Clarification of End-User Requirements for Estimate Rekeying

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Overview

On April 20, 2005 a group of end-user representatives from five major insurance companies and three national collision repair associations (AASP, ASA and SCRS) met to review and clarify the end-user requirements associated with rekeying estimates. The group focused on the elimination of rekeying estimates into the same brand of estimating system (that is, Brand "X" to Brand "X") and did not address the more challenging issues related to rekeying estimates into a different estimating application (Brand "X" to Brand "Y").

Background

In early 2004, the Information Technology Committee of the Collision Industry Conference (CIC) did a survey to better understand the issues and industry impact of estimate rekeying. Although the scope of survey data collected was limited, it uncovered some insightful information on the extent of the issue.

Information that is Rekeyed:	Average Minutes it takes to Rekey an Estimate into:	
	Same Estimating System (Brand X to X)	**Different Estimating System (Brand X to Y)**
Administrative data	5.75	5.75
Estimate Line data	15.35	27.34
Total Number of Minutes to Rekey an Estimate	**21.10**	**33.09**

The survey results also indicated shops rekey approximately 28% of the estimates they write. Using the following assumptions:

- There are approximately 9 million auto claims each year
- 28% of the 9 million, or 2.52 million, are rekeyed
- On average, it takes approximately 21 minutes to rekey an estimate into the same estimating system
- $20/hour

The cost of rekeying estimates is *at least* $17.5 million per year to rekey estimates into the same estimating system. It is higher if rekeying is done into a different estimating system. Although the $17.5 million figure is only a rough estimate based on a very small data sample, it substantiates the concern that estimate rekeying is costing the industry a significant amount of time and money.

Today, all three of the information providers (ADP, CCC and Mitchell) maintain an "electronic library" of all estimates submitted by an insurer's staff/field appraisers that use their respective estimating solution. These libraries automatically maintain estimate

version control (that is, estimate history) for the insurer. The original estimate, known as the "estimate of record" (or EOR) along with any supplements written, known as "supplements of record" or (SORs), are maintained in these electronic libraries. The library also maintains version control on estimates uploaded by repair facilities that work directly with an insurer (e.g., a DRP), but these are generally segregated from the insurer's EOR and SOR library. Maintaining version control and security of an insurer's EOR/SOR library, and retaining the original data associated with the EOR and any SORs, is essential functionality to an insurance company.

Unlike the shop version of the estimating software, when a staff/field appraiser uploads an estimate to the library, the estimate is usually deleted from their local computer and maintained in the insurer's electronic library on the information provider's server. In other words, after the estimate is printed and "locked" by the staff/field appraiser, it becomes the EOR and is automatically uploaded and deleted from the laptop the next time the appraiser "connects" to the vendor host.

When writing a supplement, a staff/field appraiser accesses the library and downloads the EOR into their estimating system, even if that person did not create the original estimate. Today, the common business practice used by most insurance companies is if a field/staff appraiser wrote the original estimate, a field/staff appraiser is responsible for writing any supplements. Shops who do not work directly with an insurer typically fax their supplement request to the appraiser for rekeying into the insurer's system so an SOR is created for the library. Shops that work directly with an insurer frequently write the original estimate and upload it to the information provider's server. If necessary, they can then create a supplement and upload it as well.

There are numerous third-party entities that maintain a copy of the estimate and supplement information for an insurance company. These third-parties receive a copy of the estimate and supplement data for the purpose of management reporting, auditing, data analysis, etc. These companies do not have the ability to create the copyrighted estimate produced by the three information providers. They do, however, frequently produce a "generic damage report" using data populated from any brand of estimating system and any source (e.g., shop, staff or independent appraiser). The Estimate Management System (EMS) extract is usually the source for this estimate data. Today, the EMS extract contains most of the data printed on an estimate or supplement, but it does not necessarily contain all of the data within the information provider's proprietary estimate database which is associated with an estimate or supplement.

Scenarios

There are two common scenarios when data rekeying occurs. In both scenarios, the same brand of estimating system is assumed.

