

GETTING A GRIP

Streamlining warranty management and claims processes



Two years ago, manufacturer Terrific Tires, Inc. acquired Truck Treads, a maker of tires for long-haul trucks. In the process, they inherited substantial warranty obligations related to Truck Treads' Road Warrior Performance Tires, along with mountains of legacy data. With resources stretched thin processing all those claims, Terrific Tires turned to KCIC for a solution.

**CASE
STUDY**



SNAPSHOT OF THE STORY:

- The client lacked an efficient workflow for processing warranty claims and the ability to report to management.
- The client was not reviewing claims for all warranty defenses.
- KCIC built a custom, cloud-based solution to seamlessly process future claims and generate robust reporting.
- Today the client can accurately plan reserves, communicate information to all stakeholders, and respond to audits.



“KCIC streamlined and automated how we process claims, while helping us understand the magnitude of our liability.”

- In-House Counsel for Terrific Tires, Inc.

THE CLIENT CHALLENGE:

Terrific Tires needed to get a grip on their warranty problem.

Due to the popularity of Road Warrior Performance Tires, there was a steady increase in the purchase of warranties. And with average warranty periods of more than five years, plus millions of tires still on the market, the claims kept rolling in and would do so for a long time to come.

Terrific Tires' data also was in chaos, with filing cabinets full of legacy documents and no consistent method for collecting critical information to evaluate claims. As a result, they did not know the true impact that the warranty liability would have on the company. Without metrics, the company could not accurately set loss reserves, which are required for known liabilities. This put the company at risk for audit qualifications.

Terrific Tires needed a way to seamlessly manage their claims and collect data more efficiently:

- Accept claims for tires under warranty
- Review claims systematically and consistently while imposing warranty defenses
- Communicate with claimants and repair shops
- Initiate the tire replacement process and make reimbursement payments efficiently
- Gauge the impact of the liability on the company
- Conduct legal review in the event of potential litigation

The company considered many off-the-shelf-products, but nothing fit their precise needs or was customizable enough to provide a solution.

KCIC could see that a solution would require leading-edge technology backed by consulting expertise.



THE CUSTOM SOLUTION:

At KCIC, we see it all the time — product liability data in chaos. In Terrific Tires' case, we began by collaborating with outside counsel and in-house personnel. Our consultants worked to develop detailed protocols for every step of the claims process. Next, our technology team translated those protocols and requirements into a new, easy-to-use, cloud-based system that all parties could access across the lifespan of the claim:

CLAIM SUBMISSION

Using KCIC's online platform, the claimant enters a warranty number and personal information, uploads supporting documents, and answers questions about maintenance, transfer of ownership, vehicle use, and more. Afterward, the claimant receives notification that the claim was received and is in the review process, or that it was automatically rejected due to automated data validation.

INITIAL REVIEW

A KCIC consultant reviews the information and indicates whether the claim is valid based on protocols developed with counsel. The system automatically notifies the claimant regarding the claim disposition, and an email tracking system enables KCIC to respond to questions about claims.

Warranty Claim Submission

Warranty & Building Information | Issue Description | Purchase History | Post-Installation Maintenance History | Document Upload | Confirm & Submit

Submission Information

Warranty Transfer Information

First Name:* [input field]

Last Name:* [input field]

Email:* [input field]

Phone:* [input field]

Warranty Serial Number:* [input field]

Has there been a transfer in product ownership? Yes No

Did this transfer result in a substantial change in product usage? Yes No

Was there a transfer request in writing at least 30 days prior to product transfer? Yes No

Did an authorized representative approve the warranty transfer in writing? Yes No

Did the warranty-holder pay the transfer fee? Yes No

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CLIENT, VENDOR AND LEGAL REVIEWS

When a claim is determined to be valid, the client reviews the claim data, determines the cost to repair or replace the tires, and assigns a maximum payment amount. Next, an email is automatically sent to the mechanic, who can log into the system, schedule the job, and upload invoices for processing and payment. The client legal team can view the entire claim history and upload additional documentation to the claim file.

PAYMENTS AND REPORTING

After the client electronically reviews invoiced amounts, makes any necessary adjustments, and approves the payment amounts, KCIC issues the payments and tracks details by claim. The clients have access to real-time reporting and metrics on both claim and warranty levels. This provides management with the critical information it needs to make optimal decisions.

THE RESULT:

Hand-in-hand with designing the system, KCIC also transitioned the client's historical data. We digitized 85 filing cabinets of paper documents, attaching them to the individual claims and appropriate warranty records so they would be readily available to all users. We also migrated and reconciled other sources of electronic claims data and documents into a relational database structure.

KCIC streamlined and automated the warranty and claims processes, significantly reducing the strain on client personnel and financial resources. Unlike before, all conversations and transactions were now captured in one secure place online.

Further, KCIC provides monthly reporting on claim filing rates, claim dismissal rates, duration of warranties still in effect, payments to vendors, and more — giving Terrific Tires a clear picture of their liability and future warranty obligations.

The company's in-house counsel says the impact on internal resources and operations has been dramatic. "KCIC streamlined and automated how we process claims, while helping us understand the magnitude of our liability."



TERRIFIC TIRES NOW HAS THE ABILITY TO MAKE INFORMED DECISIONS QUICKLY AND ACCURATELY.

FACING A COMPLEX PRODUCT LIABILITY PROBLEM?

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