Welcome to the future.
“Connectivity is becoming like Oxygen”
Bruce Vogt

• 25 years in the Insurance restoration industry
• Certified CE instructor for more than 16 years,
  Subjects such as: Ethics, Water Damage Restoration, Fire and Smoke Restoration, Mold, Category 3 Black Water, Challenges of Hoarding, Disaster Preparedness and Recovery
Bruce Vogt

• IICRC Certified in Water, Fire, Mold, Odor,
• Experience with CAT losses such as Hurricane Andrew, Hurricane Katrina, Hurricane Isabel, CAT losses in Canada, Ice storms and others
• Co-Author of book on Customer Service “Marketing by Delight.”
Technology Changes with First Party Claim Handling

• Identify ways that new technology assists claim adjustment processes and procedures
• Evaluate both the advantages and disadvantages of using new technology
• Describe ways to implement new technology into existing systems and protocols
In today’s presentation, several technology companies will be mentioned.

Though other companies may have similar technology available to the claims professional, we want to make it clear that we’re not promoting one company over another.
Adapting to changing technology in the claims process

“The times, they are a-changin’…”

Especially the technology world.

From where we were in the past, to where we are now, and where we might be going in the future
Adjusting to the Future

- History of claims adjusting
- The Generations of change
- Technology advances on
The Adjusters Tool Bag

- Dictaphone
- Polaroid Camera
- Copies of your estimating form
- Calculator
- Legal pad
- Pens and pencils
- Maps.
- List of available public telephones
- Pager
Why Change The Claims handling Process?

- Change in our civilization and culture
- Customer experience challenges
- Generational changes
- Technology changes and challenges in the field of claims adjusting
- Retiring adjusters
Property & Casualty Catastrophe Losses (1993-2012)

Source: Insurance Information Institute

- Hurricanes & tropical storms: 40.4%
- Tornadoes: 36%
- Winter storms: 7.1%
- Earthquakes & other geologic events: 4.7%
- Wind/hail/flood: 3.8%
- Fire: 1.7%
- Civil disorders, water damage and utility service disruption: less than 1%
- Terrorism: 6.3%
Estimated insured property losses in U.S.

<table>
<thead>
<tr>
<th>Year</th>
<th># of Catastrophes</th>
<th># of Claims</th>
<th>Property Losses</th>
</tr>
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<tbody>
<tr>
<td>2005</td>
<td>24</td>
<td>4.4 MILLION</td>
<td>$62.3 BILLION</td>
</tr>
<tr>
<td>2006</td>
<td>31</td>
<td>2.3 MILLION</td>
<td>$9.2 BILLION</td>
</tr>
<tr>
<td>2007</td>
<td>23</td>
<td>1.2 MILLION</td>
<td>$6.7 BILLION</td>
</tr>
<tr>
<td>2008</td>
<td>36</td>
<td>4.1 MILLION</td>
<td>$27 BILLION</td>
</tr>
<tr>
<td>2009</td>
<td>27</td>
<td>2.2 MILLION</td>
<td>$10.5 BILLION</td>
</tr>
<tr>
<td>2010</td>
<td>33</td>
<td>2.4 MILLION</td>
<td>$14.3 BILLION</td>
</tr>
<tr>
<td>2011</td>
<td>30</td>
<td>4.9 MILLION</td>
<td>$33.6 BILLION</td>
</tr>
<tr>
<td>2012</td>
<td>26</td>
<td>4 MILLION</td>
<td>$35 BILLION</td>
</tr>
<tr>
<td>2013</td>
<td>28</td>
<td>1.8 MILLION</td>
<td>$12.9 BILLION</td>
</tr>
<tr>
<td>2014</td>
<td>31</td>
<td>2.1 MILLION</td>
<td>$15.5 BILLION</td>
</tr>
</tbody>
</table>

Source: Property Claims Services
Emerging Risks

• Mergers & acquisitions
• Decaying infrastructure
• Sinking cities
• Wildfires
• Internet of Things
• Supernatural CATs
Legalized marijuana
Fracking
Sinking cities
Natural Disasters

AP Photo_National Park Service, File
Supernatural CATs

Photo: Patricia L. Harman
Connectivity is becoming... like oxygen

The Internet of Things
We are entering the 2nd half of the chess board!

