



Collision Program Redesign

May & June 2019

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Terms of Reference



- From late May to the end of June, ICBC is hosting road shows throughout the province to engage with ICBC-accredited collision and glass shops on the proposed redesign of these programs.
- This presentation is a condensed version of the road show presentation.
- From November to May, ICBC consulted with the Industry Advisory Committees, for glass and for collision, on key program redesign concepts.
- The mandate for the IAC was program design elements: labour rates were out of scope.
- Although IAC and ICBC's views differ on some aspects, the committee agrees the proposed program redesign is a significant improvement and aims to introduce incentives to drive savings and benefits for both industry and ICBC.
- The IACs represent collision and glass shops throughout the province.
- For more information about the work IAC has been contributing to, please see Announcements on the Collision redesign page of MD Business Partners at icbc.com

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Competition Act: Law Compliance



ICBC, its employees, the association, association staff and individual attendees (collectively the “Attendees”) give high priority to full compliance with both the letter and spirit of the federal Competition Act (the “Act”).

During meetings and programs, the Attendees will not condone or permit any discussions, whether official or “unofficial” or “off the record”, of price-fixing, collective refusals to deal (i.e., boycotts), blacklisting, market division/allocation, supply restrictions or other anti-competitive activities that may contravene the Act.

If, at any time during the course of a meeting, any Attendee believes that a sensitive topic under the Act is being discussed, or is about to be discussed, they will advise the chair of the meeting and ask that such discussions stop.

Similarly, Attendees at any meeting should not hesitate to voice concerns they may have in this regard. Such discussions must also be avoided before, after and on the “fringes” of meetings.

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The Case for Change

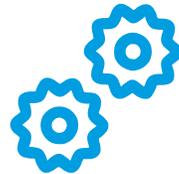


ICBC's Material Damage Program is outdated, does not meet industry standards and lacks the controls necessary to curb escalating claims cost trends that are partly driven by vehicles with increasingly complex technologies.

ICBC needs a program that:



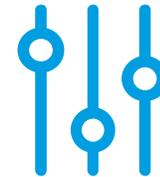
Focuses on long-term trends shaping the collision repair industry.



Promotes efficiencies for high-performing shops.



Ensures safe and proper repairs are performed.



Effectively manages performance and quality.



Promotes greater partnership and engagement.

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Feedback from Industry



Conducting multiple industry pain point sessions provided valuable feedback to inform design of the new program. Feedback included:

“ ICBC needs to consider supporting OEM procedures. ”

“ ICBC needs to improve the response times. ”

“ Accident, damage details from FNOL need to be improved. ”

“ There is a disconnect between ICBC and repair shops regarding judgement repair times. ”

“ Site visits create unreasonable delays. ”

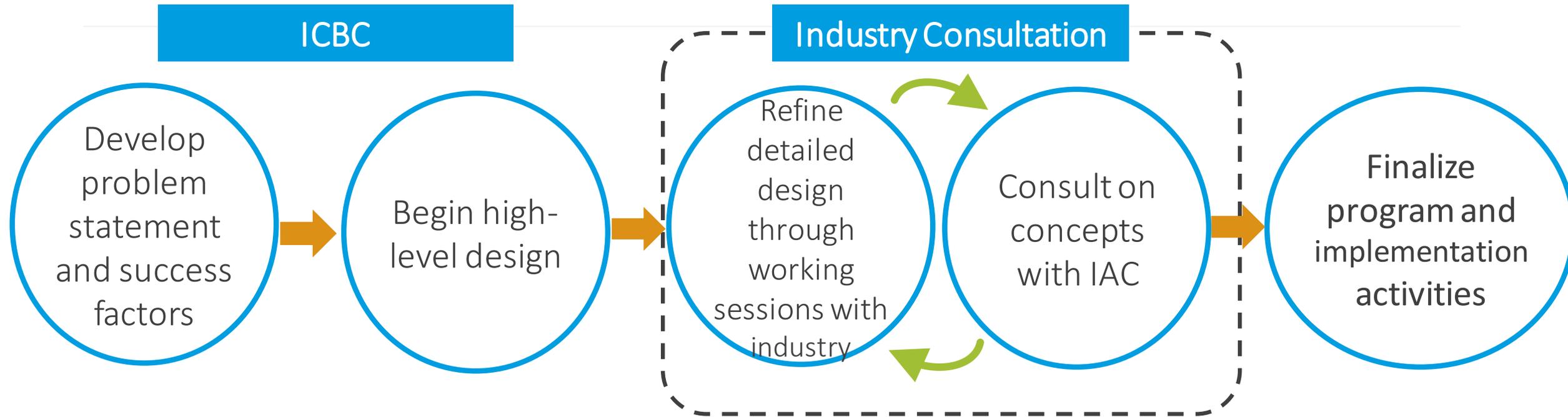
“ Support for shops needs to be improved. ”

