

Good to have services LTD response to Provisional Findings report

CC Comments/Remedies.

Having studied your detailed reports on the Private Motor Insurance market investigation I would like to introduce and conclude possible 'remedies' for certain sections of the report.

I wanted to start by introducing my company Good to have services LTD. We are a forward thinking I.T development company who have come to specialise in the car body repair sector. I will firstly briefly explain our concept carbodybids and then move on to answer the sections I feel relevant for possible remedies.

I will try to keep as brief as possible but I wanted to give the full picture and reasons for my contact and make clear this is not a tout for business just simply a proven working solution to some of the problems this industry is currently facing. Should you wish to discuss anything further then please contact me anytime.

Summary of CarBodyBids (CBB) platform and Good to have services LTD

CBB is an independent, transparent online resource where motorists can receive multiple car repair quotes and choose measurably qualified* accident repair centres (ARCs) and body shops in their area. *ie those that are either BSI Kitemark or PAS-125 licensees, operate to an OFT approved code (a member of ABP / IMI) or are approved by car manufacturers.

CBB is committed to delivering the highest standards in customer service. When a customer makes a request for repairs our system will meet this commitment by arranging cost-effective, high quality and timely repairs. We do this through our competitive quoting system, the customer can then choose the repairer who has submitted the more complete and competitive quote. Customers also have the function to view previous customer feedback and ratings for each repairer.

CBB operates under a competitive quoting model for the majority of its repairs. Ordinarily this means we obtain 2-4 independent, competitive quotes from Repairers. All quotes received can also be uploaded from Audatex or Glassmatix systems and subject to agreed price settings if required.

CBB Current situation

CBB has taken around 2 years to develop and is now a fully functional working platform for car body repairs, based on a USA retail repair model which has now gone on to simplifying and streamlining the 'dated' insurance claims process.

The concept is now being taken up by many of the large US insurance companies. The US have had similar problems to the UK and is now taking action to reduce cycle times and unnecessary costs that currently seem to enter the claims process.

Also worth mentioning is we have had a series of meeting's with BSI (Kitemark), ABP, the IMI and have received full accreditation and support on the platform.

System breakdown

Our aim is to streamline the claims process for both adjusters, repairers and customers with industry leading cycle times, Settlement capabilities, and offer first class customer service.

The following is a breakdown of the system key points. I have given them codes (A1,A2 etc) should you wish to use them on comments to remedies.

- (A1)Reduce cycle time and repair costs
- (A2)Reduce off road time with faster authorisations
- (A3)Reduce extra 'waiting time' costs such as courtesy car fees
- (A4)Improve customer experience and service levels
- (A5)Pre-agreed labour rate and fixed cost pricing if required
- (A6)Automated processing and action notifications
- (A7)Immediate secure online damage report web page to view all actions.
- (A8)Fast and controlled authorisation process
- (A9)Full audit trail and transparent updates
- (A10)Customer review 'rating' system to enhance customer experience and maintain high service levels
- (A11)Web-based tool for negotiating and completing supplements on behalf of the carrier
- (A12)Salvage services - Fast-tow estimation 'quotes' for total loss and salvage vehicles
- (A13)Dynamic claim-centric interface with one-click dispatch, robust analytics and detailed audit reports

Remedies

The non-fault claim separation of control and liability creates a chain of interactions which result in higher costs for replacement cars and for repairs being passed on to at-fault insurers.

I would now like to move on and explain my suggestions (in green text) to certain sections to the Notice of Possible Remedies under Rule 11 of the Competition Commission Rules of Procedure.

Remedy 1D: Measures to control non-fault repair costs

1. *Issues for comment 1D*

1. **Views are invited on the effectiveness and proportionality of this remedy and, in particular, on the following:**

1. (a) **What would be the most effective way of implementing this remedy?**

Our system is fully designed to reduce cycle times and streamline the chain of unnecessary interactions that currently take place.

1. (b) **Would either variant of this remedy give rise to distortions or have any other unintended consequences?**

This method would increase the transparency of the process, reduce third party involvement or wrong doing.

1. *Regarding Remedy 1D(a)*

- i. How could repairers be prevented from inflating the wholesale prices they charge to non-fault insurers and passing excess profit to non-fault insurers through referral fees, discounts or other payments?

As the system has the potential to compare several quotes this automatically combats any excess profit and inflated fees, service levels will also increase as a result of comparable and competitive price model.

- i. Could this remedy be circumvented by insurers vertically integrating with repairers?

