cccUpFront

Spring/Summer 2004

Buckling down on safety.

Building a Better Wheel ▮ Airbag Safety ▮ Industry Trends ▮ Thinking Inside the Box ▮ ABRA and Safety ▮ Driver Safety ▮ Safer Businesses ▮ Focus on Claims Automation

industry insights

BY GITHESH RAMAMURTHY

Safety.

Whether we realize it or not, we do something on a daily basis that creates a safer environment—for ourselves and the people around us. Each of us takes measured steps to stay safe. Maybe it's putting on a mask before entering the paint booth at work, enabling traction control during inclement weather or securely buckling the kids in their car seats.

Colleagues in and around the industry agree that safety remains incredibly important and must continue to be analyzed. This concern is reflected in this edition of CCC UpFront, which provides a look at the past, present and future of auto safety.

Looking at it from a historical perspective, driving an automobile that is not equipped with something like seatbelts seems, at best, like an incredibly risky proposition. It is hard to imagine, but it took a lot of research and buy-in to get seatbelts put into autos. As you will read in the following pages, such a simple thing as buckling up has resulted in countless saved lives and visits to the hospital. The same can be said for airbags.

So, what will be the next step in safety? Maybe it hasn't been developed or is in its infancy. But with technology serving as the catalyst for industry innovation, the potential exists for something new to come to the fore—something on par with seatbelts and airbags.

One thing is for sure: In the pursuit of safety, each innovation is born out of accurate data. With this in hand, the data provides a proverbial playbook to make a safer vehicle and, ultimately, a safer environment. We hope that reading the following articles will keep you thinking about safety and build on the momentum we as an industry have helped to create.

Here's to an increasingly safe summer.

Githesh Ramamurthy
Chairman and CEO

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introduction

BY JIM DICKENS

Welcome to the Spring/Summer 2004 edition of *CCC UpFront*.

Our last issue featured an in-depth look at regulation and legislation in the collision repair industry. Our goal was to keep you up-to-date on what's happening on this extremely active front.

In this issue, we explore another extremely timely topic—safety. June is National Safety Month and The National Safety Council announced the month-long initiative "Crash Free June" to change the driver behavior that leads to crashes. But "safety" encompasses much more than driver behavior. That's why *CCC UpFront* is taking a broader look at the subject of safety and what it means for the collision repair industry, our individual businesses and consumers.

I had the opportunity to explore some of the impressive advances our industry is experiencing regarding the use of event data recorders. By combining new information technology with basic scientific principles, the industry is now able to capture and manage data in a way that brings new efficiencies to the claims process and helps OEMs build safer vehicles.

We would be remiss if we didn't take a close look at the airbag. CCC's Director of Regulating Affairs, Mike Barber, reviews ongoing state and federal legislation regarding the service and installation of airbags. Karoline Obora's article highlights how a groundbreaking airbag safety initiative—driven by access to accurate data—is playing a significant role in the development of advanced airbag systems. Obora talked with Nationwide Insurance and the National Transportation Safety Administration (NHTSA), two primary stakeholders in the process.

A guest article featuring NHTSA Administrator Jeffrey Runge, MD, shows how the ability of changing two common-sense driving behaviors has vastly improved motorist safety.

We then turn the spotlight on how the industry can build safer workplaces. Recent statistics show that safer workplaces are directly linked to more successful businesses. John Harris' contribution discusses the benefits of a safer workplace, and includes expert commentary from the Occupational Safety and Health Administration and others.

I hope you enjoy the issue and find it useful. I'll close with my usual request that you share any questions or comments with us at cccupfront@cccis.com. Your feedback is helpful and gives us ideas for future issues and articles.

Best regards,

Jim Dickens
Editor-in-Chief

what's inside

Features

Departments and Columns

BY KAROLINE OBORA

Building a Better Wheel. Development of new airbag system benefits from data, relationships

Nationwide On Your Side℠

NHTSA People Saving People http://www.nhtsa.dot.gov

Breakthroughs in technology continue to make driving a much safer pursuit. Devices once considered a premium option on cars, such as traction control, anti-lock brakes and airbags, are making their way into virtually every segment of the vehicle market. While each of these devices continues to be retooled for better application, the airbag is in a seemingly constant evolutionary state, popping up—literally—in a multitude of locations. With automakers immersed in a new round of mandated governmental compliance standards, CCC has been supplying data directly related to the process.

Airbags Take Flight

The idea of an airbag as a safety device can be traced back to the US military, which had applied for a patent with the notion of fitting them in WWII airplanes.[1] While logistics hampered any practical way to make them work at that point, the idea was hatched and the auto industry went to work. The later advent of portable and stable propellants allowed inflation of the device in ½₅th of a second, making the airbag a possibility.[2]

This evolutionary chain of events set in motion another set of concerns, however; one that raised questions about the suddenness and extent to which the airbag was inflated. Airbags deployed the same way for a 4′10″ 100 lb. driver sitting closer to the steering wheel as it did for a 6′3″ 200 lb. passenger sitting at a more safe distance. National Highway Traffic Safety Administration (NHTSA) research indicates that some of the earlier generations of airbags have been linked to injuries and, in extreme cases, death when occupants were unbuckled or out of position (being 10 inches or closer to the wheel) at the point of impact.[3]

Building a Better Wheel

Enter the advanced frontal airbag, a device that—through the use of additional sensors—is designed to incorporate occupant variables such as: the size and weight of the occupant; the driver's position in relation to the steering wheel, and; whether the seatbelt is engaged. The system takes these factors into account and adjusts its inflation.

According to the Federal Motor Vehicle Safety Standard No. 208, 20 percent of each automaker's new vehicles (with a gross weight rating of 8,500 lbs. or less and an unloaded vehicle weight of 5,500 lbs. or less) manufactured on or after September 1, 2003 had to have advanced frontal airbags. That number is being increased to 65 percent by September 1 of this year, and will be 100 percent by September 1, 2005.*

As advanced airbags began appearing in a limited number of autos, the Automobile Manufacturers Association (AMA) last year wanted to take a look at its successes and any potential failures. The AMA appointed a "Blue Ribbon" panel of experts to lead the charge, chaired by the Insurance Institute for Highway Safety, to review the systems and see if the bags were working as planned. Their research was shared with NHTSA, who would work with automakers.

