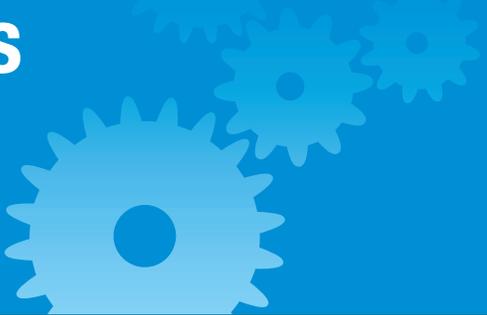


Delivering Better Outcomes to Collision Policyholders



Repair parts make up an estimated 46% of total repair costs. The policy holder avoided a total loss when the DRP repair shop used PartsTrader to find a mix of OE, recycled, re-conditioned and after-market parts that cost 23% less than the initial estimate.

A declaration of total loss is a negative experience — for both the insurer and insured.

Upon notice of total loss, policyholder emotions range from distrust to rage, abandonment to blame, as a new financial and emotional stress is placed upon the household by the claim adjuster's determination. Without a clear understanding of the process, the hard-won policyholder may negatively associate the insurer's brand with the (1) loss of a vehicle (2) financial stress related to a new purchase.

This lost policyholder loyalty and customer churn, as well as the cost of total loss payout are reason enough for insurers to examine new ways to address collision repair costs and reduce the incidence of denied repair.

In 2018, Bain & Company's report "Customers Know What They Want. Are Insurers Listening?"¹ revealed that "insurers face certain 'moments or truth,' episodes where the companies have the highest potential to delight—or annoy—their customers. The moments that have the greatest impact on loyalty include getting advice, assistance in case of an incident and submitting claims." The study identifies the top 10 Elements of Value, those qualities policyholders most valued in their insurer. These include: reduces anxiety, saves time, reduces effort, avoid hassles, reduces costs. *Yet, declaration of total loss induces the opposite for the policyholder.*

A Case for Repairing

Mitchell Data reports that repair parts make up an estimated 46% (on average, in excess of \$1,500)² of total repair costs. Reduction in cost of parts could mean the difference between honoring a policyholder's expectation of repair or declaring total loss. Carriers that partner with

PartsTrader gain access into the parts procurement process with collision repair shops utilizing the proprietary platform. Injecting a competitive marketplace into the parts procurement process results in average parts savings of 5%-15%...and in the case study of the 2014 Ford Edge, even more.

With the repairs on the 2014 Ford Edge estimated at \$8,251, the repair shop considered the vehicle a potential total loss. The repairer, a member of the insurance carrier's Direct Repair Program (DRP), uploaded the estimate into PartsTrader and requested quotes from suppliers including multiple OE dealers, recycled part yards, and aftermarket suppliers. By sending the job out for quotes, the repair shop created a competitive marketplace for each part on the estimate. Suppliers responded with competitive quotes, and the repair shop selected a mix of part types that prevented the total loss designation.

In the end, the vehicle was repaired using a mix of OE, recycled, re-conditioned and aftermarket parts. The resulting repairs of \$6,360 reflected a 23% savings from the original estimate—a significant enough savings to avoid total loss.

The use of PartsTrader, coupled with the carrier's election to allow some 'alternative parts' to be used offered the repair shop the discretion to choose the optimum blend of part. The platform allowed (1) the shop to make smarter purchase decisions (2) the suppliers to compete in a transparent environment (3) the carrier to deliver optimal results to the policyholder.

Most importantly, policyholder loyalty remained intact. With the assistance of PartsTrader, the carrier was able to satisfy the Elements of Value by reducing the policyholder's anxiety and stress while reducing the time, effort and cost of the repair. 🌟



About PartsTrader

PartsTrader is a web-based collision replacement parts market connecting OEM, aftermarket, remanufactured, specialized and recycled automotive parts suppliers with collision repairers looking for replacement parts.

For more information, please contact us at marketing@partstrader.us.com.

¹ Brettel, Tanja; Darnell, Darci; Naujoks, Henrik; Schwedel, Andrew; Singh Harshveer; ["Customers Know What They Want. Are Insurers Listening?"](#) Bain & Co. Inc. (accessed 2/19/2019)

² Mitchell International. ["Mitchell Collision Repair Industry Data: Q2 2018."](#) MPower by Mitchell. (accessed 2/19/2019)

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