


A vertical dotted line runs through the center of the page. It features a downward-pointing arrowhead at the top and an upward-pointing arrowhead at the bottom. On the left side, there are two horizontal dotted lines, each ending in a right-pointing arrowhead. These lines intersect the vertical line, creating a crosshair-like graphic that frames the central text.

## PRIMARY ACCIDENT TOWS

A solid blue circle is located in the lower right quadrant of the page. It contains the text 'A KEY WEAPON TO COMBAT CLAIMS SEVERITY' in white, uppercase letters. The circle is semi-transparent, allowing the background image of the tow truck to be visible through it.

A KEY WEAPON  
TO COMBAT  
CLAIMS SEVERITY

## WHY READ THIS PAPER?

This paper makes the argument that Primary Tows are potentially one of the best tools to help insurers offset rising accident claim severity. It demonstrates that tows from the accident scene, when combined with best-practice accident management providers, offer a substantial opportunity for insurers to reduce claims by \$500-800 per event while still delivering customer satisfaction. It also provides guidelines on what to look for in a Primary Tow Provider partner.

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Over the past several years, insurers have been prompted to raise personal auto premiums in order to address significant increases in both claims frequency and severity since 2010 – with limited success. Although severity has remained relatively flat, it is not anticipated to decline in the near term.

For a claims organization, this trend reflects an increased focus on addressing severity. Claims organizations should consider proven tools to help fight rising severity beyond appraisal and repair and should also consider the value and impact of primary tows.

FREQUENCY AND SERVERITY (PERSONAL LINES COLLISION)

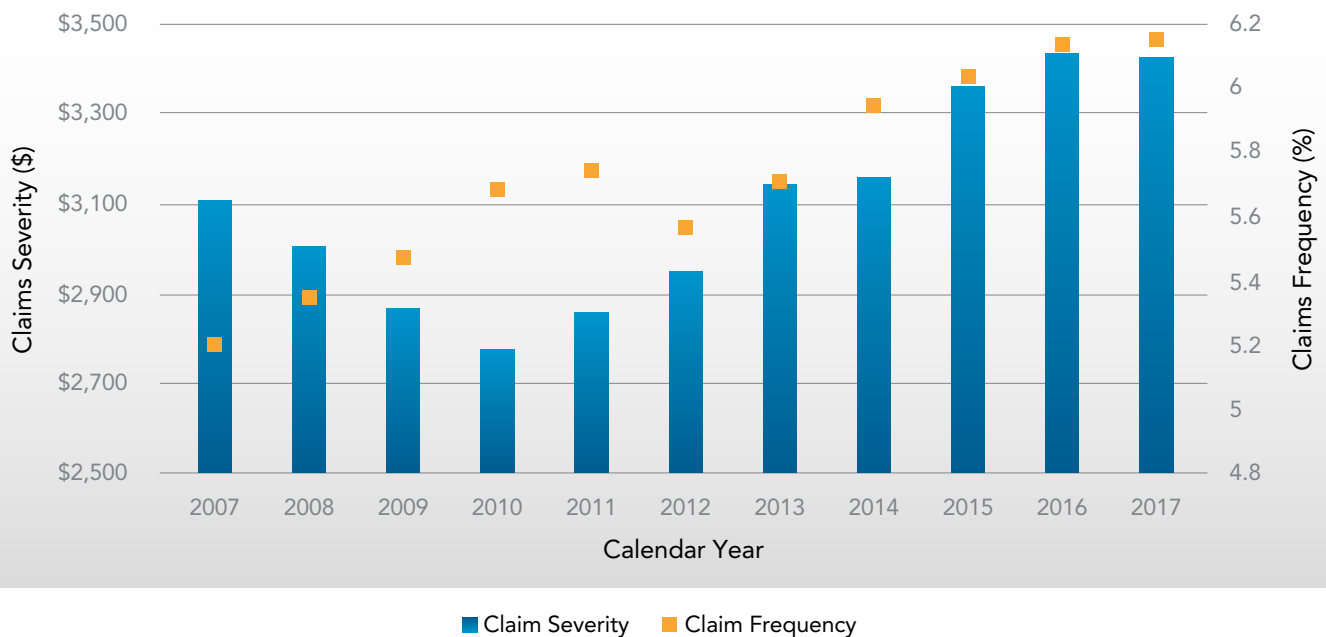


Figure: 2013 onwards observed significant rise in auto claims frequency and severity<sup>1</sup>

## WHAT IS A PRIMARY TOW?

One of the weapons for fighting rising auto claims severity is the primary tow from the accident scene. Insurers request this service once they have secured the FNOL at the accident scene and verified that the policyholder has the appropriate COMP/COLL coverage. The request is made directly through roadside assistance companies such as Agero. A primary tow typically utilizes a specialized network of towers equipped and experienced in handling the complexity of securing a non-drivable vehicle from the accident scene.