Providing a Solution

In order for the panel to achieve the objective, however, a substantial amount of data was needed in a short amount of time. One of the panel members, Nationwide Insurance's Vice President of Safety, Tim Hoyt, knew that data was available through CCC. While the standard approach of analyzing biomechanical testing (crash-tests with dummies) remains a valuable tool, it is hard to replicate events occurring in real-world situations.

"We needed a quick, early look (at the data)," said Hoyt. "We wanted to know, 'Are these systems doing a good job?' 'Are there things that may need to be modified?' The only way we could find those answers was to have access to a large amount of data. That's when we turned to CCC."

Hoyt and Nationwide representatives searched for information. First, they asked CCC to narrow down Nationwide's 4,500 claims passed through CCC's EZNet® communications network and captured in their set data timeline. After passing through multiple filters, that list was winnowed down to 55 claims involving accidents in which an advanced airbag system was deployed. "We worked with CCC to make sure we were giving NHTSA the information they were wanting," said Hoyt. "The ability to have that dialogue is very helpful. We know what we and NHTSA were looking for, and CCC was able to provide information leading to an effective outcome."

Once the data was captured, the Blue Ribbon Panel and NHTSA would analyze the information. If reports were to show that occupants were injured, NHTSA's Special Crash Investigations Program would select crashes of interest to perform detailed research into the performance of the occupant protection systems.

Chip Chidester, chief of the Crash Investigations Division

© Patti McConville/Getty Images

and the Special Crash Investigations Team at NHTSA, spends a substantial amount of his time gathering data for research and development of safer motor vehicles. Discussing NHTSA and the automaker's quest for improvement, Chidester said that airbags have been in metamorphosis since they were introduced. "NHTSA sets performance standards for safety that the manufacturers have to meet. How the performance standard is achieved is up to the individual automobile manufacturers."

With NHTSA supplying the target of safer systems, the data must speak to each manufacturer's ability to reach that target—commonly achieved through a combination of systems such as adjustable seatbelt tensioners, seat position and driver weight sensors. This is where the data from Nationwide has proven to be a very valuable notification source, according to Chidester.

"With more crash data, the researchers involved in the performance of occupant protection systems can make more informed decisions. The notifications supplied by Nationwide leads to the detailed crash research data that provide the basis for scientific research decisions," said Chidester. "Everyone benefits, especially the driving public, from safer occupant protection systems in their family vehicles. After all, when it really comes down to it, our families are the ones who drive and ride in these vehicles."

The qualitative success shows: According to the most recent NHTSA data, there has not been a single fatality related to the deployment of a certified advanced airbag-equipped motor vehicle since the device's inception. This can only be viewed as a success.

In a statement that may seem counterintuitive, Chidester said he wants to find another way to spend his days. "The ultimate goal—for me—is that I want to be able to put myself out of a job: no crashes, no fatalities, no injuries."

New Path of Communication

Hoyt said Nationwide wants to remain actively engaged in programs that help reduce the frequency and severity of injuries. "I don't ever recall a program such as this, where representatives from all areas in the industry have worked to address a problem—really before it even existed. It's a great way of thinking," said Hoyt.

With data being the driving factor behind the improvement of safety systems, both Hoyt and Chidester would like to see the data grow. "I sincerely hope that this sets a trend for working on future projects, and I would love it if other insurance companies would sign on to something like (the panel's work)," concluded Hoyt.

**Note: Advanced frontal airbags are not the same as "depowered" airbags (bags that have had the inflation pressure manually decreased), dual-stage or multi-stage airbags.*

[1] *"The Engineering of Automotive Airbags," Jesse Patterson, Jr.,* Illumin Magazine, *issue II, vol. 5.*

[2] *"Airbag Safety," Scott Memmer, Edmunds.com, 11/13/2000.*

[3] *NHTSA advanced airbag material, www.nhtsa.dot.gov/airbags.*

The National Highway Traffic Safety Administration (NHTSA), under the US Department of Transportation, is responsible for reducing deaths, injuries and economic losses resulting from motor vehicle crashes.

Nationwide is one of the largest insurance and financial services companies in the world, with more than $148 billion in statutory assets. Nationwide consists of three core businesses: domestic property and casualty insurance, life insurance and retirement savings and asset management.

Karoline Obora is the director of insurance market research at CCC Information Services Inc.

A brief safety timeline.

1885 First US patent for an automobile seatbelt (#312,085) is awarded

1914 First stop sign of record appears in Detroit[1]

1939 The electric turn signal is introduced[1]

1950 American auto manufacturers begin offering lap seat belts in front as an option on certain models[1]

1952 The first patent for an automobile airbag is granted[2]

1955 Michigan enacts the nation's first driver education course, required of drivers under the age of 18[1]

1966 President L.B. Johnson creates the National Highway Safety Transportation Agency (NHTSA) to set standards of safety for all carmakers[3]

1968 Lap or lap and shoulder seatbelt assemblies become part of the Federal Motor Vehicle Safety Standards and Regulations (FMVSSR) requirements[3]

1978 The first state law mandating child safety seats is passed[4]

1981 The first airbags appear in a mass-produced automobile[5]

1984 New York is first state to enact statewide seatbelt law[1]

1985 Antilock brakes are offered as an option on US automobiles[1]
All 50 states have child safety seat laws[1]

1988 All automobile manufacturers are required to offer cars equipped with airbags[4]

1994 First side airbag offered to consumers[1]

1998 Dual airbags standard on all autos[1]

1999 Introduction of universal child restraint systems in autos[4]

2001 NHTSA passes TREAD Act. Part of act includes making electronic tire pressure sensors mandatory on all vehicles by 2007[3]

2004 NHTSA proposes requirements for event data recorders (see pages 8–9)

1 Carley Software Technical Library

2 "The Engineering of Automotive Airbags," Jesse Patterson, Jr., Illumin Magazine, issue II, vol. 5

3 National Highway Traffic Safety Administration

4 "Child Passenger Safety," eMedicine Consumer Health, Jan. 12, 2004

5 "Airbag Safety," Edmunds.com, Nov. 13, 2000

BY MIKE BARBER

Motor Vehicle Airbag Safety Legislation.

