



Industry Insight

with John Yoswick

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CIC Committees Look at Autonomous Vehicle Issues, Impact of “Length of Rental” Formulas

Lawmakers and regulators on a state, federal and international level are working to make sure they can stay ahead of the quickly-developing “driverless vehicle” technology—but what will it mean for collision repairers?

That was one of the questions considered in a presentation at the most recent Collision Industry Conference (CIC), held in Detroit, Mich. The committee looked at what laws and regulations are being enacted surrounding the technology, and what that could mean for collision repairers, insurers and other industry segments.

Steve Regan, chairman of the committee, said that for insurers, the new and costly safety-related equipment involved in autonomous cars will impact repair costs. Access to or use of “black box” data will continue to be an issue. And liability related to the repair of the vehicles could be an issue for insurer offering garage-keepers, as well as liability policies for collision repairers.

The auto manufacturers and system suppliers will potentially face liability if their systems are controlling these vehicles, Regan said, but some of that liability is addressed in the state and federal regulations being enacted.

“We started tracking these laws and noticed the missing component,” Regan said. “There’s no protection in any of these laws for those who are fixing the cars.”

That’s an issue the industry will need to continue to monitor, Regan said.

‘Length of rental’ formulas discussed

Also at CIC in Detroit, a panel tackled a new twist on the issue of cycle time. The topic: Do insurer formulas used to calculate the number of “rental days” on an initial estimate drive down cycle time? Do they set unrealistic expectations for consumers? Do they add friction and inefficiencies? Or do they do some combination of all

of these things?

Pat O’Neill of Bodyshop Revolution, who moderated the discussion, noted that there is a wide variation in the formulas shops and insurers use to determine expected “length of rental” (often used as a proxy of “cycle time”) and even in the statistics about average length of rental that are reported by the rental car companies or information providers.



Pat O’Neill

Data provided by Enterprise Rent-a-Car, for example, found that length of rental in the second quarter of this year averaged 10.7 days nationally, but ranged from a low of 8.9 days to a high of 14.1 days in another. With a 5-day difference between some states, repairers on the CIC panel asked, is it reasonable for an insurer to set length of rental expectations using a national formula?

Panelist Darrell Amberson of

LaMettry’s Collision in Minnesota read some of the formulas that the CIC committee had collected that insurers use (or require their direct repair shops to use) to establish the initial completion date, which may be included on the paperwork given to the vehicle owner. Those formulas ranged from one day for every three hours of labor to one day for every six hours of labor on the estimate. Some formulas allow the shop to exclude weekends or delays caused by parts.

Panelist Aaron Schulenburg of the Society of Collision Repair Specialists said one insurer acknowledged to the association that it recognized its hours-per-day formula for its direct repair shops was outside the norm for the industry, but that it set that goal to make sure its shops prioritized that insurer’s work over one who had set an unrealistic hours-per-day goal to try to get its work prioritized.

If the goal is to drive performance, Schulenburg said, that’s one

NC Auto Injury Attorney Urges Drivers to Use the New NHTSA Online Recall Check

The North Carolina auto accident law firm of Riddle & Brantley LLP, is urging consumers to use the National Highway Traffic Safety Administration’s (NHTSA) new Online Recall Check feature on their website. Drivers can now use this tool to search for recalls which may affect their particular vehicle by entering their car’s Vehicle Identification Number (VIN).

“As we saw with General Motors’ defective ignition switches, it is extremely important for consumers to stay up-to-date on recalls which may affect the safety of their vehicles,” said attorney Gene Riddle, partner at Riddle & Brantley. “Our firm is urging drivers to use the NHTSA’s tools to keep their families safe.”

According to an August 20, 2014, report from the Associated Press, U.S. automakers have recalled over 40 million vehicles this year alone. Over 29 million of these vehicles were the results of extensive recalls from General Motors after faulty ignition switches blamed for causing multiple accidents leading to over a dozen fatalities and many more injuries.