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Industry Advisory Committee



 **10** Total sessions  **>1000** Sticky notes and ideas  **15** Industry Attendees



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Key Concepts



1. Introduce a new **performance-based tiering model** with redefined regions

2. Enhance the **governance controls** and management of suppliers that are not complying with ICBC's policies and shops that are frequently in performance review

3. Implement new **quality assurance** forms and protocols

4. Introduce enhancements to **supplier qualification and program requirements**

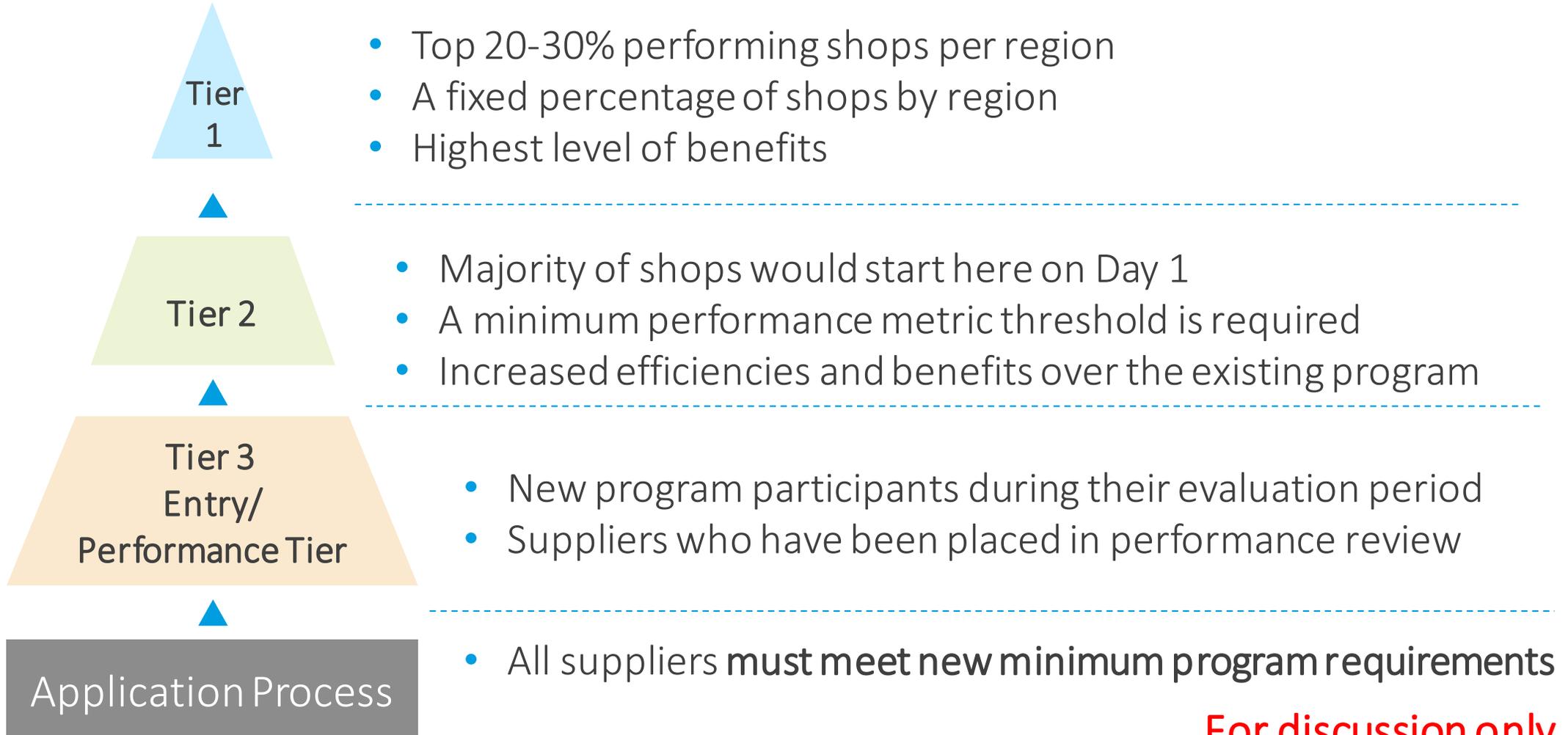
5. Introduce **new FNOL scripting** and enhance shop locator

