

BRIEFING NOTE



Third Party Assistance Deserves a Better Press

Achieving Better Results from TPA Demands New Attitudes and a Holistic Approach



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Third Party Intervention – or TP Assistance as it is now known – is often perceived to be the poor relation of the claims management market. Deployed primarily as a defence mechanism against the activities of credit hire companies and Personal Injury claims farmers, TPA is widely used but often seems to exist in a grey and murky world of seemingly embarrassing practices which are best kept under wrap.

Recent legal judgments in Copley v Lawn have not helped the situation and have served to heighten institutional wariness still further as the presiding judge sought to condemn insurer ‘cold calling’ as being almost akin to that of the double glazing salesman.

Of course, it is most often the credit hire companies and the PI claimant solicitors themselves that lead the cacophony of protest as TPA programmes threaten their very livelihood. The case for opposition to TPA is most often couched in the language of ‘fair representation’ of legitimate injury victims whom, it is thought, might be left ‘high and dry’ by malicious insurers intent only on seeking the cheapest possible settlement

Quality and Choice

Where is a policyholder likely to get the best service in a situation where they are deemed to be ‘not at fault’ for an accident.

Historically, we know only too well that the policyholder’s insurer had little interest in servicing their needs– hence the primary reason for the establishment and growth of the credit hire industry.

Latterly this has changed with the policyholder’s insurer now anxious to capture

and manage the non fault claimant. Except, of course, that this is not always in the name of altruism or even customer service but is driven instead by the desire of the insurer to earn an income from a credit hire company to whom they send the non fault referral.

There is nothing intrinsically wrong or immoral in this but it has to be admitted that the interests of the credit hire company are not always the same as those of the insurer and how many policyholders really understand the whole legal and liability basis of a credit hire contract?

So, the knowledgeable policyholder in possession of all the facts at the time of the incident might want to consider:-

- ◆ Average hire period of 10-12 days with a TPA programme versus an average 21-23 days under credit hire
- ◆ No personal financial exposure under TPA but quite onerous legal and financial implications under a credit hire contract
- ◆ Lower hire rates for replacement cars which means that premiums are kept lower than would otherwise be the case

Instead of being perceived and promoted (at least in the minds of the corporate purchasers of TPI programmes) as a defence mechanism against excessive claims costs TPA would be better positioned as an extension of the brand proposition of the at fault insurer and/or broker.

Whilst the Third Party is not officially a policyholder of the at fault insurer they are, nevertheless, a member of the insured community and as such they are deserving of the very best that the industry can offer - no

matter who provides those services. The policyholder should be drawn in to the insurance family and given the red carpet treatment

Positioning the Service

The priority of the policyholder is to secure the highest quality of service and claims management support with no regard being given to the cost. Faced with a choice of aftersales provider the customer will surely pick the provider that is perceived to offer the best combination of logistics, value and credibility .

TPA is an opportunity for the insurance industry to position itself as the front line supplier of trauma driven solutions no matter the liability, responsibility or intent (other than fraud). In other words, a combination of fault claims management, TPA and even pre approved non fault 'credit hire' is a fully integrated approach to meeting customers' needs. .

Had this approach existed in the 1980s insurers would have saved themselves hundreds of millions pounds in credit hire settlements.

Building a Balanced Scorecard

If a broader and more holistic approach to the positioning of TPA is to be taken this then leads inexorably to a new consideration of the effectiveness of the programmes being deployed. New measures that bring in additional elements over and above the financial gains to insurers need to be examined and understood

The Balanced Scorecard approach is a familiar concept from other areas of business and which could also have wide applications to measuring the effectiveness of TPA programmes.

Whilst financial gain for the insurer/fleet is always likely to remain paramount, there are other areas that could be added into the mix (see box below). The aim would be to bring TPA to the fore as simply another arm of 'claims management' and to reposition the offer in the eyes of the non fault policyholder

When will the day arrive that the service-led advertisement on TV (as opposed to the obsessive interest with price comparisons) will mention that 'XYZ insurer also looks after claimants who do not even have an XYZ insurance policy!'

TPA is a genuine success story that can be presented both across the industry and within each corporation as a 'win win' offer for both the policyholder and the insurer.

As to the issue of PI representation and potential conflicts? Simply refer any PI claim (on a round robin basis) captured from a Third Party to an independent panel of solicitors with a fixed fee agreement in place. Still room, perhaps, for pressure on the solicitors to settle cheaply but surely we already have enough regulations in place from the SRA, FSA and sundry other bodies to resolve any supposed (and largely imagined) conflicts of this type?

Gemini Vehicle Solutions provides Motor Claims Support services, including TPA, to insurers, brokers and professional intermediaries

BALANCED SCORECARD ELEMENTS...

What to include in a holistic assessment of TPA?

- ◆ Financial benefits to insurer/fleet and customer
- ◆ Financial benefits to the Third Party
- ◆ Logistics delivery
- ◆ PI management including independent settlement audits
- ◆ Customer perceptions of value & brand
- ◆ Future customer intentions (purchasing behaviours)
- ◆ Treating Customers Fairly

