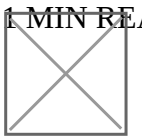
Auto Physical Damage

Case Study: Young Shop Owners Credit Mitchell as Their 10th Employee

1 MIN READ



A large North American carrier that sells extensive auto insurance products uses WorkCenter Review Compliance Manager.

Company Profile

The company processes an average of 100,000 claims per year and employs more than 90 staff members who are responsible for writing estimates on auto physical damage claims

The Challenges

This large North American insurer has a seasoned appraisal staff, many with 15 years or more estimating experience who were trusted to adhere to the Company's business rules when writing an estimate. With the rising trend of inexperienced estimators joining the workforce, this insurer anticipated it would need a solution that could assist a new appraiser in adhering to corporate guidelines. Further, this insurer did not have the capacity to conduct a review of each and every estimate, as the Company's staff appraisers write a new estimate every 20 minutes on the average day.

All these factors made a solution that could monitor compliance of the Company's business rules transparently that much more of a necessity. The carrier's goals in implementing a compliance solution were to standardize estimate results by addressing the following issues:

- Appraisers (even the most experienced ones) may not remember all the estimate rules to apply

- Estimate errors are costly to correct and create unnecessary friction within trading partners and those insured
- Reviewing estimates for compliance is time consuming
- The Company needs a method to easily train and shorten the job familiarity time of new employees

A Total Solution

These issues were addressed by Mitchell **WorkCenter Review Compliance Manager**. Compliance Manager provides the ability to create, distribute, and manage the estimate rules between a carrier and their appraisers, resulting in more accurate estimates written. With the ability to create thousands of estimate rules, Compliance Manager can be configured to meet virtually any estimate check that the carrier requires, from labor rates and material allowances to custom-defined fields. Each estimate is supported with a detailed Estimate Compliance Report, allowing estimators to quickly focus on what's potentially wrong with an estimate. These individual compliance reports are further consolidated and presented in summary and detail within Compliance Manager reporting. This allows the carrier to better direct training to ensure more estimates meet the company's requirements up-front.

Compliance Manager also provides a decision support tool for selecting between OEM, LK, ReMan, and Aftermarket parts. Compliance Manager does this by providing carrier-defined parts guidelines at the make/model level. Since alternate part usage can increase, it also helps ensure correct labor rates are applied at every opportunity.

The solution provides the carrier with the following:

- Front-end compliance check before estimates are uploaded to reduce supplement requests
- Management and distribution of estimating rules through a web-based application
- Ability to review estimate compliance status through reporting

Implementation

To test Compliance Manager, estimators from three offices were set-up on the application while two offices were set-up as control groups and did not use any compliance application. To ensure that there was not interaction among other variables, seasonality, parts and labor pricing, etc., remained the same across all the offices.

Compliance Manager was configured for easy implementation into the company's workflow. The solution consists of an online application, Compliance Manager, for rules administration as well as a desktop application for the appraiser, called Compliance Utility.

Compliance Manager allows carrier administrators to create, distribute, and manage estimate rules and guidelines they require their staff, shop, and IA's to follow when preparing estimates.

Mitchell Compliance Utility is used to receive the profiles from Compliance Manager and is designed to increase estimate accuracy and reduce estimate errors. While most audit and compliance tools are invoked after the estimate has been committed and uploaded to the carrier, Compliance Utility resides on the shop, staff estimator, or independent appraiser's desktop and performs the audit before the estimate is committed and uploaded to the carrier, significantly reducing estimate errors and resulting supplements.

Compliance Utility works by reviewing the estimate automatically any time an appraiser saves an UltraMateÂ© or similar industry-standard generated estimate. Compliance Utility quickly scans the estimate and notifies the user of any errors or estimate fields that do not meet the carrier's criteria. Upon reviewing the Compliance Utility report, the appraiser simply corrects the estimate on the spot or overrides the exception and enters a note of explanation. The report simplifies the appraiser's job by pointing out only the exceptions that require attention rather than providing an in-depth line-by-line analysis that includes all items on the estimateeven those that are within the company's guidelines.

After the estimate has been thoroughly reviewed and checked for correctness, the estimator commits the estimate. With the use of Mitchell UltraMate Premier Suite, the compliance report is automatically and seamlessly attached and uploaded to Mitchell. Compliance Manager provides the ability for the reviewer to look at the exception report and verify that the estimate was changed per the carrier's guidelines.

Results

With the implementation of Compliance Manager, the carrier has achieved the following important benefits:

- Increased estimate accuracy by ensuring all estimates met company guidelinesâ€”the first time
- Heightened alternative parts usage and ensured original equipment manufacturer (OEM) parts were used where required
- Further drove estimating consistency across the organization through reporting metrics and monitoring
- Reduced new estimator job familiarity time
- Decreased estimate review time on the basics and instead focused review time on quality of repair

Improved Accuracy

By consistently ensuring the correct parts and labor hours were used in each estimate, the carrier achieved a reduction in gross estimate dollars of 22% during the pilot.

In addition, as OEM parts were only used when required, the carrier increased the usage of alternative parts and reduced parts dollars on their estimates:

The part amount percentage by type of part shows a switch from OEM to other APU parts. In all cases OE parts usage decreased while LK, AM, and ReMan parts utilization increased.

"We chose to partner with Mitchell for an auditing solution because we found that Compliance Manager matched our demanding business needs," says an Assistant Vice President of Claims at this large North American insurer. "The application was intuitive and pointed estimators only to the errors that needed to be corrected on the estimate before upload. This saves time for both the estimator in the field as well as our desk reviewers. In addition, the application fit easily into our workflow, as it plugs into Mitchell's estimating platform, UltraMate Premier Suite."



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