A number of states have pending legislation specifically governing safety-related issues, including airbag repair or replacement. Several states have already enacted such laws, with effective dates ranging from October 1, 1999 in Florida to December 1, 2003 in North Carolina. To help ensure proper repair and owner safety when an airbag is involved, automotive repair facilities and appraisers who prepare estimates should be familiar with these laws.

These laws generally prohibit the installation of a new airbag that is not designed in accordance with all applicable federal safety standards. They also prohibit the installation of a used or aftermarket airbag without disclosing such information to the vehicle owner. Other laws or pending bills make it a crime to install a stolen or defective airbag, an airbag that has previously been deployed or installing an object in place of an airbag that does not comply with federal safety regulations. Some require notification to the purchaser of a vehicle if the airbag is missing or inoperable, while others make it a crime to sell or transfer a vehicle with the knowledge that the airbag equipment is not present or is inoperable.

There have been a number of studies about the use of recycled airbags. In 1998, the Automotive Recyclers Association funded a study of recycled and OEM airbags. They concluded that recycled airbags were successfully deployed in accordance to manufacturer's specifications, with the exception of airbags that had been flood damaged. In 2000, the Insurance Corporation of British Columbia determined that there is no appreciable difference between OEM and recycled airbags when properly replaced and when they had not been subject to flood damage.

In September of 2003, the Insurance Institute for Highway Safety (IIHS) issued an advisory, cautioning that problems could arise with the use of salvaged and non-OEM airbag modules. The report indicated that it is a challenge to ensure that salvaged modules do not come from flood-damaged vehicles and it is not clear that water damage testing is reliable. Likewise, it is not clear that aftermarket airbag modules will perform the same as OEM versions.[1]

A 2001 US General Accounting Office (GAO) study made reference to the aforementioned studies in a congressional report regarding aftermarket parts and recycled airbags. The report concluded that the studies were useful; they did not, however, resolve the debate over the safety of aftermarket crash parts and recycled airbags since they reach different conclusions and are limited in number and scope.[2]

Another legal aspect regarding the alteration of airbag systems is the installation of cutoff switches. As of January 1, 1998, repair facilities were allowed to begin installing cutoff switches. This action is a result of reported injuries and fatalities to children related to airbag deployment in crashes. The owner of a vehicle receiving this modification has to complete an application and receive approval through the National Highway Transportation Safety Administration (NHTSA), who approves the installation of cutoff switches on a case-by-case basis. Switch installation may not be undertaken without first receiving this approval.

Whether it's the use of OEM versus non-OEM or the alteration or improvement of current generation airbags, there will undoubtedly be more legislative action born out of the constant review and analysis of data. With the objective of developing better systems, it is this analysis that allows us to be contributors to a safer driving environment. Stay tuned and stay informed. ▮

[1] *IIHS Advisory No. 29, September 2003.*

[2] *GAO-01–225 Report to Congressional Requesters dated January 2001 entitled* Motor Vehicle Safety, NHTSA's Ability to Detect and Recall Defective Replacement Crash Parts is Limited.

Mike Barber is director of regulating affairs at CCC Information Services Inc. For questions regarding industry legislation, direct e-mail to mbarber@cccis.com.

BY SUSANNA GOTSCH

Throwaway Vehicles?

More and more, the collision repair industry is being run on data. Data helps us understand industry trends and better prepares us for what lies ahead. Each year, CCC Information Services publishes the CCC Crash Course, *a comprehensive look at the previous year's data and what it might tell us about the future. Some of last year's more telling trends are explored below.*

The automobile industry is rife with innovation. Car manufacturers are rolling out the latest and greatest technologies like never before. More vehicles are being built with high strength steel and aluminum, while the use of tailored blanks and tubular hydroforming is becoming common in state-of-the-art vehicle construction. There are also new consumer-oriented features such as airbags, HID or xenon lighting, telematics, and collision avoidance/warning technologies. In 2003, cars rolled off the assembly line safer—and more complex—than ever before.

Although primarily deployed to create safer and more appealing automobiles, many of these new technologies have a tremendous impact on vehicle damageability and reparability. They can affect how a vehicle is repaired, how much it will cost to repair, and to some degree, whether it makes economic sense to repair the vehicle at all.

This impact is reflected in the growing number of lines per repair appraisal. Over the past several years, the average number of lines per appraisal has steadily increased, from 27.5 lines in 2000 to 30.5 lines in 2003—an 11 percent increase.

It is likely the number of lines per appraisal will continue to rise. As automobile manufacturers attempt to reduce production costs by sharing vehicle platforms—body frames, chassis, etc.—across multiple vehicle models, new technologies will help them to differentiate appearance, performance, fuel economy, and in the end, consumer perception.

Consumer perception and changing demands are the forces driving original equipment manufacturers (OEMs) to work harder than ever to respond even faster. And, they're looking to innovation to get them there. The emergence of 'crossover vehicles'—a combination of select features from cars and light trucks—is a perfect example of how OEMs who met customer needs gained market share. These vehicles were among the hot new sellers in 2003.

OEMs, however, must look beyond innovation as simply a means to expand market share. To have genuine success, they must understand the impact that innovations have on the complete vehicle-ownership cycle. After all, if vehicle-repair costs continue to rise, while residual values decrease, the percentage of vehicles that are deemed a "total loss" will steadily grow.

New automotive innovations resonate far beyond consumers and the manufacturers that sell them their cars. Those same innovations are forcing the collision repair industry to keep pace and learn repair techniques for new, increasingly sophisticated features. Moreover, repairers face the challenge of finding ways to minimize the natural escalation in repair costs.

New Vehicle Sales

New technologies and innovations succeeded in helping the auto industry keep the new-sales market steady. In 2003, the United States posted its fifth straight year of more than 16 million new vehicle sales. Despite a slow first half, consumers purchased 16,675,704 new vehicles by year-end. Although vehicle sales were one percent below 2002 levels, the 16 million-vehicle number has long been a benchmark for the industry.

