- Lou DiLisio of the CIC Database Committee announced that CCC Information Services will adjust its printed estimates to indicate on the sheet how the estimator answered the "bumper refinish prompt." If activated, the prompt asks the user if a plastic bumper is being refinished in a "continuous process" with other parts of the vehicle. If the estimator indicates that it is, Pathways automatically deducts overlap from the clearcoat refinish time for the bumper, and the clearcoat time for the bumper is also reduced. This latest change, announced with few details, answers one of several concerns that the CIC committee and other groups had voiced about the bumper prompt: that those receiving CCC estimates might not be able to tell

whether the prompt had been used in preparing the estimate. The change will be part of CCC's roll-out of its new "CCC One" system, the replacement for its Pathways estimating system which it will begin rolling out later this year and next.

- "Estimating Best Practices," a document crafted over the past two years by the CIC Insurance Relations Committee, was ratified by the CIC body at the Washington meeting. The 14-page document, available on the CIC website (www.CIClink.com) spells out suggested guidelines related to vehicle inspection, photo documentation, parts replacement options, and other estimating steps. Committee chairman Jeff Hendler said that as with most CIC-developed documents, the guidelines can be revisited and amended as needed at any time CIC chooses to do so.

- The CIC Industry Trends Committee reported that about 60 percent of the 70 shops that responded to its recent survey reported a decrease in the availability of new OEM parts. But that finding appears to run counter to research by the CIC Parts Committee, which reported in Washington – just as it did at the previous CIC meeting this past spring – that none of the major automakers are reporting increases in parts back-orders or other problems with parts availability. The "parts crisis" that some feared given the financial condition of the automakers hasn't occurred, John Bosin, chairman of the CIC Parts Committee, said. He said if shops are experiencing any parts availability issues it's likely because of dealership closings or dealers place on COD status with the automakers.