



# ON TRACK

A  
Newsletter  
FOR THE  
*Auto Auction Industry*

02 Putting the Focus  
on the Policyholder

04 When it Comes to  
Claims, Customer  
Satisfaction is Job #1

05 What's New at IAA

Volume 3 | 2017

03 How have driver  
demographics  
changed?



# Putting the Focus on the Policyholder

As IAA continues to innovate and offer more technology-driven products and services that our insurance partners rely on to enhance the total loss claims process, I think it's a good time to take a moment to remember why we're doing this. Of course we want to help insurance providers reduce costs and eliminate inefficiencies, but the end goal will always be the same: make the total loss claims process as simple and painless as possible for the policyholder.

To better achieve this pursuit, we must first understand who the policyholder is. Generational shifts are having a direct impact on how business in every industry is conducted as Millennials are now the largest generation in the U.S. Expectations are changing, as we discuss in the first article of this edition of OnTrack. Being proactive rather than reactive is critical to sustained business success, especially in the insurance industry where new ways of doing things are providing policyholders with more choices than they have ever had.

In our second article, we look at trends in customer satisfaction and retention with regard to the total loss claims process. Nothing can replace exemplary service, and we examine some of the ways IAA has been able to help insurance providers speed up cycle times, keep the lines of communication open with policyholders and better enable a positive customer experience.

The customer must always be the top priority, and I'm proud of IAA's dedication to continually adapt to changing demands as time goes on. I'm excited for what the future brings and am confident in our ability to grow with our customers and deliver the products and services that the market wants and needs.

Regards,




JOHN  
KETT

Chief Executive Officer and President

## GREETINGS

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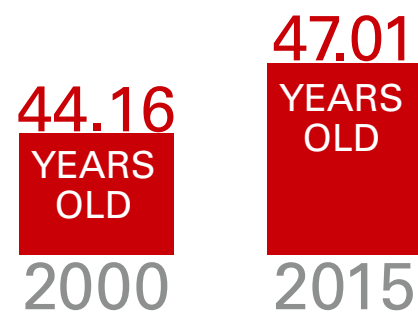
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# How have driver demographics changed?

As Millennials are growing to be the most populous generation in the United States, you may think that they're taking up a larger section of the policyholder pool, as well. But not so fast – the data may say otherwise.

## The Breakdown

In fact, the data quite clearly shows that the average driver is getting older. The average age of all licensed drivers in 2000 was 44.16 years old, and jumped 6.5% higher in 2015 to 47.01 years old. Why is this? Analysts think the aging driver population stems from the Baby Boomer generation getting older coupled with a longer life expectancy.



On the other hand, when you look at teenagers as a percentage of licensed drivers, that number dropped a whopping 23.87% from 2000 to 2015, from 5.39% of the driver demographic to 4.01%. As for Millennials – classified as those born between 1981 and 2000 – analysts expect them to obtain more licenses as they head into their 30s, but it's also true that this generation has lower overall driver licensing rates than previous generations.

Cultural changes – from the ubiquity of smartphones and ridesharing apps to overprotective parents – likely impact these statistics, but experts are waiting for this generation to age before making broad assumptions.

## The Concern

So what does this mean for insurance carriers? Fear not – it's likely that the increasing number of aging drivers offsets the drop in younger drivers.

But the interesting thing is that statistically, those most likely to be involved in a total loss accident are teenage drivers, with crash involvement decreasing steadily as they get older and increasing somewhat as people reach the 60-69 age range.

In other words, the age that the Baby Boomer generation encompasses, or will quickly reach. Theoretically, the two groups of customers that insurance carriers have to serve most often are very different culturally, and may have wildly varying expectations of customer service.

## The Solution?

We've written many times about the importance of adapting to the current technological climate. It's important to keep up with modern needs, but it's easy to lose sight of what your customers value. Considering the biggest group of policyholders is from the Baby Boomer generation, would they be as open to using digital interfaces and self-service solutions? But younger drivers also have higher premiums – should you cater to their needs to better offset those costs?