Predictions for 2004 new vehicle sales vary from 16.7 to 17.1 million, which if correct, will be a slight increase over 2003 sales. Analysts have pointed to multiple factors in predicting growth in new vehicle sales, including continued economic growth, low inflation, low interest rates, rising employment and increased personal income.[1]

Used Vehicle Sales

While new vehicle sales were down slightly, sales of used vehicles increased in 2003. An estimated 36.88 million used vehicles were sold or exchanged in the US last year, an increase from 36.08 million used cars in 2002 and 35.64 million in 2001.[2]

As vehicle quality has improved, cars are staying in operation longer than before. Nearly 60 percent of 1986 model year vehicles are still in operation today. With longer vehicle life comes a higher probability of turns in ownership—as many as three or four times in a vehicle's lifetime. Although nearly new vehicles account for a decreasing share of the used-vehicle market, sales of older vehicles

CONTINUED ON PAGE 13.

BY JIM DICKENS

Thinking Inside the Box. Insurance, collision repair industries using data recorders in quest for accuracy

Thanks to advances in information technology, the automotive collision repair and insurance claims industries are benefiting from scientific methodology and the laws of physics. Both industries are gathering data via automobile event data recorders (EDRs), also known as black boxes, to help insurance companies and repair facilities use the physics of an accident to get a startlingly accurate portrait of what really happens when cars collide.

As a result, the claim settlement and repair processes are substantially more accurate. False claims can be more easily debunked. Liability can be more accurately determined. The upside of examining the physics of an accident, however, reaches further than a single claim.

One company collecting EDR data is San Antonio, Texas-based Injury Sciences LLC.

"When aggregated over time, the data will tell us which cars performed well and which ones did not. It will tell us which cars cost more to repair under the same accident circumstances than others," said Scott Palmer, Injury Sciences' president and CEO. "This represents an unprecedented opportunity for the insurance industry to advance the sophistication of its underwriting and claims settlement processes. It also benefits the repair industry by identifying specific solutions relating to the most frequent collision areas."

> *[With EDR technology] a claims adjustor has objective facts about what happened. They can more consistently and accurately determine what actually happened. The whole theory is to find the right answer and obtain it easily.*
>
> **Scott Palmer, Injury Sciences president and CEO**

Designed to paint an objective picture of accidents for claims adjusters, EDRs are among the latest technologies to provide information surrounding an accident. On June 10, the National Highway Traffic Safety Administration proposed standard requirements for EDRs that manufacturers choose to install into light vehicles. According to Palmer, EDRs are standard on 20 percent of vehicles on the road today: that number is growing rapidly.

These devices record variables such as vehicle and engine speed, throttle position and brake status. The data then helps definitively answer whether a driver was speeding or whether the brakes were applied at the appropriate time. The data can also illustrate the sequence of collisions and severity of impact in a multi-car accident. Each of these items contributes to helping a claims adjustor determine liability. As the number of EDRs increases, it could change the emphasis traditionally placed on eyewitness accounts to piece together an accident.

"For an injury to occur," Palmer explains, "one or more of the following must happen: compression, tension or shear. Through the laws of physics, you can determine if a passenger was exposed to one or more of these forces. If one of these forces comes into play, then the next question is, 'was it at a level that exceeded human tolerance?' Only if it exceeds human tolerance does an injury occur."

This breakthrough could benefit the insurance industry. Studies conducted by the Insurance Research Council, the RAND Corporation and others suggest that almost one-third of injury claims submitted are fraudulent; accidents that never happened or where the impact was exaggerated.

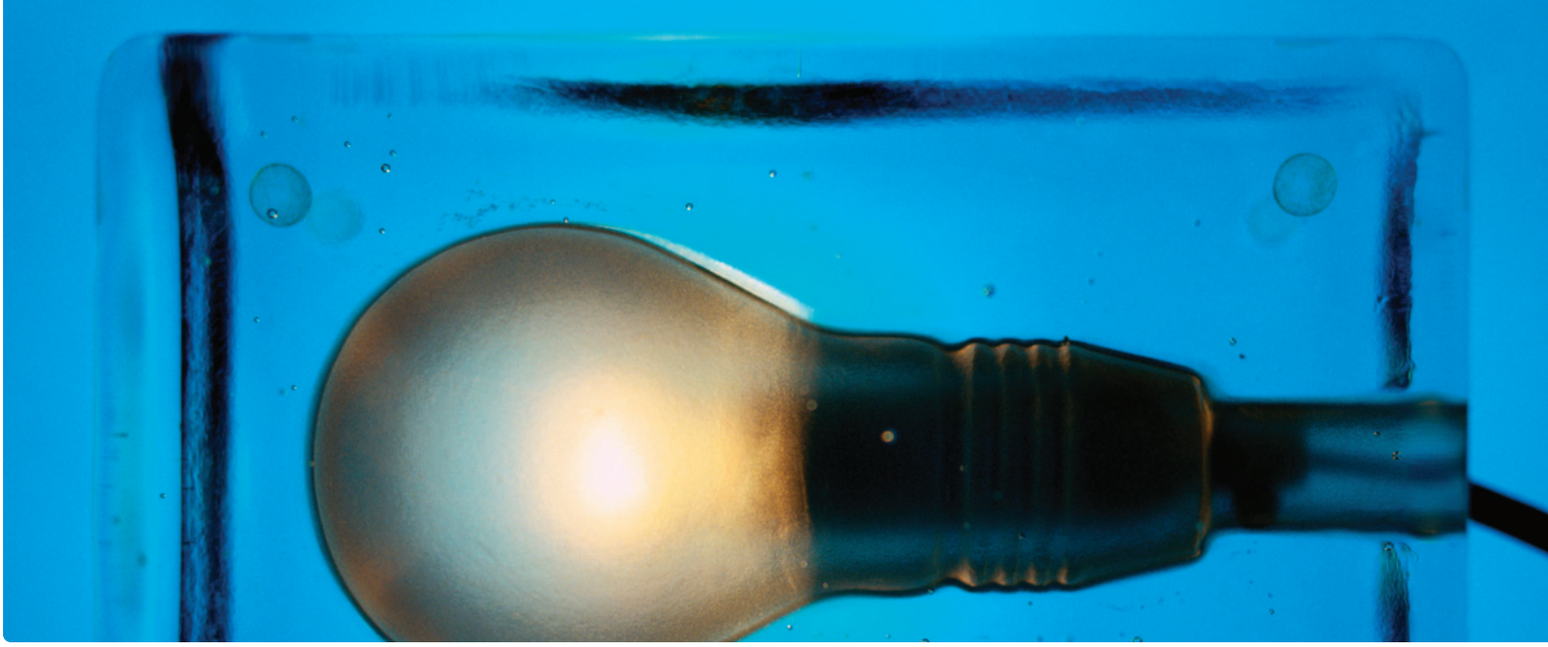
"There is a science behind every accident," said Palmer. "The laws of physics apply to all bodies. Unless it is a fraudulent claim, the facts of an accident will always conform to the laws of physics."