<table>
<thead>
<tr>
<th>Technology</th>
<th>Cost (averages) for equivalent functionality</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>3D printing</td>
<td>$40,000 (2007) to $100 (2014)</td>
<td>400x in 7 years</td>
</tr>
<tr>
<td>Industrial robots</td>
<td>$500,000 (2008) to $22,000 (2013)</td>
<td>23x in 5 years</td>
</tr>
<tr>
<td>Drones</td>
<td>$100,000 (2007) to $700 (2013)</td>
<td>142x in 6 years</td>
</tr>
<tr>
<td>Solar</td>
<td>$30 per kWh (1984) to $0.16 per kWh (2014)</td>
<td>200x in 20 years</td>
</tr>
<tr>
<td>Sensors (3D LIDAR sensor)</td>
<td>$20,000 (2009) to $79 (2014)</td>
<td>250x in 5 years</td>
</tr>
<tr>
<td>Biotech (DNA sequencing of one whole human DNA profile)</td>
<td>$10 million (2007) to $1,000 (2014)</td>
<td>10,000x in 7 years</td>
</tr>
<tr>
<td>Neurotech (BCI devices)</td>
<td>$4,000 (2006) to $90 (2011)</td>
<td>44x in 5 years</td>
</tr>
<tr>
<td>Medicine (full body scan)</td>
<td>$10,000 (2000) to $500 (2014)</td>
<td>20x in 14 years</td>
</tr>
</tbody>
</table>

Image from the book ‘Exponential Organizations’
The Internet of Things: 227 Billion devices by 2020
The Future of Insurance

• Report by Cap Gemini and EFMA World Insurance report

• Less than 30% of customers globally enjoy positive customer experiences

• Gen Y age 18-34 the least satisfied. More than 50% expect enhanced service through digital channels, social media, mobile all through devices. Ironically they still want a human to deal with.
• “Nearly 73% of executive insurer responders say that providing personalized customer experience is one of their top priorities.”
• “50% claim to already see a positive response from investment in technology.”
• “77% respondents agree they’re companies will move to real-time platforms.”
Millennials = Love Their Smartphones...
87% = 'Smartphone Never Leaves My Side'

Millennial Smartphone Behavior, USA, 2014

- My smartphone never leaves my side, night or day: 87%
  - Agree: 12%
  - Disagree: 2%
  - Not sure: 2%

- When I wake up, the first thing I do is reach for my smartphone: 80%
  - Agree: 18%
  - Disagree: 2%
  - Not sure: 2%

- I spend more than two hours every day using my smartphone: 78%
  - Agree: 20%
  - Disagree: 2%
  - Not sure: 2%

- In the next five years, I believe everything will be done on mobile devices: 60%
  - Agree: 35%
  - Disagree: 5%
  - Not sure: 0%

Source: Zogby Analytics
Note: Zogby Analytics was commissioned by Mitek Systems, Inc. to conduct an online survey of 1,019 millennials who have a smartphone. For the purposes of this survey, "millennials" are defined as adults between the ages of 18-34. All interviews were completed May 30 through June 6, 2014. Sums may exceed 100% owing to rounding.
Millennials (Age 15-35) = Largest Generation in Workforce This Year

Civilian Labor Force by Generation, USA, 2000 - 2015

- 2015: Boomers 31%, Gen X 31%, Millennials 35%
- 2010: Boomers 36%, Gen X 25%
- 2005: Boomers 44%, Gen X 15%
- 2000: Boomers 6%

% of Total Civilian Labor Force

Millennials (Age 15-35) = Largest Generation in Workforce This Year

Civilian Labor Force by Generation, USA, 2000 – 2015

- 2000: 6% Millennials, 33% Gen X, 48% Boomers
- 2005: 15% Millennials, 33% Gen X, 44% Boomers
- 2010: 25% Millennials, 32% Gen X, 36% Boomers
- 2015: 31% Millennials, 31% Gen X, 35% Boomers

Millennials defined as those born between 1980 and 2000. In 2015, they are ages 15-35.
GenX defined as those born between 1965 and 1979. In 2015, they are ages 36-50.
Boomers defined as those born between 1946-1964. In 2015, they are ages 51-70.
Note that there may be different opinions on which years each generation begins and ends. Sums do not add up to 100% owing to exclusion of Silent Generation.
How outsiders see us
Tools of the Past
Times are Changing
Technology

• Technology is a huge driver of customer satisfaction
• Approximately 25% insurance professionals are expected to retire in the next 3-5 years
• Resulting in less experienced adjusters entering the field.
Strategy Meets Action Study

- “The Impact of Emerging Technologies in Claims.”
- Profiles three technologies with the greatest potential and the lowest risk for deployment in claims-
  - Drones, and aerial imagery (safer claims adjusting and more efficient loss assessment),
  - Artificial Intelligence (customer experience and data intelligence); and the internet of things (risk mitigation).
How insurers are using technology
Mobile Technology

Find & submit your VIN

Your VIN is located on the driver's side where the windshield meets the dashboard OR on the inside driver's door frame near a barcode.