Before the creation of the tool, drivers had to search multiple sources to make sure that their vehicles had not been recalled. According to the NHTSA’s VIN checker website, this new tool lists all ongoing safety recalls, any recalls which have been conducted in the past 15 years, and all recalls by major car and motorcycle manufacturers. The checker does not cover non-safety related recalls, recalls for international vehicles or ultra-luxury cars, or vehicles which are over 15 years old.

According to an August 14, 2014 press release from the NHTSA, consumers were previously limited to searching using a car’s make and model year. Now, the addition of VIN searches will allow consumers to find alerts specific to his or her particular vehicle. In addition to the creation of this checking tool, the NHTSA is also mandating that auto manufacturers maintain a list of current recalls which affect their models on their websites. Automakers must update this information at least once a week.

To use the NHTSA’s recall checker, consumers should visit: tsp://vinrcl.safercar.gov/vin.

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thing. But when it establishes unrealistic expectations for the consumer, and requires multiple adjustments by the shop and rental car company to the completion date information, that impacts efficiency and customer satisfaction. He said it's also unfair for a shop to have to pick-up the cost of a rental if repairs exceed a calculation based on an unrealistic formula.

"The shop didn't sell a rental coverage policy, and they didn't profit from the sale of that policy," Schulenburg said.

"My concern is: Is that the best way to drive behavior," Amberson asked about the formulas. "If you're going to push us to fix cars faster, is that really the best way to do it? I might suggest there are more cooperative ways to do this. This feels like a negative approach with a negative consequence if we don't achieve what you're looking for, and on top of that causes us to create an unrealistic expectation to the customer, which only irritates and frustrates them."

Amberson said that his company is making an effort to reduce cycle time by using blueprinting – but that "the formulas insurance companies use have very little to do with the improve-

ments we've shown in our numbers."

Chris Andreoli of Progressive Insurance, the lone insurance company representative on the panel, agreed that the customer should not be given inaccurate completion date information, but that length of rental formulas can be used as a starting point in that conversation.

He agreed that using the same formula for every vehicle across the nation isn't as accurate a system as he believes the industry will develop as data sophistication improves. He predicted that at some point shops and insurers will be able to establish more accurate completion dates based on data that will include year, make and model of vehicle, as well as market or region.

"I think that's where the level of sophistication needs to go in the industry," Andreoli said.

Not a lot of consensus

The panel did not seem to agree on how often consumers currently are being given an accurate completion date.



Chris Andreoli

Curtis Nixon of UpdatePromise.com said his company's research indicates shops are hitting promise dates 88 percent of the time; however, he shared data showing the impact on CSI based on the number of times a promise date changes, a chart that showed the impact on CSI for as many as 12 such promise date changes on a job.

The rental car companies on the panel seemed to experience more changes to the initial completion date information than an 88 percent accuracy stat indicates.

"We do see a lot of changes," said **Mckenzie Spalding** of Choice Auto Rental, a regional company in the Twin Cities market of Minnesota. "It happens a lot."

"We see an average of 2-4 changes that occur per claim," concurred Frank LaViola, assistant vice president for collision industry relations at Enterprise.

Amberson said using better data instead of arbitrary formulas could reduce or eliminate such changes, which impact shop and rental car company



Curtis Nixon

efficiency as well as potentially lower customer satisfaction.

Because of such formulas, Amberson said, "Sometimes we meet the customer's basic expectations but we're not exceeding the customer's expectations. We're not wow'ing them. We're not creating raving fans. And that's what we should be striving for. We should be striving for excellence, not just a tolerable experience for the customer."

ASA Announces Plans to Relocate Headquarters

It's been a busy season for the Automotive Service Association (ASA) as the national office prepares to relocate its headquarters in a few weeks from Colleyville, Texas, to nearby North Richland Hills. In addition, the association recently held its successful NACE|CARS trade show in Detroit. Effective immediately, the association's 800-ASA-SHOP (272-7467) number is changing to (817) 514-2900. Please update your records to reflect this change. And effective Oct. 1, 2014, the association's new headquarters will be located at 8209 Mid-Cities Blvd., North Richland Hills, TX, 76182.

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