By reducing bogus claims, the new information will help the industry by reducing inefficiencies and eliminating costs. These savings are being passed on to consumers and legitimate claimants.

"[With EDR technology] a claims adjustor has objective facts about an accident," explains Palmer. "They can more consistently and accurately determine what actually happened. The whole theory is to find the right answer and obtain it easily."

Injury Sciences has built a repository of accident data from extensive EDR reports, as well as data from the Insurance Institute for Highway Safety (IIHS), *Consumer Reports* and other resources. The company has harnessed this information to create what Palmer describes as a "desktop forensic solution" that takes the information found in a claim file and walks an adjustor through forensic analysis—essentially applying the laws of physics to determine what happened in an accident.

The database isn't building itself, however. The data needs to be transferred from a vehicle's black box into the database.



According to Palmer, the black box is like a peripheral device for a laptop.

"In effect, this gives repairers a great opportunity to further solidify their position as trusted partners for insurance companies," Palmer notes. "A repair facility is the logical point to extract the data for insurance companies. In this way, repairers are able to offer yet another vital service to insurers."

Even in accidents where there is no black box, scientific crash data helps put the pieces together. "(Injury Sciences has) developed and patented an approach where we can determine the severity of the collision based on the profile of that repair estimate. Essentially, we're using reverse analysis," said Palmer.

Palmer admits that retrieving the data directly from a black box gives it a higher degree of fidelity. With an accurately written repair estimate, however, the reverse analysis process can help insurers determine the severity of the collision and the impact on the vehicle's occupants. Palmer says reverse analysis can be consistently applied to about a third of a carrier's injury claims.

The use of science and new innovations continues to make the claim settlement and repair processes more efficient and accurate, and that's just what our businesses and consumers want to hear.

Injury Sciences is the leader in engineering-based expert systems for claims. The company's flagship product, WrExpert, was initially released in October 1998. It is an Internet-based expert system that scientifically identifies fraudulent and exaggerated injury claims and provides engineering-based diagnostics of negligence/liability factors.

Jim Dickens is senior vice president of product management and marketing at CCC Information Services Inc.

Innovation through information.

Many advances in the claim settlement process are made possible by volumes of human test data accumulated over the decades, showing how the body responds to certain events. The US military led the way in the 1940s and 50s, conducting research to explore what the human body could withstand when devising launch and landing methods on aircraft carriers.

US Air Force Col. John Paul Stapp—founder of the Stapp Car Crash Conferences and Time magazine's "fastest man on earth" in 1952—took it a step farther. He conducted a series of experiments in pursuit of the body's limitations, most notably strapping himself to a rocket sled. Racing face-first at nearly 632 miles per hour in the Mojave Desert, Col. Stapp subjected himself to 42 times the force of gravity in order to determine that tolerance.

In 1955, Col. Stapp invited universities, automakers, research laboratories, traffic and safety councils and the military to witness a series of automobile crash tests he had arranged. This meeting spurred interest in automobile safety and inspired innovative new measures, including: dashboards manufactured with energy absorbing padding; safety locks to prevent doors from flying open in a crash; removable rear window shelves, and; improved bumper designs. More importantly, these tests were the first to prove the effectiveness of securely fastened seat belts.

The group has continued—in one form or another—to gather annually for the last 48 years at the Stapp Car Crash Conference. In that time, the automotive industry has used the findings from scientific crash tests to produce safety innovations that include the three-point restraint harness and the air bag.

The industry has come a long way since Col. Stapp's days, but the ultimate objective of safety remains. Visit www.stapp.org for more information on the Stapp Car Crash Conference.

BY MARJORIE ALLEN

ABRA Acting on Safety.

Driving, like anything else, takes practice to do properly. So it should come as no surprise that those with the least amount of experience have the most difficulty driving safely. According to Safe America, an organization dedicated to improving safety in America, one in four teens will have an accident within their first two years of driving.

Safe America and ABRA Auto Body & Glass of Minnesota are two companies that have taken the pursuit of safety to a higher level. Both organizations conduct safe driving events designed to make teenagers safer drivers.

David Kulkis, an account executive for ABRA-Georgia, is charged with designing and implementing safe driver programs in the Atlanta market. "ABRA has a company-wide passion for vehicle safety," he said.

It might come as a surprise that reducing accidents is a major focus of an auto body repair company, but Kulkis explains that companies like ABRA are on the front lines of the accident epidemic. "Repairing vehicles is all about safety. We return the vehicle to its safest form so it responds as designed if another accident occurs."

> *I think all parents worry about their children when they turn 16, and programs like this help to bring them a little peace of mind.*
>
> **David Kulkis, ABRA**

Most of ABRA's safe-driving efforts are sponsored in the Atlanta and Minneapolis metro areas. The focus of these efforts is to educate young drivers on proper seatbelt use in conjunction with airbags to reduce the possibility of injury or death.

ABRA isn't simply a corporate sponsor for the safe driving events. Employees are highly involved, volunteering their time to help out with the events. Other organizations such as Safe America Safe Driving Events, the Safe Kids organization and insurance agencies are usually involved as well.

"It's really wonderful to have multiple organizations come together focused on a singular goal," said Kulkis. "The appreciation from parents whose teens are ready to begin driving is tremendous. I think all parents worry about their children when they turn 16, and programs like this help to bring them a little peace of mind."

Safe America, which partners with ABRA on some events, has devised a program that utilizes state-of-the-art technology to teach teens safe driving habits. The Safe America Driving Institute offers a computer simulated driving experience for teens of all ages—even those who are too young to qualify for a learner's permit. The Driving Institute is a one-day event lasting six hours. The simulators provide young and future drivers with multiple driving experiences to help them prepare before facing the real thing. Students could find themselves in one of the following simulated situations:

- high-risk conditions such as rain, fog and night driving;
- high-speed conditions on highways and freeways;
- highly populated urban areas, including pedestrian traffic, and;
- maneuvering on a control course.