This specialized network of towers is distinct from traditional roadside networks because there is a need for urgency and flexibility when primary tows are involved. The circumstances of the accident, or the degree of damage to the vehicle (e.g., wheels are damaged and don't roll, vehicle body is mangled, etc.) may not be fully known when a service provider is dispatched to the scene. Additionally, there are different performance metrics than traditional roadside services. For example, vehicle capture rate is an important measure for insurers to understand the efficacy of the service and to avoid secondary tows.

## WHY ARE PRIMARY TOWS IMPORTANT?

Successfully securing a vehicle from the accident scene has several financial benefits and improves the policyholder experience. To appreciate these benefits, consider what happens when a vehicle is *not* captured at the accident scene by a primary tow service provider. Instead, the vehicle is captured by a municipal tower and taken to a storage lot. On average, these vehicles sit in storage for four to six days<sup>2</sup>. During this time the claim is accruing costs ranging from the storage/release fees to the eventual secondary tow to transport the vehicle to the proper repair facility.

### Financial Benefits



Storage/inbound fees



Rental cost during the storage period



Secondary tow



DRP utilization



Adjuster's time and effort



Ability to subrogate sooner and more effectively

Depending on the insurer these costs can range from \$500-800 or 15-23% of the average collision claim<sup>3</sup>. This is a sizeable opportunity to reduce claim severity.

### Claims Experience

Claims service is the top driver of overall customer satisfaction and faster claims processing time is correlated with customer satisfaction. According to J.D. Power, the two-thirds of customers whose vehicles were fixed and returned within 14 days have a satisfaction average of 843

on a 1,000-point scale. However, satisfaction with the claims process declined by 71 points among the 36% of customers who had to wait longer than two weeks for their vehicle to be repaired.<sup>4</sup>

Successfully capturing the vehicle lowers the claim cycle time by four to six days<sup>2</sup>. This results in a faster end-to-end claim and helps improve the customer experience.

Consider the detractor experience: The FNOL is not taken at the accident scene, which immediately slows down the claims process. The adjuster is now focused on finding the vehicle and determining how to release the vehicle. This is time that could otherwise be spent on appraising the vehicle and initiating the repair. According to a Certified Collateral Corporation (CCC) study, non-drivable vehicles had a total “keys to keys” (from drop-off to repaired vehicle pickup) cycle of 17.4 days in 2017, compared to 7.8 days for drivable vehicles.<sup>5</sup>

## WHAT TO LOOK FOR IN A PRIMARY TOWER VENDOR?

To truly manage and impact auto claims severity – and to help reduce cost and unlock opportunities in the claims value stream – selecting the right primary tow partner will be critical. This relationship is one of partnership, rather than one of outsourcing – and should not be purely a procurement exercise. Choose the partner that understands your claim objectives and processes, and your desired policyholder experience.

### Key characteristics to look for:

- **PROCESSES TO GET SPECIFICS** on the severity and nature of the accident to the primary tow service providers so they capture the vehicle effectively and efficiently. Accident scene recoveries are more complex than roadside events since policyholders must provide the right details to the FNOL taker, who then relays to the tow dispatcher. This level of detail goes deeper than what may be required at the FNOL, but is of importance to a service provider. An example is the *precise* location of the vehicle, not the *relative* location typically obtained in an FNOL. The right partner will have the right tools and processes to obtain this information and relay it effectively to the service provider to avoid missing capture of the vehicle.
- **INSIGHT INTO ACCIDENT TOW DATA** in order to understand when, and at what frequency, service providers require special equipment to control costs. For example, in non-drivable accidents, the vehicle’s axle may be broken, resulting in a non-rolling scenario – service providers will require dollies approximately 14% of the time to address these occurrences.<sup>6</sup>
- **MEASURES AND CONTROLS** to ensure that the captured vehicle is consistently delivered to a preferred shop in the insurer’s network. Look for workflows and interfaces with insurers to control destination changes and confirm that each vehicle has been delivered at the approved destination. Additionally, because accidents happen 24/7, the right partner can manage the process even when the shop is not open in a manner that helps the insurer manage loss cost.
- **SCALE TO SUPPORT CLAIMS FREQUENCY DEMANDS** across the insurer’s geographic regions and the capability to service the broad base of policyholder vehicles (e.g., the ability to coordinate light, medium and heavy-duty primary tows for truck-heavy book).

