

Business Briefs

By Vincent Romans

Direct Repair/Preferred Provider Programs

In today's increasingly competitive property repair and restoration industry, there are two questions that come to mind for every type of property repair provider, including consolidators, networks, multi-location operators, franchisers and single-unit operators. The immediate concern for all of these types of operators is to understand what insurers look for today when choosing a direct repair/preferred program provider for property repair and restoration. Of longer-term interest is whether insurance companies will purchase and operate property repair facilities rather than working with existing operators who continually adjust, enhance and improve their current operations in support of their direct repair/preferred provider involvement.

After many meetings and discussion with insurers, it is my belief that most of the top 10 insurance carriers would prefer to utilize the knowledge

and experience of existing property repair operators throughout the U.S. If insurers' direct repair/preferred provider program needs can be met through the current nationwide system of operators, the chances that they will want to include wholly-owned property repair and restoration operations and services within their companies will be avoided in the future.

Insurance companies have both general and very specific direct repair/preferred provider repair capabilities and program elements that are both desirable and required of property repairers in order to participate in these programs. Although participating in direct repair/preferred provider programs is not the right business choice for some

property repairers, a competitive edge and improved market share can often be realized by those who opt to participate in these programs. This competitive edge and

improved market share performance is seen by many as extremely important, especially as insurance companies continue to reduce the number of providers within their programs.

Insurance company program requirements can change frequently as a result of ongoing, self-directed program changes and enhancements, as well as planned or forced reaction to dynamic market, legislative and legal issues. Additionally, program requirements and participation performance standards vary considerably by insurance company and marketplace.

The following points identify insurance company preferred and required provider capabilities and program elements that are most often offered or provided by property repair and restoration participants. Although not all-inclusive, they reflect a broad range of program attributes and requirements that, if implemented by the property repair providers, will better ensure the organization's participation and success in a direct repair/preferred provider program.



A consistent approach to managing, operating and expanding the property repair and restoration business is critical to maintaining long-term, productive insurance company direct repair/preferred provider relationships.

These program elements should always be weighed relative to how appropriate, competitively beneficial and financially feasible they are to the current and future strategic and tactical direction of the property repair provider.

A consistent approach to managing, operating and expanding the property repair and restoration business is critical to maintaining long-term, productive insurance company direct repair/preferred provider relationships. This includes:

- Consistent property repair and restoration facilities with building retrofit and undeveloped site selection, development and implementation standards.
- Utilizing state-of-the-art remediation, restoration, reconstruction and catastrophe equipment.
- Centrally controlled and efficiently managed networks and multi-location operations across a broad geographic area.
- Single or fewer points of contact for the insurance company.
- Consistent operating policies and procedures across the entire organization.
- Consistent repair and restoration process and procedures.
- Negotiated rates and terms. These may either be required by the

insurer or may become a competitive point of preferred acceptance for the provider due to their self-initiated competitive pricing approach.

- Proactive leveraging of a co-branding relationship between the insurance company and a network, multi-location or a single-location provider. Property repair and restoration services under a common banner or brand delivering managed outcomes in conjunction with an insurance company's brand image and reputation.
- Maintaining a central services organization structure to better ensure business and operations' efficiency and productivity.
- Maintaining a consistent, well-trained and knowledgeable staff of managers, estimators and technicians who operate as a team.

Secondly, the preferred provider should have the ability to supply measurable repair quality, cycle time, customer satisfaction and performance benchmarks. This is accomplished by:

- A consistent and measured approach to quality repairs that maintains the required standards of a given direct repair program based on agreed-upon operating benchmarks and performance outcomes.

- A provider-developed and managed quality control program and process.
- Service and repair warranties and guarantees.
- Disciplined internal problem and service failure resolutions with action taken consistently and proactively.
- A focus on delivering and sustaining high customer satisfaction via the third-party provider.
- Self-auditing where the repair is inspected in process and after completion to ensure quality and to confirm that the repair was completed as invoiced. Avoid work billed and not performed.

Thirdly, a repair organization should provide ongoing and timely communication regarding the entire repair process, from the time the insured chooses the property repair provider through the completion of the customer satisfaction survey. The selected firm should:

- Wherever possible, provide electronic claim status information through technology that will allow numerous recipients including insurance company staff and field personnel, the insured and appropriate property repair organization personnel to receive updates.

- Electronically provide information or enable the insurance company or network administrator to access retrieval of estimate information, repair orders, claim status, and performance measurements for comparison to insurance company and other industry data for claims, estimate and quality management.
- Adhere to internal communication and standard operating procedures (SOPs) that support an integrative approach to a provider's best business operations practices and an insurance company's program implementation and maintenance requirements.

When it comes to administration and data management, there are several opportunities for preferred providers to supply this information through:

- Consistent administrative quality management processes and procedures.
- Connecting multi-location providers in order to supply repair order and estimate information to a common data warehouse for data capture, analysis and knowledge management.
- A management system, estimating, human resources, and accounting databases provided to the data warehouse via intranet and web applications to manage results across multi-location operators and networks.
- Peer measurement of results captured either through web-enabled software connected to multi-location providers and provider-specific uploaded information to a data warehouse including, but not limited to, the following:

- Closing ratio
- Cycle time
- Severity
- Customer satisfaction.

- Other DRP-specific key performance metrics.

Where possible, feasible and required for program participation, the provider should consider implementing internally or outsourcing a call center for:

- A managed-care approach to the insured which includes a warm transfer to guarantee that the insured and the restoration company are finalizing an inspection date.
- Ensuring higher closing and capture ratios.

Insurance companies will choose repair providers who can consistently deliver high-quality, closely managed property repair and restoration outcomes. It is by understanding insurers' needs and consistently demonstrating the ability to meet and exceed them that a property repairer increases his value to insurance companies. Creating that level of value will improve provider business results in the short-term and will also decrease the chances of moving the insurance industry toward becoming property repair and restoration owner/operators in the future. ■

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