6. Update **customer experience survey**

Tiering Overview



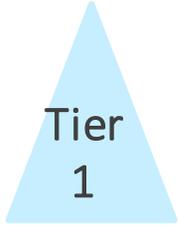
Shop tiering aims to promote improved performance by rewarding higher performers



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Program Highlights

Tiering Benefits



Promotion through FNOL and ICBC shop locator



Removal of 2-Hour Rule



Enjoys highest level of autonomy

Tier 1: Top 20-30% of shops by region based on KPI performance



Included second in shop locator list

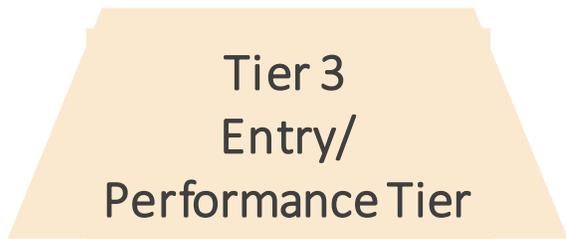


Removal of 2-Hour Rule



Some review autonomy

Tier 2: Minimum KPI threshold specific to region



Entry

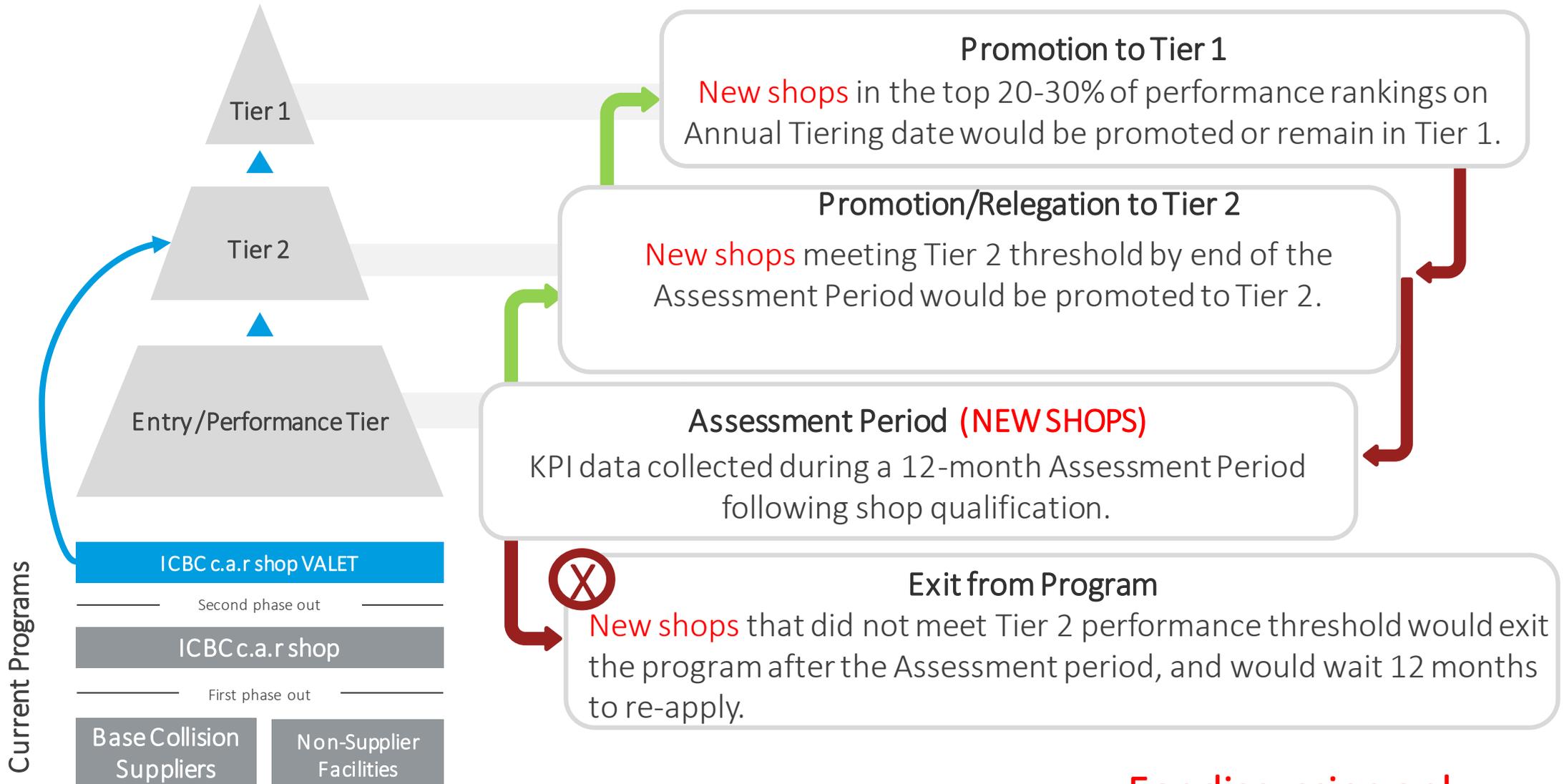
- Lowest review autonomy
- Regularly scheduled reviews
- Retains 2-Hour Rule
- Bottom of shop locator list

Assessment

- No review autonomy
- Removal from locator
- Added to focus list
- Continued poor performance results in development rate, and subsequently referral to Supplier Conduct Committee

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Moving between the Tiers



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Regionalization Design Factors

Customer Access:
Volume

Customer Access:
Convenience

Shop Fairness

Shop Density

Regional Comparability

Dense Lower Mainland split into 9 regions previously from 2, for better coverage and to equalize regions across BC.



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Regions in the Lower Mainland

