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# Vehicle hire: What is best practice for today's insurance market?



A positive customer experience is never more important than at the point of claim and following best practice in replacement car hire can create this



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**T**he insurance market of the 21st century is one of little compromise. The customer wants a high-quality service, but at a competitive price. The expectation of a positive customer experience is never higher than when it comes to claims. Customer empathy is paramount – and the replacement vehicle experience is absolutely integral to the process, needing to be efficient and hassle-free for the policyholder.

Insurers, therefore, need a supply chain that shares the same values and ethos as their own brand. When it comes to replacement vehicle hire, it's important to find a partner that demonstrates the best practice. But what does that mean?

Replacement vehicle best practice should encompass several aspects.

First, there should be complete transparency in how the customer is treated: the vehicle hire company reports on all customer experiences including satisfaction.

Transparent management information should also help insurers understand what their customers need.

The vehicle supplied should be the vehicle booked. Vehicle hire companies should not subsidise the price to the insurer by upselling to the consumer.

It is also important vehicle hire companies don't have conflicting interests – for example, credit hire offerings that actually end up costing insurers three or four times more than they should.

The customer should experience the least inconvenience. Delivery and

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< 29 collection to their door should be a standard part of the service.

Finally, wider mobility solutions should be part of the replacement vehicle offering; another car isn't always what's needed.

## Focus on customer mobility

Customer mobility is key in the motor insurance claims process. Get the customer mobile as quickly as possible. Enable them to continue their life regardless of the fact that their vehicle has been put out of commission as a result of an accident and they could well feel that bit more loyal to the insurer.

Customers shouldn't have to make their own way to rental location to pick up a car or be taken to the location before they can get on their way. A vehicle delivered to their front door – at home, work or the bodyshop – at a time pre-arranged with them should be the service expected.

Insurers need to ask if the policyholder is getting a vehicle that feels of the same quality as their own, or even better, again enhancing the customer experience.

The replacement car experience should also mirror the insurer brand experience. And that means empowering the customer to control the claims process.

Self-service apps are already being adopted for the arrangement of repairs, putting the customer in the driving seat rather than waiting for busy contact centres to do the organising for them. Replacement vehicles can be organised in the same way.

## The right solution for the customer

Of course, for many policyholders, having a replacement vehicle is exactly what they need. But does that necessarily fit with what the customer needs and wants in today's day and age? For those living in rural and remote locations, a personal vehicle is essential. But people living in towns and cities may actually

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prefer simply to be able to access a vehicle just when they need it.

With new technologies giving policyholders access to vehicles via smartphone and membership cards, combined with a more receptive consumer attitude to the sharing economy, smart thinking insurers could be introducing a whole new dimension to the claims process. With a multimodal platform, the insurer could even provide access to a range of mobility solutions, including public transport, taxis and even motorbikes, rather than the all-or-nothing of car hire.

This service could also be offered to the 'not at fault' driver in a car accident.

Third-party assistance is unquestionably an area of the motor claims process that has caused much debate over the years. Every insurer knows that 'capturing' the innocent third party in a claim goes to the heart of managing costs. But, in the past, there have been concerns that some less reputable insurers' practices weren't necessarily in the best interests of the 'not at fault' motorist.

The Association of British Insurers' Code of Conduct for how to treat the 'not at fault' in a road traffic accident identified the need to be transparent in what is being offered to a third party and what their options are. Since its implementation, insurers have examined the Code of Conduct to identify how they can improve the experience for both their own policyholder and the

innocent third party. And one area that has received particular focus is the replacement vehicle provision.

Being able to tackle the provision of a replacement vehicle as an integral part of the third-party assistance not only plays a fundamental role in reducing the 'at fault' insurer's costs, but also provides the opportunity to create a positive experience with the 'not at fault' motorist. And this could potentially enhance customer acquisition in the future. It is crucial, therefore, that the replacement vehicle experience is efficient and hassle-free, as well as being financially equitable.

## Transparency and clarity

The final piece in the jigsaw is tackling the age-old issue of calculating basic hire rates. A big bugbear when processing credit-hire claims is how both sides of the claim calculate the basic hire rate for a replacement vehicle following an accident. At the heart of the friction is the lack of clarity, transparency and accuracy that both parties perceive in the rates presented.

Is the rate quoted that of the day the quote is requested or actually the day of the accident? Is the rate for a vehicle that is commensurate with the policyholder's normal vehicle? Was the vehicle available on the day it was required? This friction has the potential to impact on the overall customer experience, to the detriment of longer term customer retention – and might lead to unnecessary litigation.

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