We feel our platform makes things clear to all parties involved and can be set to deliver the needs for both insurers and repairers. As mentioned we have already been contacted by one of the UK leading insurance companies who are now looking to trial our platform for this purpose.

Regarding Remedy 1D(b)

1. (e) Is it practicable to set standardized costs for all aspects of repairs in subrogated claims? If not, what are the potential problems?

We don't feel a standard cost would benefit any party. Again I would answer this the same as question above.

1. (f) What are appropriate benchmarks for inputs into the price control? To what extent are cost estimation systems helpful? What other indices would need to be used?

I feel again this is all based around the comparison of quotations, estimation systems are extremely helpful for repairers and insurers, however all businesses will work out their own profit requirements resulting in a much fairer process. Competition helps keep costs down and increase service levels from all parties.

1. (g) What would be the costs of implementing this arrangement?

Our system can be fully integrated and fully branded free of charge.

1. (h) How would monitoring of this remedy work?

Our system is a dynamic claim-centric interface with one-click dispatch, robust analytics, and detailed audit reporting.

1. (i) What would be the most appropriate organization to review the inputs into the price control on a regular basis?

That's a big question, BSI offer the certification of PAS125 so they would seem like the obvious choice however funding could be their problem to carry out such a task. I will say gain that all quotes and prices can be openly viewed at any moment and will be the fundamental concept to always getting a transparent view.

As mentioned in question above, the system can produce analytics to fulfill any organizations report requirements

1. (j) What measures would be required to ensure that the price control arrangements would not have adverse consequences for the quality of repairs?

The needs for post accident inspection has now become a necessary requirement. Our system will increase the service and repair levels required as it operates on a performance based model, customer service reviews will drive home to repairers the need to complete quality workmanship with no compromises. The need to monitor all work has to come first then the process of inspection can then be more streamlined and carried out randomly.

Remedy 1F: Improved mitigation in relation to the provision of replacement cars to non-fault claimants

1. A non-fault claimant is entitled to a broadly equivalent replacement car while their own vehicle is unavailable subject to a duty to mitigate their loss with consideration to their need. We found that often non-fault insurers and CMCs do not enquire in detail about a non-fault claimant's need for a broadly equivalent replacement car. Mitigation statements are presently only signed by claimants upon receiving a replacement car.
2. This remedy would require that non-fault insurers and CMCs ask non-fault claimants standard questions about their need for a replacement car. The type of vehicle provided and hire duration should take account of the responses. Non-fault insurers and CMCs would be required to provide the at-fault insurer with adequate documentation showing that the appropriate vehicle had been provided by completing a 'mitigation declaration' setting out details of the claimant's responses and written confirmation that the cost of the replacement car had been appropriately mitigated. The at-fault insurer would be entitled to be sent the mitigation declaration and to review the non-fault insurer's or CMC's call record in the event of a dispute.

The CBB system offers a bespoke solution to this major problem. Our system can indicate such actions and monitoring required to ensure replacement cars are actually required and issued fairly. The reduced cycle time will also be a major part of cutting costs in this area.

1. This remedy would aim to reduce the amount of subrogated claims by ensuring that replacement cars are provided to non-fault claimants only in accordance with their needs. The remedy would also aim to reduce the frictional costs incurred by insurers and CMCs that arise when there is a dispute over the replacement car provided to a non-fault claimant because the at-fault insurer alleges that the replacement car exceeds the non-fault claimant's needs. It would also assist with the effectiveness of some of the remedies above (for example, Remedy 1B or 1C).
2. Views are invited on the effectiveness and proportionality of this remedy and, in particular, on the following:

1. (a) Could this remedy operate on a stand-alone basis?

A transparent system would ensure any wrong doing or unnecessary replacement cars being issued.

1. (b) Which other remedies would benefit from this remedy as a supporting measure?

A complete platform that can monitor all parts of the claims process - the somewhat outdated current claims process requires updating and technology plugged into it.

(c) What questions should the non-fault insurer or CMC ask non-fault claimants in order to assess the need for a replacement car, the appropriate type of replacement car and to demonstrate that the provision of a replacement car had been appropriately mitigated? Should the cover provided by the claimant's own insurance policy be considered in assessing the claimant's need: for example, if the claimant's own policy included provision of a replacement car in the event of an at-fault claim, would that be sufficient evidence of need for a replacement car in the event of a non-fault accident?

A better review and process would need to be in place digitally to promote customer service experience and ensure replacement cars are required. A list of questions can be implemented into the claims process to access this need. The need for CMC to manage this process has proven to be unethical and claim costs have got out of control as a result of the current process. To simplify; the less repair waiting time the less need for replacement cars. Competition and service levels will simple reduce these unwanted costs.