Unless technology is available to automate the FNOL from the accident scene, the majority of FNOLs will still be reported after the loss. This means that more vehicles are likely to end up in an impound or storage lot. This introduces a major pain point for the insurer – negotiating the release of the vehicle from a storage lot requires significant knowledge about local regulations, processes and market rates. Look for a partner with expertise in securing a release and ensuring the subsequent delivery of the vehicle to the desired destination (i.e. secondary tow), with the ability to scale according to the needs of your policyholder base.

“UNLESS TECHNOLOGY IS AVAILABLE TO AUTOMATE THE FNOL FROM THE ACCIDENT SCENE, THE MAJORITY OF FNOLS WILL STILL BE REPORTED AFTER THE LOSS.”



## IN CONCLUSION

Primary tows provide insurers with a considerable opportunity to reduce auto claims severity by \$500-800 per event, and to improve customer satisfaction with the claims experience due to the reduced cycle time resulting from capturing the vehicle at the accident scene. However, it's important to note that primary tows are a much more complex service to deliver than traditional roadside service. Insurers should look for partners with expertise in primary tows and in secondary tows since the need to release the vehicle is not likely to go away until the FNOL can be automated from the accident scene.

“PRIMARY TOWS  
PROVIDE INSURERS  
WITH A CONSIDERABLE  
OPPORTUNITY TO  
REDUCE AUTO CLAIMS  
SEVERITY BY \$500-800  
PER EVENT”



## ABOUT THE AUTHORS

### **Luis Quiroga, VP Product Strategy & Marketing**

Luis is a leader in Agero's product and marketing organization who is responsible for shaping Agero's value proposition and product strategy at the accident scene with the Driver360® mobile telematics platform and the Accident Management service line. He is a staunch believer in Agero's focus to save lives and is working closely with clients to bring to market crash detection and crash response services.

### **Mubbin Rabbani, Sr. Director Product Management**

Mubbin is Agero's business owner for the Accident Management product offering, responsible for delivering innovative solutions that address critical financial levers in the auto claims value chain. He comes from a P&C background, and is passionate about the intersection of process technology and organizational enablement of the claims experience.

## ABOUT AGERO

Agero's mission is to safeguard consumers on the road through a unique combination of platform intelligence and human powered solutions, strengthening our clients' relationships with their drivers. We are a leading provider of driving solutions, including roadside assistance, accident management, consumer affairs and telematics. The company protects 115 million drivers in partnership with leading automobile manufacturers, insurance carriers and other diversified clients. Managing one of the largest national networks of service providers, Agero responds to more than 12 million requests annually for assistance. Agero, a member company of The Cross Country Group, is headquartered in Medford, MA, with operations throughout North America. To learn more, visit [www.agero.com](http://www.agero.com) and follow on Twitter [@AgeroNews](https://twitter.com/AgeroNews).

### References

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- <sup>2</sup> 2007 Average Days of Storage, Agero internal data
- <sup>3</sup> Based on the average collision claim severity of \$3,435 in 2016 according to iii.org  
[https://www.iii.org/fact-statistic/facts-statistics-auto-insurance#Private Passenger Auto Insurance Losses, 2007-2016 \(1\)](https://www.iii.org/fact-statistic/facts-statistics-auto-insurance#Private%20Passenger%20Auto%20Insurance%20Losses,%202007-2016(1))
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<http://www.jdpower.com/resource/jd-power-us-auto-claims-satisfaction-study>
- <sup>5</sup> CCC Information Services, 2017 Crash Course  
[http://www.cccis.com/wp-content/uploads/2018/03/2018-Crash-Course\\_v4.pdf](http://www.cccis.com/wp-content/uploads/2018/03/2018-Crash-Course_v4.pdf)
- <sup>6</sup> 2013-2018 Average Dolly service frequency across dispatches, Agero internal data



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