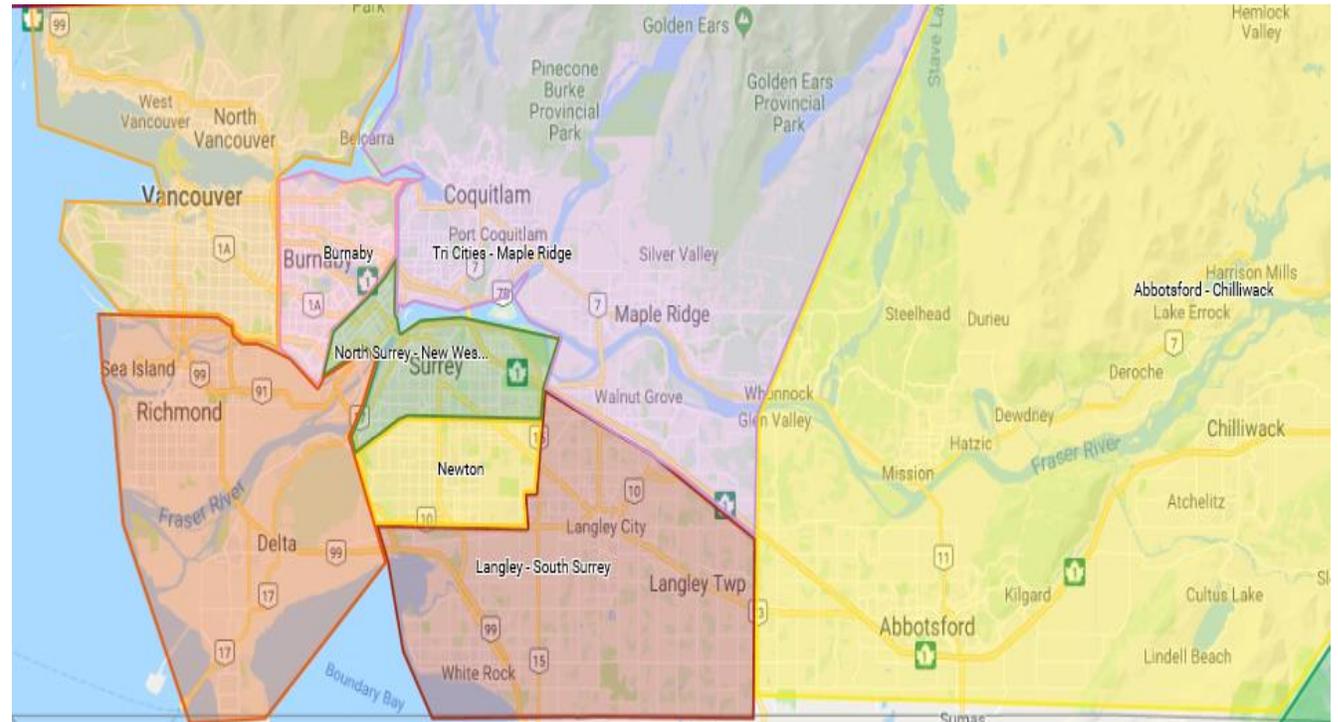


1

“Region” for SVA



Increase from current program.



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Regionalization – Outside Lower Mainland



Regionalization Design Factors

Customer Access:
Volume

Customer Access:
Convenience

Shop Fairness

Shop Density

Regional Comparability