> *Scenario #1: "Offsite"* A customer walks in with a paper estimate and the shop rekeys the estimate into their estimating system. Or, a shop or staff/field appraiser receives an estimate via fax which is rekeyed. This "offsite" scenario encompasses

any situation where the entity which wrote the original estimate is not face-to-face with the entity that receives the paper or faxed estimate. This "offsite" scenario is estimated to represent the majority of estimates which are rekeyed today.

> ***Scenario #2: "Face-to-Face"*** A staff/field appraiser or independent appraiser is at the shop and hands the shop a paper estimate. This "face-to-face" scenario is estimated to cover a portion of the estimates which are rekeyed today.

In the second scenario, it is also common for the staff/field appraiser to rekey data into their estimating system for supplements written by a shop. This creates the opportunity for "two-way" data communication. Most insurance companies generally prefer that their field/staff appraisers rekey shop-written estimates or supplements; however, the capability to do this two-way communication would eliminate insurer rekeying and thus reduce claims handling expenses.

Based on the frequency of occurrence, providing a solution to scenario number one is the highest priority for the industry. This scenario was outlined by the Collision Industry Conference (CIC) Electronic Communications Committee in 2004 and was presented to the three information providers for development consideration last year.

Methods

There are generally two data transfer options to satisfy the scenarios above.

> ***Method #1: The "download" method***, which involves accessing the insurer's electronic library on an information provider's server to download the estimate data into the receiver's estimating system. This method requires electronic communication capabilities to access the insurer's electronic library. The download method will facilitate either the "offsite" or "face-to-face" scenario outlined above.

> ***Method #2: The "physical file" method***, which allows estimate data to be transferred through some form of electronic media (such as a thumb drive, diskette, USB cable, infrared/wireless, etc.) which is then imported into the receiver's estimating system. The physical file method requires point-to-point contact whereby two people are involved in the transfer, thus supporting only the "face-to-face" scenario

There is no reason both methods could not be used, assuming an individual Insurer or shop wants to use both. If the customer walked in with a physical file of estimate data rather than (or in addition to) a paper estimate, it would satisfy the "offsite" scenario. It is uncertain how realistic it would be for a customer to provide the shop with a physical file they received from the insurer.

Solution Requirements & Clarifications

- Access to the insurer's electronic library must be highly secure. If accessing the library, a shop must provide relevant "key" data to ensure they're accessing one specific estimate, not the entire library. "Key" data may include insurance company name, claim number, owner's last name, file number printed on the estimate, etc. An activity log will record all access to the insurer's library.

- After the data is imported into the receiver's estimating system, it's now "owned" by the receiver and becomes their original estimate, just as if it had been rekeyed. That is, once the data is downloaded or transferred, the estimate would have the receiving system's name, logo, footers, etc., exactly as if the estimate had been rekeyed. The EOR in the insurer's library and version control is unchanged.

- Data imported into the receiver's system would include the administrative data, the estimate lines, alternative parts supplier information, the estimate total and the originator's profile information, such as rates, taxes, etc. If a supplement exists, the most recent data would be imported.

- When the estimate is created in the receiver's system, either through a download from the electronic library or via physical media such as a thumb-drive or diskette, the newly created estimate will be imported in a "locked" status so no further changes are possible unless a supplement is generated. Once created in the receiver's system, the estimate can be exported from the receiver's system via an EMS extract for use by a management system or other external application.

- Once the estimate is created in the receiver's system, the receiver can now create a supplement on that estimate. Ideally, the supplement could be uploaded or otherwise electronically communicated to the insurer, and optionally approved and accepted by the insurer as an SOR in their electronic library

- The solution should not be limited by a DRP or other pre-existing business relationship. Although an insurer may be inclined to limit the solution to their DRP partners only, there is likely no real benefit in doing so. The industry is best served by allowing any repairer, regardless of relationship to the insurer, access to electronic estimate data to reduce claim handling costs. The solution should be available to any insurer or repairer that wants to participate.

- It is understood that an information provider would need to get permission from each insurance company to allow access to their electronic library. It is also assumed an insurer would decide whether their staff/field appraisers would be allowed to use physical media (e.g., thumb drive, diskette) to transfer estimate data. The insurer could elect to use both methods.

