

Are detailed estimates just providing more fodder for argument?

By John Yoswick

Could that 180-line estimate you just wrote be 179 lines too long?

During the Collision Industry Conference (CIC) held in Atlanta in April, one participant at the meeting posed this question to insurers: Could you accept an estimate that didn't include the line-by-line breakdown but instead just the total repair cost?



Biggs

Scott Biggs, CEO of the Assured Performance Network of collision repair shops, said decades ago, estimates were as simple as, "Fix car, \$300."

"Now you have 180 lines and insurers saying, 'No, we don't pay for that, and we need to cap this,'" Biggs said. "What if repairers stopped itemizing the estimate? Just think about it for a minute. It doesn't matter how you got to that number at the bottom. You can use whatever means. But how do you debate when there are no lines? How do

See *CIC*, Page 3

Continued from Page 1

CIC

you argue about the door rate when there are no lines?"

George Avery, a claims consultant with State Farm, said there are several factors that can necessitate the need for more



Avery

detail on estimates. Some states, most notably California, have strict guidelines for what must be specified on the estimate for the consumer.

"There are also some obligations I have (to the insured) with, for example,

the use of recycled parts," Avery said. "I have a promise I give the customer that we will warrant any recycled parts used on the car."

But Avery said that given that nearly two-thirds of estimates for State Farm work are written by shops in the company's Service First/Select Service programs, there could be potentially less need for a detailed estimate up-front if other such obligations could be met.

"It could be as simple as the repairer saying, 'I just want to let you know I have this car here. There are no issues associat-

Goodguys Nationals



The winner of the 2007 Goodguys Street Rod d'Elegance, (above) outshined the competition at the national gathering held in Del Mar, Calif. Kevin and Karen Alstott of Ft. Dodge, Iowa, are the proud owners of this 1935 Ford roadster. See page 20 for story.

ed with appearance allowance, betterment or depreciation, and I don't have any recycled or aftermarket parts on this car," Avery said. "I could be in a position where I would say, go ahead. You're going to have an obligation eventually in your final repair bill to explain what you did to the car. So I think this is one of those things that we could talk about."

Roger Wright, manager of material damage and direct repair programs for AIG, said he virtually had such a program in place a dozen years ago when he was with another insurance company.

"I built a partnership with a collision repair shop group and I said, 'Fix the car and send me a bill, and fix the car like you are fixing it for your mother using your money,'" Wright said. "I felt very comfortable with that, and it worked great. Now we had some arm's length auditing to manage it. And we had some outliers who wouldn't behave well. But I didn't have to have 100 people on the street; I only had to have 12."

Wright said, however, that less than 20 percent of that insurer's work at that time was going through its direct repair program so he still needed initial estimates in 80 percent of claims. But, he said, most insurers know what they need to put into reserves on average for each claim, so the initial estimate is certainly not something insurers need for that aspect of their business.

Others at CIC pointed out that the initial estimate is needed for the customer to know what will be done for the car, and to generate the work order that is given to the technicians.

But Biggs countered that today's estimates are so full of abbreviations and "gibberish" that the average consumer can't read them anyway, nor are they always complete and accurate enough to give technicians all the information they need.

"The estimate is a negotiating item, and we're lying to ourselves if we say that (it) is an exact blueprint for repairs," Biggs said. "And I'm not suggesting that you ...replace the databases and arbitrarily pick \$300 or \$3,000 out of the air. But we could get there faster, easier and less expensively and then have less minutia to argue about, and get to the job of fixing cars. You can't say, 'We don't pay for that,' if there isn't 'that' on the estimate."

Database Task Force reports error

Many of the 12 committee and two Task Forces CIC has operating this year did little more at the Atlanta meeting than outline their plans for the upcoming year.

David McCreight, chairman of the newly-formed "Business Management Committee," for example, said that committee will spend the year trying to outline a more streamlined way for handling the repair and claims process, and comparing it to the current process to determine what costs savings and other benefits would be

possible for shops, insurers, vendors and consumers.

Jim Ryan, chairman of the Estimate Practices and Procedures Committee, said his committee will work with the estimate system providers to determine how pop-up window or other prompts about non-included operations could help improve estimate accuracy.

"The second thing we're going to work on is defining the necessary steps and processes for a repaired panel as opposed to a new, undamaged panel," Ryan said. "A lot of people don't really understand the differences there. We want to work on defining and communicating that."

But the CIC Database Task Force did have some accomplishments and progress to report on in Atlanta. Lou DiLisio, who coordinates the task force, said the group had recently worked with one of the estimating database providers on a "pretty significant error" in their system.

"We're not really sure how long it took it to address it, but the bottom line is for (that) period of time, which was at minimum 90 days, the repair industry had to deal with the time that was in that system and unfortunately lost a lot of money," DiLisio said. "We feel those are the types of things that need to be disclosed to the industry, both when they are uncovered and when they get resolved."

See *CIC* Page 5

Continued from Page 3

CIC

DiLisio, however, declined to provide the name of the estimating system provider nor details about the error, saying the task force is giving the provider an opportunity to address the issue.

"But the fact of the matter is, we see these things and identify them," DiLisio said. "And we're just not going to put up with them. They are going to have to answer to the industry as to why those types of things take that amount of time to get (corrected)."

He also said the task force has worked successfully with CCC Information Systems to change that company's estimating system so that refinish times for bumper covers are based by default on painting the covers off the vehicle. Until this spring, the system defaulted to removing overlap based on the bumper cover being painted on the vehicle, which is rarely done.

DiLisio said the CCC system still deducts some overlap because it presumes the bumper covers are painted in a continuous process with the rest of the vehicle. So the task force was working with paint companies to show CCC that because paint additives are needed for bumper covers, it is not a continuous process and that overlap should not be taken.

DiLisio concluded the task force's report at the annual meeting by reminding the industry that the estimating systems are merely guides.

"And they are guides for undamaged new cars with OE parts," DiLisio said. "We know that. Unfortunately, one of the abuses in the industry right now is that those guides are being shoved down everybody's throats as a bible. Therefore, there's more scrutiny of the guides to make them as accurate as we can possible make them."

John Yoswick is a freelance writer based in Portland, Oregon, who has been writing about the automotive industry since 1988. He can be contacted by email at jyoswick@SpiritOne.com.