Recognizes that shops in larger cities outside the Lower Mainland share similar conditions, so are grouped together in their own geographic regions. The predominantly rural areas are separate regions.



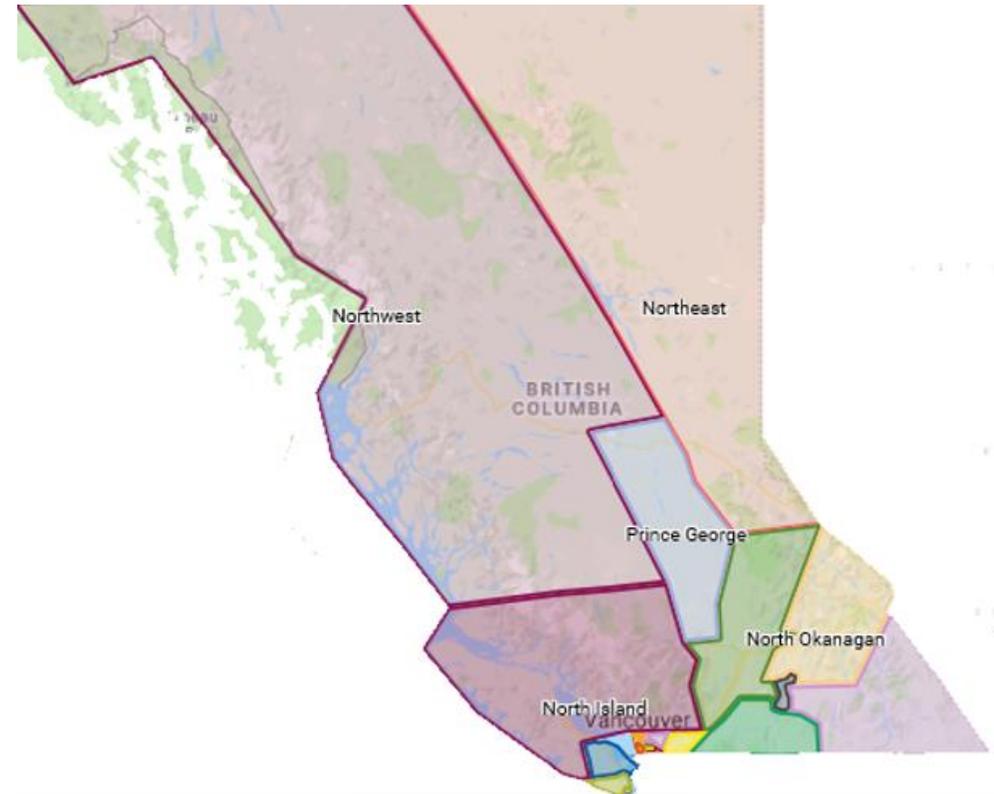
5 Other Large Cities in BC



6 Predominantly Rural Areas



Increase from current program.