TAKE PHOTO OF YOUR VIN

OR

TYPE IN YOUR VIN

CALL FOR HELP
IMPORTANT: Submitting photos requires a strong & stable connection. Disruptions may occur if:
- You have a weak signal
- You go in and out of a wireless connection
- You are low on battery.

TAKE PHOTO

CALL FOR HELP
Thank You!

We’ve received 2 of 2 photos.

Our appraisers are reviewing them now. We’ll finish your estimate within 3 business hours, and your insurance representative will contact you to follow up.

CALL FOR HELP
Livegenic
Spex
Spex
Spex
Spex
Spex
Spex
Spike

Area = 553.0ft² - 197.6ft² = 355.4ft²
Drones

• Drones: The Insurance Industry’s Next Game-Changer?
• Drones hold vast potential for streamlining and reducing the cost of insurance-related processes — from claims
• adjustment and risk-engineering, to post-catastrophe claims
• settlements for customers, to weeding out fraudulent
• agricultural claims.
Drones

• Using drones, field adjusters would have easy access to remote specialists, such as special investigation unit staff or total-loss professionals, who can view videos and photos that are transmitted in real time by the drones.
Drones

• As technology evolves, it will become increasingly vital for companies to adapt to technology advances or risk losing business to more future-focused competitors
Drones

• Using drones for research and development at USAA

• USAA, an insurer with more than 10 million members, was granted two different exemptions earlier this year. The company has been researching and developing drone technology since 2010.
Drones

• StateFarm, AIG, and Erie Insurance have also been granted exemptions allowing for the testing or use of drones commercially, and many others are interested.
Drones

• I honestly think that the technology is going to be so simple that anyone will be able to do it, maybe once you do your Xactimate class and Xactimate certification for a day, and then you spend a half-day doing your drone adjusting certification,” property insurance defense attorney Jason Wolf.

• Claims Journal article **The Future of Drone Use in the Insurance Industry**
Drone Risks

- Negligent pilots
- Inconsistent regs
- Poor FAA enforcement
- Cyber vulnerabilities
- Privacy infringement
Policyholder Technology
Connected devices are transforming industries

The modern age is a time of scarce attention span and abundant connectivity.

“There’s an app for that…”

Every sector of the modern economy is impacted by technology.
Choosing The Right Technology

**Challenge 1**
Finding technology that addresses the need for ease of use, reliability, and low cost.

**Challenge 2**
Increasing customer satisfaction through integrated experiences enabled by technology. Lower admin burden increases productivity.
It’s a value-based decision process.

1. Technology pervasive and easy to use
2. No longer a need for extensive training to use technology
3. Enables new services and enhances your process.
Technology should make your life easier.

- Getting details from policyholder
- Signing and sending authorization forms
- Sharing photos and videos
- Automated reports
Devices, smart phones, Android, iPhone, tablets, ipads,
Peripherals

Increase efficiency and accuracy

• Connect seamlessly to smartphones and tablets
• Offer an Integrated experience
• Ease of use
• Cost effective
Peripherals: **Seek Thermal** and **Flir One**
Peripherals: Ryobi Phone Works
Technology Breaks Down the Divide

**THE INSURANCE INDUSTRY**
- A closed, insular system that is little changed since the 1980s
- Most new technology is implemented to digitize entrenched norms.

**THE CONNECTED CONSUMER**
- The rise of the Connected Consumer presents new expectations in the market.
- Control is quickly moving to the connected consumer empowered by technology. They demand self service and automation.

