Auto Physical Damage

AI and Emerging Technology's Impact on Auto Claims

April 2, 2024
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Auto insurers are facing unprecedented challenges this year as they try to balance the rising cost of claims with their commitment to making policyholders whole after a loss. In response, many are investing in artificial intelligence (AI) and other new technologies to both automate and accelerate the claims process.

In this edition of Executive Insights, Mitchell's Jack Rozint, senior vice president of repair sales, and Olivier Baudoux, senior vice president of global product strategy and AI, discuss how the latest technology is transforming the industry and what new opportunities it creates.

How is technology helping auto insurers and collision repairers address current challenges and meet consumer expectations for a digital claims experience?

Jack Rozint (JR): Consumers are looking for flexibility, speed and a seamless process, from first notice of loss to claims resolution. They don't want to hear their car is delayed because of a parts issue, and then separately have to contact the rental company to see if they have coverage for additional rental days. They want all parties — rental provider, parts supplier, insurer and shop — working together behind the scenes.

To do that, the technology used should be in the cloud. Cloud technologies can interconnect, be mobile-friendly and share information in a way that delivers the digital experience consumers expect. Providers that partner well can also perform this type of data sharing, resulting in a more streamlined claims process.

Olivier Baudoux (OB): As Jack mentioned, consumers want to resolve their auto insurance claim quickly and efficiently. Technology is helping to make that happen through the development of new and improved self-service solutions. Examples of these solutions include a more advanced and guided first notice of loss process with better photo and video capture capabilities to collect all necessary artifacts beginning at the accident location. During the vehicle repair, ongoing status notifications can help shops and insurers collaborate better while keeping consumers informed.

On the back end, technology plays a key role in reducing cycle time and improving customer satisfaction. This starts by routing the collision-damaged vehicle through the right process and to the right shop. It also involves supporting that shop in its delivery of a proper and safe repair with cloud-based and device-agnostic solutions. These solutions can, for example, allow technicians to easily scan and calibrate the vehicle in-house, automatically determine which calibrations are recommended by the manufacturer and surface critical vehicle information on demand during the repair.

There are many additional opportunities to leverage technology and improve integrations with industry partners like towing and rental car companies. This could expedite the dispatch of the tow truck and ensure rental car readiness. It could also provide quick access to parts availability and allow parts to be pre-ordered.

Over the last several years, the use of AI in the claims process has gone from novelty to necessity. What new opportunities does AI provide carriers and repairers?

JR: From the collision repair perspective, there is some concern about these new technologies and what they might mean to the industry. In the case of AI, repairers are concerned about receiving incomplete estimates that consumers believe are representative of the final repair cost. They're also concerned that the use of AI and automation will take dollars off the estimate without giving them the ability to interact with adjusters as they do today.

However, I see a lot of opportunities with AI. As a repairer, to have a preliminary estimate and the photos delivered to my computer screen as I'm talking to that customer for the first time can help me understand the extent of the damage. It can also give me an indication of how long the car will be in the shop and what kind of skills are needed to repair it so that I can intelligently discuss scheduling — getting the customer in at the right time to provide the best possible service.

Since AI incorporates so much data and historical estimate information, it can remove the subjectivity that we see between human appraisers, returning a more consistent answer every time.

OB: Ultimately, AI will be leveraged throughout the claims process and across all our applications. Mitchell was the first in our industry to introduce an advanced, AI-enabled claims automation solution built on a truly open platform. This platform provides customers with flexibility and scalability by giving them a choice of AI providers including Mitchell's most-respected computer vision models along with those from industry-leading, third-party providers.

Over the last several years, Mitchell's primary focus has been on leveraging AI to automate estimate creation and review as well as triage claims. However, there are many more opportunities to use the technology to automate the partial and total loss process by:

- Augmenting the appraiser experience as the estimate is written
- Assisting consumers with gathering information for their claim or making more informed decisions on vehicle repair

- Supporting technicians during the repair process by surfacing important OEM and vehicle data

What should insurance and collision repair executives consider before leveraging AI in their businesses?

JR: For collision repair executives, I recommend several things. First, work with a trusted provider — a company that you know and a brand you can rely on. There is a lot of discussion now about how AI can be misused. For that reason, you need assurance that your AI partner has measures in place to protect your business data.

Second, make sure the AI provider is knowledgeable about the industry. Auto insurance is a unique market in that there is a three-sided relationship between the vehicle owner, carrier and repair shop. Organizations that don't understand those dynamics have a difficult time developing solutions that make sense for the three sides of that triangle. Alternatively, companies that have been in this industry for a long time know and understand the intricacies of the business, making them better suited to be your technology provider.

Finally, I would look for an organization that has a history of partnering well. Technology providers have different philosophies and strategies. Some of them prefer to do everything within their own ecosystem and not share data. This can include not allowing customers full access to their own data.

Before making any technology decision, insurance and repair executives should look for a company that can be trusted, has experience in our industry and a track record of partnering well.

OB: I echo Jack's sentiments. It's important to work with mature and trusted organizations as well as validate the technology and its ability to deliver the results promised. There is a lot of hype surrounding AI, but you must balance that hype with reality and align your expectations with the current state of the technology. Carriers and repairers also need assurance that their data — and "secret sauce" — will be protected by whichever provider they choose.

Both auto insurers and collision repairers are struggling to retain top talent while navigating an aging workforce. How is the use of new technologies, including AI, helping to attract workers who may not have otherwise considered a career in this industry?

JR: Many of our repair partners have been successful in hiring diagnostic technicians who have never been inside a collision repair facility. These individuals are computer savvy and unafraid of advanced technology. They do very well as diagnostic technicians and excel in performing scans, calibrations and, in some cases, complex electronic repairs.

Technology has opened a new recruiting pool for the industry. As vehicles become more complex and increase their reliance on electronic systems and software, there will be even greater opportunity for these types of workers.

Also, since AI can assist with estimate generation, repair planning and production scheduling, less skilled, entry-level employees can contribute to effective shop operations — assisting with the labor shortage.

There is a whole generation that may not find straightening sheet metal very interesting. However, when you tell them they can work on a 2024 vehicle with a computer network that's more complex than an F-16 fighter jet, you get their attention.

OB: The delivery of proper and safe repairs requires specialized training and tools. As a result, it has become even more challenging to find employees with the right talent to return today's collision-damaged vehicles to the road. That said, the perception is changing due to the increased use of technology, and we now see collision

technicians recognized as experts in complex repairs performed on sophisticated automobiles.

AI and technology, in general, are rapidly shifting the way repair work is done, allowing technicians to focus on higher-value tasks and responsibilities. Without it, they could, for instance, waste several hours searching for vehicle repair information and still not be certain they have the most up-to-date OEM-certified procedure. With technology, though, this information is being compiled and surfaced automatically — allowing the technician to remain focused on delivering a proper and safe repair.



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