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Minimum Program Requirements – Equipment & Training

Equipment

- MIG/MAG welder
- Resistance Spot Welder (STRSW)
- Pulse MIG welder
- Dedicated universal fixture system, straightening rack, or bench
- Simultaneous, three-dimensional, electronic vehicle measuring system
- Diagnostic scan tool
- Proof of calibrations

Training

- I-CAR Gold Class
- Trade qualifications
- OEM repair procedures
- Proof of training in Silicon Bronze MIG
- Proof of technical training for measuring systems
- Proof of product training for refinishing systems

National Third Party & Manufacturer Certification Programs

- ICBC would accept certification programs that meet ICBC's minimum requirements for application and renewal purposes
- ICBC would not promote any certification programs
- ICBC would verify requirements if the shop does not have a certification

Key Performance Metrics

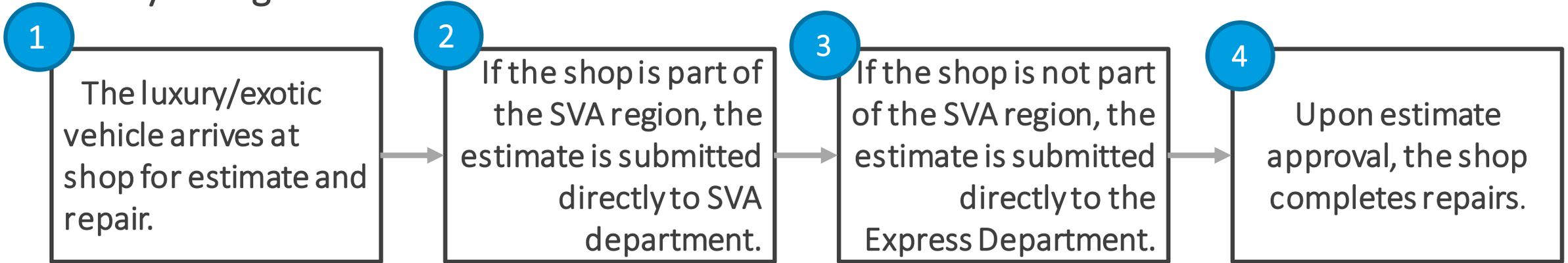


Estimatics	Performance metrics based on industry standards relating to estimating and repairing a vehicle. In particular, the writing, supplementing, and submitting of an accurate estimate by a repair facility.	Lower than current program
Cycle Time	Cycle time, rental costs, and ATS usage for an average estimate. Report on the length of various stages of a repair.	Higher than current program
Quality Assurance	Scores from reviews ensuring that the estimates submitted by a repair facility are up to the agreed-upon standards as set out by ICBC.	Highest weighting relative to other KPMs
Customer Experience	Performance metrics based on industry standards relating to the repair facility's ability to provide appropriate levels of customer experience.	Higher than current program