Soon students will be able to experience the dangers of driving while impaired when the simulator provides users with the virtual effects of drugs and alcohol use while operating an automobile.

The simulator utilizes high resolution and fully textured 3-dimensional graphics to produce life-like images. Complex, unpredictable and realistic traffic interaction is offered to replicate real-life situations with a high degree of accuracy. The simulator focuses on the types of situations drivers are exposed to while driving an actual automobile, such as braking, acceleration and steering. Students learn to appreciate the quick reactions and level-headedness needed to safely operate motor vehicles.

In addition to the fully interactive driving scenarios, Safe America offers education and safety instruction covering everything from basic vehicle operation to advanced topics such as overtaking other vehicles, risky situations, intersection hazards and special weather conditions.

More than 1,200 students have graduated from the Teen Driving Institute since its inception. For additional information on Safe America, including upcoming events, visit www.safeamerica.org or call 770.973.safe. ▮

ABRA is a national damaged vehicle repair company specializing in collision repair, paintless dent removal and auto glass repair and replacement.

Marjorie Allen is market manager for automotive services at CCC Information Services Inc.

ARTICLE CONTRIBUTED BY JEFFREY RUNGE, MD

Putting Driver Safety into Context.

NHTSA
People Saving People
http://www.nhtsa.dot.gov

The numbers are staggering and the challenge is substantial: What is the best way to reduce the number of traffic accidents, the number one killer of people ages 2–34? In the following article, National Highway Traffic Safety Administration (NHTSA) administrator Jeffrey W. Runge, MD, believes the solution begins with having a new perspective on the problem.

More than 42,000 people were killed in automobile accidents in 2002. An additional 2.9 million were injured. This cannot just be viewed as a transportation problem. It is a public health problem—one of epidemic proportions. Even more than that, traffic injury is a *disease.*

The good news is that this disease has a cure. A key part of that cure is eliminating key factors that lead up to an accident; most importantly seatbelt use and reducing impaired driving. These two categories account for a full two-thirds of the lives that can be saved. The final one-third represents all other factors combined, ranging from eliminating roadway departures to improving truck safety.

Seatbelt Use

While safety standards have substantially reduced the number of fatalities per vehicle miles traveled (VMT), the number of fatalities remains about the same. Contributing to this factor is the increase in the number of licensed drivers, a clear result of a larger US population. Since we began focusing on roadway safety in the mid-'60s, the VMT fatality rate is five times lower.

Wearing seatbelts is the number one offensive and defensive step all individuals can take to save their lives. Seatbelt use cuts the risk of death in a severe crash by 50 percent. Buckling belts is not a complex vaccine, doesn't have unwanted side effects and doesn't cost any money. It is simple, it works and it's lifesaving. Current NHTSA statistics put seatbelt use at 75 percent. If that number increased to 95 percent, an estimated 4,000 more lives would be saved each year.

Impaired Driving

Alcohol-related crashes are a major problem. Until 1994, the nation was making great progress in reducing alcohol-related fatalities. Fatalities were reduced in the '80s and early '90s, as states increased minimum legal drinking ages and grassroots organizations employed a strong anti-alcohol message.

Since that time, however, progress has stalled. The number of people killed in alcohol-related crashes after 1994 has remained level or even shown a slight increase. There were more than 1.5 million driving while intoxicated (DWI) arrests and 17,400 alcohol-related traffic deaths in 2002.

So what can be done? Alcohol impairment is a complex social problem with a range of potential countermeasures. To make real progress, we should focus on three critical areas.

1 The public must perceive that if you are to drink and drive, you will be caught. No exceptions or excuses.

2 DWI needs to be seen as a violent crime. Many of the prosecutors "cut their teeth" on DWI cases until they move on to "more serious" crimes. These cases are complicated and need experienced prosecutors. Specialized DWI courts are effective in improving case management as well as reducing rates of recidivism. This format seems to work well.

3 Compelling scientific and medical evidence shows screening and intervention is effective in decreasing alcohol consumption among problem drinkers.

Increasing roadway safety is only achievable with a commitment from everyone, whether it's actively promoting seatbelt use or engaging yourself in efforts to reduce impaired driving. Start with yourself and your loved ones. Buckle up, regardless of how quick the trip may be. Get the keys from a friend who's been drinking. Not only will you make the roads safer for them, you'll make it safer for all of us. ▮

The National Highway Traffic Safety Administration (NHTSA), under the US Department of Transportation, is responsible for reducing deaths, injuries and economic losses resulting from motor vehicle crashes.

Note: This article was developed with excerpts of speeches given by Dr. Runge.

BY JOHN HARRIS

Focusing on Safer—and More Successful—Businesses

Few business owners doubt that a safe working environment is an essential ingredient for maintaining a healthy, motivated workforce and reducing the costs of business ownership. If any doubters remain, the most recent statistics and expert advice on the subject will likely change their minds.

The Occupational Health Safety Administration (OSHA) reported that businesses spent $171 billion in 2003 on costs associated with injury and illness on the job. These costs accounted for a full five percent of some company's total cost base—a rather staggering amount, according to Jerry Law, editor of *Occupational Health and Safety Magazine.*

Law points out that when an employee is injured on the job, an employer must deal with the direct costs of the injury, as well as many indirect costs that often times is hard to track.

"Indirect costs often dramatically exceed direct costs and are where businesses really see the costs of injury add up," Law explained. "Workers may have to be retrained to cover the injured employee's duties or temporary replacements may have to be hired. Regardless of the approach, businesses often suffer a loss in productivity and effectiveness from that position."

Law also says an injured coworker can be detrimental to morale. Others who work with the injured individual may question whether the company has its employees' best interests at heart. As a result, they may work less diligently or seek jobs elsewhere.

So what can businesses do to combat employee injury and create a safer, healthier workplace? OSHA reports that companies establishing health and safety management systems reduce injury and illness costs by 20 to 40 percent. The first step in building such a system, according to Law, is fostering a culture of safety.

Many different initiatives can contribute to this environment. For instance, Law stresses the importance of involving a business' workforce in its safety programs. He recommends establishing a safety committee with rotating members so that all employees have a chance to participate. The committees should discuss ways to upgrade safety and investigate any injuries that do occur, along with any near-misses. Reviewing the steps that caused an accident or a near-miss can be critical to preventing future mishaps.