What's most clear to us is that the more things change, the more things stay the same. This can seem like an impossible problem, but there's one thing that unites all policyholders. According to the [J.D. Power 2016 U.S. Auto Claims Satisfaction Study](#), it becomes clear – what customers appreciate, of course, is customer service. Read the next article to find out how to best utilize this insight.



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# When it Comes to Claims, Customer Satisfaction is Job #1

You've heard the old adage, "The customer is always right." While that's not necessarily the case in every situation, the underlying message is that generally a happy customer is a loyal customer; and a loyal customer is good for business.

For any business, customer satisfaction is important, but perhaps none more so than in the insurance industry. [The J.D. Power 2016 U.S. Auto Claims Satisfaction Study](#) revealed a great deal about the modern auto insurance customer, and to no surprise, an unhappy policyholder is extremely likely to find a new carrier.

Why? Well, certainly premium cost is a factor, but there's a public acceptance – or at least understanding – of reasonable premium increases. When it's all said and done, the primary catalyst in policyholder satisfaction is quality of service.

From a bare-bones perspective, a customer will define quality service as something that makes their lives easier. A dissatisfied policyholder is likely unhappy because the claim process either took too long or they didn't feel like they were kept in the loop after first notice of loss (FNOL).

For example, based on a 1,000-point scale, the 2016 study showed that "overall customer satisfaction is 882 when a policyholder's agent files the claim, but slips to 858 when the customer is transferred to a call center and falls even further to 824 when they are instructed to contact the call center."

Additionally, highly satisfied customers are far more likely to renew (84% "definitely will") and refer friends to their insurer (83% "definitely will"). On the other hand, it's no surprise that only 12% of dissatisfied customers definitely will renew, and just 7% would definitely recommend the insurer.

Ensuring policyholder satisfaction is a significant challenge for insurance carriers, but fortunately, with the right partnerships and technology, this challenge can be quite manageable.

Regarding cycle time, high claims volume contributes to a backlog that slows things down considerably. There are many steps in the claims process, and call-center representatives and claims adjusters can only move so quickly. The delays lead to dissatisfaction.

It's not just about completing tasks more quickly. It's about accuracy and reducing time-consuming error remediation through better, and more efficient, processes. It's about eliminating logistical steps that don't make sense and only contribute to wasted time. It's about making it easier to get paperwork completed in good order. It's about transparency and allowing the policyholder to see their claim status throughout. All of these things have to come together to produce a truly extraordinary customer experience.

The good news is, this kind of next-level claims handling exists with [IAA Total Loss Solutions](#)®. Taking IAA beyond the salvage auction solution, IAA Total Loss Solutions is a suite of products and services that some of the nation's top insurers count on to drive a greater efficiency from FNOL to total loss claim while reducing costs and increasing customer satisfaction.

IAA Loss Advisor™ helps carriers more quickly determine if a vehicle is a candidate for total loss, while IAA Inspection Services® provides a technology-based system for remote vehicle inspections and appraisals without sacrificing accuracy. There's less transporting vehicles from Point A to Point B to Point C and less time spent waiting on appraisers to work claims into their schedules.



IAA Total Loss Solutions is a suite of products and services that some of the nation's top insurers count on to drive a greater efficiency from FNOL to settlement while reducing costs and increasing customer satisfaction.