- Once the process is in place, the customer provides their estimate to the shop to grant permission to access their electronic estimate data. Any shop that has the tools necessary to access the information provider's library should be able to download any individual estimate's data for any insurer that participates in the solution. The same holds true if physical media is used to transfer estimate data.

- In the short term, connectivity to the information provider's proprietary communication network may be necessary to access an insurer's electronic library on the information provider's server. Ideally, an open and secure, Internet-based

solution would be available which does not require the use of an information provider's proprietary communication network.

- The solution must allow the receiver to request the estimate data without having to contact the sender. That is, the solution is a "pull" solution, not "push." If a phone call, fax or pager is required to make the solution work, it is not an acceptable solution.
- As a general rule, insurance companies do not view the use of e-mail as an ideal way to communicate estimate-related data since e-mail may fall outside of their integrated claims management system (that is, e-mail may not be documented as part of the claim file). There may also be privacy ramifications associated with e-mailing claim-related data. From the perspective of most major insurers, e-mail is useful as an ad-hoc communication tool, but should not generally be used as an integral part of a solution to eliminate estimate rekeying.
- The integrity of the original estimate must be maintained when it is imported into the receiving estimating application. That is, there should be no alterations or changes made; the estimate line detail, totals, etc., should appear exactly as written in the original estimate.
- Regarding administrative/header information from the estimate, it should be possible to download or transfer this information with the customer's approval regardless of the estimating application being used. It should also not require the use of a management system to do so. This functionality has secondary importance behind the ability to download estimate data into the same brand of estimating system, but it is still important to the industry since it represents a significant amount of data rekeying and unnecessary cost.

Assumptions

- In order for a shop to download estimate data, the shop must have the same brand of estimating system that created the original estimate.
- A shop may need a subscription to the information provider's proprietary communication network in order to download and import estimate data into the estimating system. In many situations, a shop already subscribes to the proprietary communications network associated with their estimating system. In the ideal world, access to estimate data would be provided through an Internet-based connection and does not require the use of a proprietary communications network.
- It is assumed there would be two "global" parameters for an insurer to indicate whether they allow access to their estimate library and whether they allow field/staff appraisers to use physical media to transfer estimate data. These parameters would cover all claims and all staff/field appraisers (that is, they are not set for an individual claim or an individual appraiser).
- In theory, a shop-written estimate that has been uploaded into the information provider's library could also be available for download by another shop through this solution. In other words, if the customer walked in with an estimate originally written by another shop, the shop could download the original estimate in order to avoid rekeying it. There is no need to develop this capability at this time.

- The EMS extract feature of the estimating systems allows a user to export estimate data for use by a management system or other external application. Although most of the estimate data is contained in the EMS file, it can not and should not be used by a third-party to create an estimate in the receiver's estimating application, unless the procedure used is approved by the respective information provider. The EMS extract feature could be used to populate administrative or header data from any brand of estimating system, assuming again an import procedure is utilized which is approved by the receiving brand of information provider.

Summary

Someday, in the ideal world, an insurer will be able to communicate an assignment or estimate to any shop, using either party's preferred communication method and brand of estimating application. Supplements will be written and communicated electronically regardless of how the original estimate was produced. Through a virtual claim folder, all estimates, supplements, images, invoices, payments or other documents would be available electronically through secure, non-proprietary communication on an as-needed basis. The business constraints and costs placed on the industry today due to software limitations and the lack of open solutions must be eliminated.

Until then, the industry will derive immediate benefit by the elimination of data rekeying into the same brand of estimating system, even if that requires the use of an information provider's proprietary communication network. Rekeying can be eliminated through the ability to download estimate data from an information provider's electronic library (first priority) or by one person providing a file to another in a face-to-face situation through a thumb-drive, diskette, etc. (second priority).

Final Caveat

If the solutions described herein are developed and implemented in a secure, high-quality, cost-justifiable manner, the major insurance companies in the industry appear to be in full support of providing limited access to their electronic estimate data to eliminate data rekeying. Through feedback gathered from many users of the estimating applications, all parties are in full support of the information providers moving forward expeditiously with solutions to eliminate estimate rekeying. Any solution developed would require approval from senior claims management and legal representatives of each insurance company prior to implementation.