In addition to workplace issues, Law said OSHA proposes holding company-wide monthly safety meetings to discuss workplace safety initiatives that also cover at-home and on-the-road safety tips. According to the National Safety Council (NSC), nearly nine out of ten deaths and two-thirds of disabling injuries suffered by American workers in 2002 occurred off the job.

DuPont is one company that has woven the importance of safety on the job into their corporate fabric. Industry Relations Manager Timothy Dawe said safety on the job began out of necessity, since DuPont started out as a gunpowder manufacturer some 200 years ago. As it diversified into the chemical industry, serving the collision repair industry among others, the safety hallmarks already in place remain relevant. Evidence illustrates that the effort is worth pursuing—Dawe said DuPont's safety record is 2.5 times better than that of the chemical industry average.

"Safety has always been of paramount importance to us," said Dawe. "It's a part of our culture. On or off the job, we maintain a real commitment to identifying safety trends and maintaining a safe environment."

One of the myriad safety issues on DuPont's radar screen is driving. Through their Safe Driving Committee, employees take part in an on-roads safety component and a mechanical review of their vehicles.

"In our mechanical review, we will do things like make sure that the employee's vehicle is up to our safety standards," said Dawe. "We check to see if the tires have the proper tread, that there are jumper cables and flares in the trunk … things like that.

"In addition, our on-roads component looks at driver safety. If there's an accident, a committee reviews the specifics, such as 'Did the driver signal early enough?' or 'Were they driving too close?' We want to see if these accidents were preventable. As a company that is self-insured, there is good business in doing that. It isn't just lip service."

According to Law, DuPont is wise to focus on driving. Law said a staggering number of employee injuries—both on the job and off—are the result of unsafe driving practices. In fact, Law believes automobiles pose the top threat of injury for employees. The NSC reports that motor vehicle crashes are the eighth leading cause of death in the US, and the leading cause of injury both overall and at work.

To address this growing epidemic, the NSC has dubbed this year's National Safety Month "Crash-Free June." Local NSC chapters will provide information, education and training

programs in hope of stymieing the 2.3 million disabling injuries and 44,000 deaths due to auto accidents in 2002.

"Safety is not only something to worry about at work: An employee injured at home or on the road can affect a company in many of the same ways as an employee injured on the job," said Law. "Accordingly, companies should work at making employees more safety-conscious at all times."

Most automobile accidents can be avoided. The NSC estimates that driver behavior contributes to 90 percent of all motor vehicle crashes, and blame only 10 percent of crashes on the vehicle or external factors. Business-wide safety meetings, and safety committees are ideal venues to remind employees about the importance of driving carefully.

DuPont holds monthly safety meetings at each of its facilities worldwide to keep the topic on the top of each employee's mental checklist. "We want an environment where our employees are safer on the job than they are at home," said Dawe. "We look at on-the-job safety for employees, identify the greatest potentials for hazard, and try to eliminate those potentials."

"Helping employees become healthier people is a true win-win situation that benefits the employee as well as his employer," added Law. "Fortunately, we've learned over time that there are several concrete steps that businesses can take to build workplaces that are as safe as possible. And the best companies in every industry do everything they can to promote workplace safety, understanding that it is linked very closely to running a successful business."

OSHA's mission is to assure the safety and health of America's workers by setting and enforcing standards; providing training, outreach, and education; establishing partnerships; and encouraging continual improvement in workplace safety and health.

DuPont is a science company. Founded in 1802, DuPont puts science to work by solving problems and creating solutions that make people's lives better, safer and easier.

Footnote: The observance of Crash-Free June during National Safety Month in the United States followed the April 7 observance of World Health Day.

John Harris is a manager at CCC Information Services Inc.

INDUSTRY TRENDS,
CONTINUED FROM PAGE 7.

increased in 2003 because of the slow economy.

However, based on the decrease in new-vehicle leasing, the supply of used vehicles is expected to shrink further in 2004 and 2005. In 1999, 32 percent of all new-vehicle transactions were leases. In 2003, leasing accounted for only 20 of new vehicle transactions.

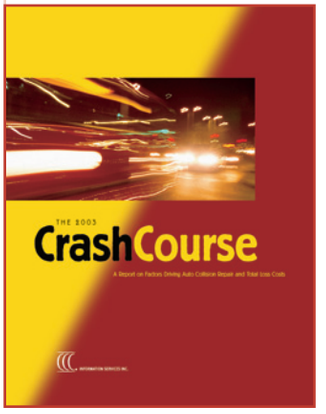
Leasing has declined as attractive incentives have coaxed consumers to buy new cars versus leasing or purchasing late-model used cars.[3]

[1] *Stoffer, Harry. "Economists expect sales to rise in 2004."* Automotive News, *No. 6072, December 22, 2003, pp. 1, 35.*

[2] *Source: CNW Marketing Research, Inc. "New and Used Vehicle Sales: 1984–2003."*

[3] *Harris, Donna. "Used-vehicle service contracts decline."* Automotive News, *No. 6054, August 25, 2003, p. 20.*

Susanna Gotsch is director of analysis and reporting at CCC Information Services Inc., and author of Crash Course.



It's all in the numbers. Take these for example:

- More 1 million claims-related transactions every day
- 350 insurance companies
- 21,000 collision repair facilities
- More than 40 million claims worth of data

It's these numbers that give CCC a unique vantage point on the state of the automotive claims industry. With this perspective and wealth of data, CCC publishes *Crash Course,* an annual report on factors driving auto collision repair and total loss costs. Authored by Susanna Gotsch, the report is based on analysis of information derived from CCC's data warehouse.

To inquire about the 2003 *Crash Course,* visit www.cccis.com.

BY JEANENE O'BRIEN

AAA Mid-Atlantic Focuses on Automation.

For the largest national insurance companies, automation is a way of life. They are able to dedicate the required resources and manpower to implement a fully automated claims system, and in turn, enjoy its benefits.

But what about the hundreds of insurance companies that aren't national in scope? Should they learn to operate without increased DRP repair percentage, increased employee productivity and—what really matters—happier customers? AAA Mid-Atlantic didn't think so, and made claims automation a priority.

"It's something all the large carriers were already doing," said Lou Neidich, director of business process automation at AAA Mid-Atlantic. "We aren't a national company, but moving to an automated system was something we couldn't put off any longer."