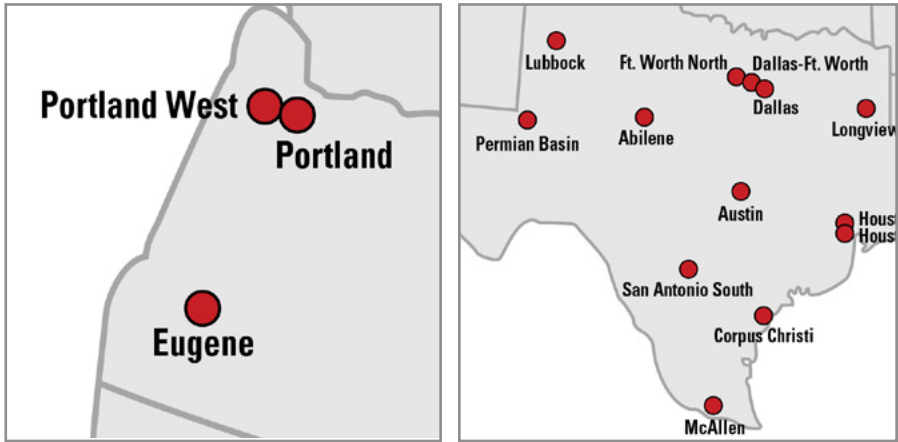
For all the documentation, there's IAA Title Procurement™ and IAA Title Solutions™, which give carriers a collection of services and a full-service procurement team to support every part of the total loss settlement process.

And to help policyholders keep up with claims statuses, MyVehicleClaim.com delivers a self-service solution that offers the vehicle owner full transparency into a total loss claim.

It's natural for any insurance provider to face customer dissatisfaction and churn, but there are ways to meet these challenges head on and perform beyond a policyholder's expectations. Providing exceptional service from FNOL to settlement isn't an unattainable ideal, but to be able to do so, it is paramount to form the right partnerships and be able to deliver a high-quality claims experience that makes the entire process as painless as possible for the customer.

# What's New at IAA

From expanding our services to networking with peers in the industry to responding in times of weather-related crises, everyone at IAA stays busy. Here's what we've been up to.



## Announcing Our Newest Branches

IAA is proud to announce the grand opening of IAA Portland West, and the scheduled November opening of a new branch location near Ft. Worth, Texas. The Portland branch will support IAA's commitment to better serve our buyers in the Pacific Northwest through a state-of-the-art facility designed with a large indoor bay space to accommodate the area's frequent inclement weather. The Ft. Worth branch will continue to support IAA's environmental philosophy through the implementation of enhanced sustainability features. [See the press releases.](#)



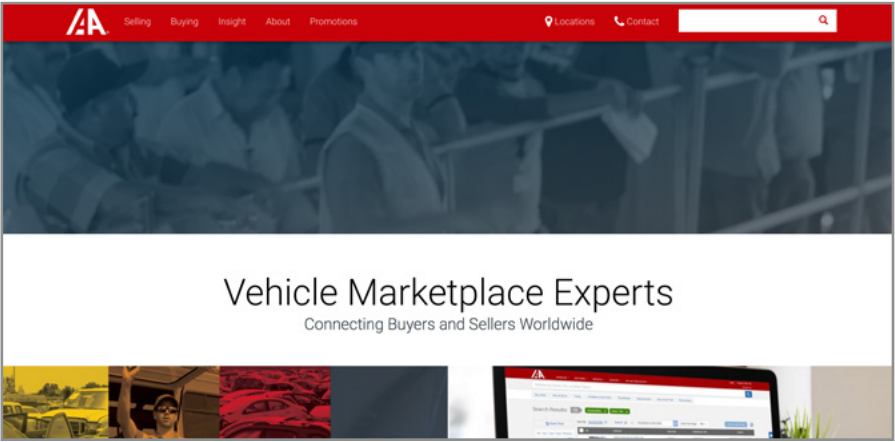
## IAA Proud to Support TAG Tuesday

IAA was proud to once again sponsor SkillsUSA's TAG Tuesday Delegate Training Program this summer. IAA remains dedicated to helping students develop the leadership, teamwork and networking skills that will guide them in their future careers. We are honored to play a role in the skills training and wish all of the students continued success. [Learn more about IAA's commitment to the communities we're in.](#)

UPDATES

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