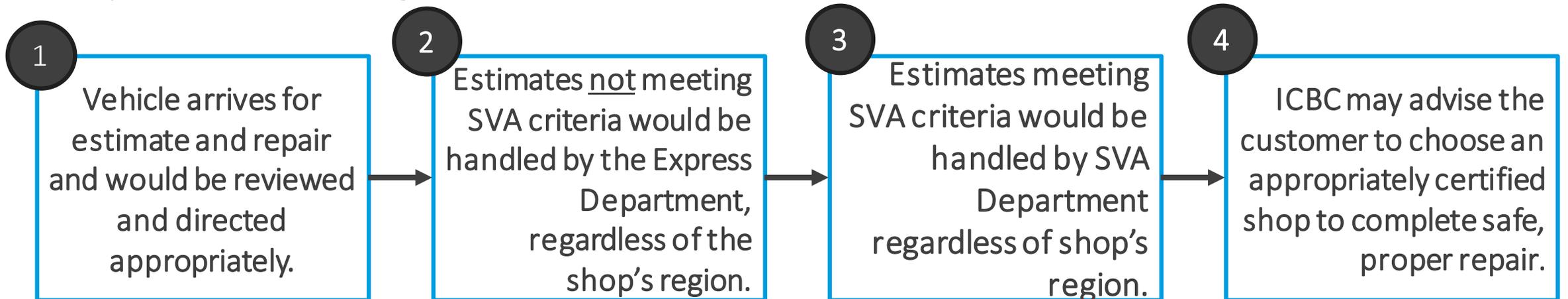
Specialty Vehicle Appraisals (SVA)



Today's Program



Proposed Future Program

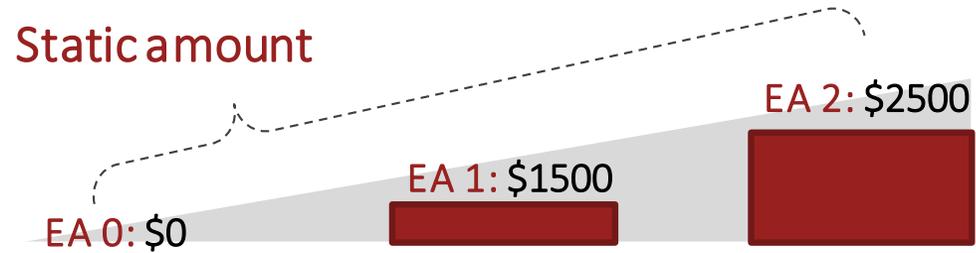


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Earned Authority (EA) - Review Threshold



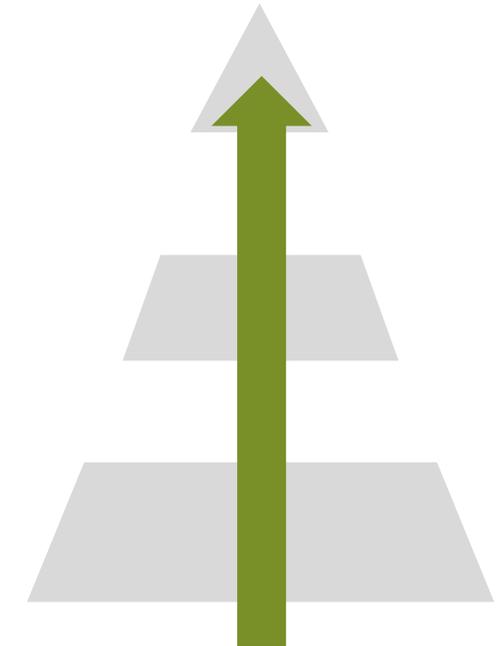
Earned Authority - Current Program



- One opportunity to submit estimate under EA.
- Achieved by reaching KPI targets.
- Shops maintain EA 1 if KPIs fall below threshold.

Review Threshold – Future Program

- Greater autonomy provided to higher tiers.
- Amounts are cumulative, and multiple estimate versions can be submitted.
- Increases accountability.



Amounts vary and are dynamic

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Quality Assurance (QA)



- File speaks for itself: shop accountability
- Shift from Front to Back-End
- New Form
- Replaces Drop-in Visit
- 20% Judgment Time removed
- Dispute Mechanism
- Individual Results & Reporting Available for Shops

Performance Management



- Performance Review
- Supplier Conduct Committee
- Sanctions

Next Steps

- Conduct road shows to gather business partner feedback and input
- Review business partner feedback and potential refinements with IACs
- Report findings to Industry
- Finalize program
- Program **start date** will depend on:
 - finalizing the program,
 - implementing the people, process and technology changes required to support the program design.

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Information Resources



MD Business Partners Page

<https://www.icbc.com/partners/material-damage/changes-supplier-programs>

[program redesign enquiry form](#) located on MD Business Partners page

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