Neidich and AAA wanted to focus on creating an automated system that would enable them to send loss reports to their DRP partners and independent appraisers in a timely fashion.

"Our current process to submit a request for appraisal assignments required several redundant steps and multiple key entries," said Neidich. The assignment could not be completed until after the initial First Notice of Loss Report was taken. These tasks were identified as time consuming. The implemented design reduced the allocated time by incorporating the appraisal assignment process within the initial First Notice of Loss. Once completed, the assignment interface electronically sends the assignment to CCC Information Services.

Creating a loss report is the first step in the repair cycle and quite possibly the most important from a customer's point of view. Customers expect to have their damaged vehicles inspected and an estimate created soon after reporting the crash. This can't happen until a loss report is sent to an appraiser. And, an inefficient process for creating and transmitting these reports can cost insurers—both in customer satisfaction and capital.

Neidich and his team called CCC, a company AAA had been using for other technology projects since 1992. Neidich, along with CCC Technical Product Consultant Bob Wagner, conducted an audit of the process, interviewing dispatchers, operators and other employees who participate in the loss report process to fully understand its short falls and how it can be improved.

"By interviewing various members of the AAA Mid-Atlantic team, CCC was able to understand where its challenges were and what they were looking for in a solution," said Wagner. "We took this valuable information and built an assignment interface to CCC Autoverse.™ This solution streamlined the assignment process, enabling AAA to use the claim folder to view documents related to the estimates."

When the audit was completed, the team created a workflow chart and began to review their findings. They concluded the best way to make the process better was to create a direct channel of communication between employees who create a loss report and the appraisers who write estimates.

"Our people, along with several developers from CCC, sat down and began writing code. They (CCC) worked on the interface and our team started on our CICS database," said Neidich. "The end result was a new system for transactions and seamless communications with CCC."

The loss report process has been simplified. A loss report is taken over the phone from the customer. The adjuster taking the report then sends it to CCC via CCC Autoverse, where it is then passed directly to a DRP partner, or to an AAA dispatcher who passes it directly to an appraiser.

The new system not only accelerates the loss report process, but also gives AAA the ability to view digital photographs online. Instead of waiting for the appraiser to mail photos or bring them in to the office, adjusters are able to log onto the Internet and view them.

"I timed how long it takes to submit a loss report to CCC and then direct it to the appropriate appraiser source," said Neidich. "It now takes four seconds."

Electronic communication between staff appraisers and AAA's strategic partners also enhances customer service.

Neidich continued, "The project was certainly a technical success, but CCC's support, lead by Client Consultant Andrea Serano, was what really helped to bridge the gap in terms of getting a system in place that would allow us to meet our objectives as well as bring additional value to our customers." ▮

AAA keeps the interest of its members at the forefront of its activities. It has long been the voice on all levels for motorists and travelers.

Jeanene O'Brien is director of marketing services at CCC Information Services Inc.

Harbert Named Interim CFO

CCC Information Services Inc. has named David L. Harbert as interim chief financial officer, following the departure of Reid Simpson on April 30. Harbert assumed the responsibility of interim chief financial officer on May 1.

"CCC is fortunate to have Dave join our organization as interim CFO," said Githesh Ramamurthy, CCC chairman and CEO. "His extensive experience in providing financial leadership to organizations of varying sizes will be a great asset for CCC."

With more than 30 years of broad financial leadership experience in the software and manufacturing industries, Harbert most recently served as CFO for several portfolio companies of Citigroup Venture Capital, including FastenTech, Inc., Paper-Pak Products, Inc., and Delco Remy International, Inc.

CCC Releases RPS 2.0

CCC Information Services Inc. has built on its industry-leading recycled parts product with the release of RPS Version 2.0. Insurance customers using RPS Version 2.0 now can manage, through the Internet, their approved recycled parts suppliers and can create operational reports. In addition, insurance companies, repair facilities and independent appraisers can now access a recycled parts database of more than 26 million parts from a nationwide network of 1,900 recycled parts vendors.

Most Stolen Vehicle List of 2003

According to CCC Information Services Inc.'s 2003 most stolen vehicle report, one of every 200 registered 1995 Saturn SLs were stolen last year, making it 2003's most stolen vehicle. The 1998 Acura Integra and 1994 Saturn SL ranked as the second and third most stolen vehicles respectively.

CCC identifies the most-stolen vehicles by analyzing total loss claims it receives from more than 350 property and casualty insurers in North America. This year, CCC compared its stolen-vehicle data against vehicle registration volume information provided by R. L. Polk & Co. to determine the rate of theft as a percentage of registered vehicles. The vehicle with the highest theft percentage is deemed the year's most stolen vehicle.

CCC Signs Agreement with CompUSA

CCC Information Services Inc. announced it has signed an agreement with CompUSA. The agreement provides CCC with classroom facilities for training its customers on CCC Pathways products. CompUSA is the nation's leading retailer and reseller of personal computer-related products and services.

Through the agreement, CCC can now conduct CCC Pathways training courses at any of the more than 185 CompUSA locations that have classroom facilities onsite. CCC-certified sales staff will lead the training sessions, which will cover topics ranging from installing CCC Pathways monthly updates to writing electronic estimates.

There's Always More…

For additional CCC news and information, visit us at www.cccis.com.

Where to Find Us

ACE/SCLA TechDec—Chicago

Stop by and visit CCC at the Tech Decisions Exposition & Conference, held at the Hyatt Regency Chicago, October 14–16. The event is "designed to meet the needs of claims executives, insurance carriers, independent adjusters and risk and claims managers from self-insured organizations." Visit www.tech-dec.com for additional information.

NACE—Las Vegas

Make sure to visit CCC during the International Autobody Congress and Exposition (NACE), November 3–6 at the Mandalay Bay Convention Center in Las Vegas. We will again have multiple booths—one on the trade show floor (booth # 6321) and one located in the Insurance Claims Processing Pavilion (booth #3609). Visit www.naceexpo.com for more information.

NASP—Atlanta

The National Association of Subrogation Professionals (NASP) 2004 Annual Conference is November 7–10 at the Hilton Atlanta. Additional information will be available on the NASP Web site (www.subrogation.org) by early July.

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For more information, visit **www.cccaccumark.net** or contact CCC Information Services at **866.REINSPC**.

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