1. (d) Would the right of the at-fault insurer to challenge the non-fault insurer or CMC and to see the 'mitigation declaration' and call record be sufficient for this remedy to be self-enforcing without additional monitoring? Would giving the at-fault insurer access to the non-fault insurer's or CMC's call records give rise to any data protection issues?

Call recording would be a beneficial addition to this problem, the CMC's handling this type of process will always carry a grey edge as we are already seeing ways round the recent referral fees ban, CMC's are a major factor to the inflating of costs of car replacement and the process simple requires changing and made transparent to all parties involved.

- a. How much would it cost to implement this remedy?

This forms a part of our solution and as explained has no costs to implement.

1. (f) Would this remedy give rise to distortions or have any other unintended consequences?

The system has been set up for simplicity & transparency for the car body repair industry. Obviously there is always the potential for unintended consequences but with a platform in place the process can be streamline in time to combat any issues that arise.

Remedy 1G: Prohibition of referral fees

Issues for comment 1G

64. Views are invited on the effectiveness and proportionality of this remedy and, in particular, on the following:

1. (a) Could this remedy operate on a stand-alone basis?

Recent reports issued have already suggested 'ways round' the referral fee ban so at the moment I would say further hurdles need to be placed for this to have more effect.

A system controlling and monitoring each claims case now seems to be an obvious move to make.

1. (b) Would remedies 1A to 1F benefit from a prohibition of referral fees as a supportive measure? Or would remedies 1A to 1F have the effect of reducing referral fees in any event?

Remedies 1A to 1F all need to be configured into one system to ensure a clear view can be achieved. The prohibition of referral fees can only help to ensure costs are controlled and stop any unnecessary action from a third party. Digitally everything needs to be stepped up and the industry needs to be brought in to the 21st century.

1. (c) What would be the impact on premiums if referral fees were prohibited?

Costs of claims would certainly decrease with a digitally analyzed system in place and less 3rd party involvement. This can only help bring the costs down for each claims case resulting into lower premiums.

1. (d) Would this remedy give rise to distortions or have any other unintended consequences? In particular, would a prohibition on referral fees create a greater incentive for insurers to vertically integrate?

Referral fees are an unnecessary part of the claims process and should rightfully be banned. A clear quoting platform can ensure all car replacement companies a transparent way of working these issues. This will result in a quicker process with less cycle time which will then reduce timescale for replacement cars. Customers should be made aware when signing up to a policy what is included so in the result of a claim its clear to both insurer and customer the entitlements.

1. (e) What circumvention risks would this remedy pose and how could these be mitigated? In particular, how could other monetary transfers (eg discounts) having the same effect as referral fees be prevented?

An open source platform can only help remedy any monetary actions. Digital reference to each claim will explain in detail both the costs involved and any extra services that have been approved.

1. (f) How could this remedy best be monitored and what costs would be incurred in doing so?

The system itself is the tool used to produce any monitoring requirements. Without the use of a digitally transparent platform any improvements to the claims process will simply be halted or clouded over.

Remedy 2A: Compulsory audits of the quality of vehicle repairs

1. We are also considering whether a mechanism for the audit results to be published would incentivize repairers, insurers and CMCs to ensure that repairs are undertaken to the appropriate standard. This could either act in conjunction with compulsory quality audits or in order to incentivize quality audits. The published results could either rank insurance companies and CMCs or give insurers and CMCs ratings according to their repair quality records. These repair quality ratings could be required to be made available to consumers when choosing a repairer following an accident. We would expect that PCWs would also wish to use the information when assisting consumers in comparing insurers.

Our platform is a working model and resource to collect information on car body repairs. Publishing audit results can only result in a better service and repair rate.

Consumers are becoming used to having such features in place and made available. Its a major part of our system and can be easily configured to collect and publish customer reviews and ratings of service levels. Our competitive platform produces customer interaction and speeds up the claims process.

Our system key points

- **Core incident data capture**
- **Fast and effective repair deployment**
- **Controlled repair cost and authorisation**
- **Repair progress tracking**
- **Cycle time measures**
- **Managed information**
- **Access to highly effective fixed cost rapid repair solutions**
- **Robust analytics**
- **Detailed audit reports**
- **Reduce repair cycle times and costs**

We strongly believe transparency is the key for the industry to deliver a much improved, quicker and controlled service. Currently the process is outdated and is easily distorted by 3rd party operations as we are currently seeing. The USA format cannot be ignored and should be looked upon as the future for car insurance claims.