**OPPORTUNITY:**
- The future of Insurance is the connected consumer
- By 2020, 90% of all consumers will be connected consumers
Simplify and Streamline Data Flow
Shared Information

- Important claim dates
- Photos
- Real-time, as it happens
- Notes about the claim
- Contracts and other documents

Claims Data
A Claim’s Virtual Community

Property Owner

Property Claim

Restoration Contractor

Insurance Carrier

Franchisor

Claim Data:
Photos
Contracts
Notes
Drying Data
Shared Information

Important Claim Dates

Photos

Contracts and other Documents

Notes about the Claim

Real time as it happens

All Stake holders involved in claim want real time information
Everyone and everything is moving into the Cloud...
Typical Objectives

• Reduce Cycle Times
• Transparency
• Accountability
• Consistency across all claims to meet the KPI’s
• Real time Data Collection. Integrated with Xactanalyzer, Xaciamaate, Symbility
• Information available to all Stakeholders in a claim.

What Else?
Contractor Claims Management Software

- Contractor Software is Changing
Typical Objectives

• Hitting KPI’s is no longer a thing that they only aim for… With software now available, they can manage the Key Account process through real-time Compliance Monitoring at a national level down to the Franchisee level. Automatic reminders and escalation tools allow us to meet and exceed customer expectations. They have a powerful reporting engine that is available to clients and allows them to track these KPIs in real-time and over time and the claim life cycle. The reports are customizable and create graphs and charts that are visualized in full color.
Contractor Claims Management

• Adjuster can see photos as they are taken. Log into claims, simply keep hitting refresh see the photos as they are uploaded.
• Provide real time information to all stakeholders in the claims process. Carrier, Adjuster, Customer, Contractor, Agent, Others as deemed appropriate.
• Your SLA and Mitigation Protocol can all be scored.
• The tasks are sequenced and so the contractor must complete a task before they move onto the next task.
• As a Franchisor we get Score card for every contractor on the program.
Collaborative Approach
They can close files quicker with higher customer satisfaction because they have tools that allow us them work more closely with you the carrier and others that have an interest in the claim. With links you can update the owner, agent, sub trades, adjusters and field staff to name a few. With the customizable Client Standards they are able to work with you to define and refine the requirements so that you can control cycle times, Severity and Quality.
## Compliance Manager

- **Pending Tasks**
- **Completed Tasks**
- **All Tasks**

### Program Highlights

- **Date of Loss:** 05/18/2015 02:17 PM
- **Received on:** 05/18/2015 02:17 PM
- **Assigned on:** 05/18/2015 02:37 PM
- **Accepted on:** 05/18/2015 05:03 PM
- **Contacted on:** 05/18/2015 05:05 PM
- **Inspected on:** 05/18/2015 05:11 PM
- **Started on:** 05/18/2015 05:14 PM
- **Work Auth uploaded on:** 05/18/2015 05:14 PM
- **Job was Completed on:** 05/18/2015 05:21 PM
- **COS was Completed on:** 05/18/2015 05:22 PM

### Detail Findings

- **(more...)**

### Dates

<table>
<thead>
<tr>
<th>Dates</th>
<th>Documents</th>
<th>Photos</th>
<th>Notes</th>
<th>Estimates</th>
<th>Invoices</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="green-check" alt="Green Check" /></td>
<td><img src="red-check" alt="Red Check" /></td>
<td><img src="red-check" alt="Red Check" /></td>
<td><img src="green-check" alt="Green Check" /></td>
<td><img src="green-check" alt="Green Check" /></td>
<td><img src="green-check" alt="Green Check" /></td>
</tr>
</tbody>
</table>

### Contractor

- **Admin**
- **Action Title:** Enter date of majority completion, mark completed, and close job.
- **Required Action:** Mark completed.
- **Due In:** 9 Day(s) 1 Hrs & 49 Mins
- **Due Date:** 6/13/2015 4:05:27 PM

### Franchisor

- **Carrier**
- **Rainbow Job Number**
- **Employee Name**
- **Notes:** Showed up around 9:30 am loaded all trash from.
Our real time compliance monitoring provide insight into the work flow process and provides critical information about the work our franchisees perform.
Dates, Claims Tasks, Notes and Estimate Tracking

Contractor

Franchisor
Documents

Contractor

Carrier
Contractor Mobile: Real-Time Claims Information
File updates as soon as data is entered.
Real-Time Drying Information

**Job Number:** 15-0052-WTR

**Customer Name:** Bourque, Ray

**Drying Visits:**

- Start New Drying Visit
- Drying Standards

**Note:** You have special rights from Administrator to edit previous visits.

<table>
<thead>
<tr>
<th>Visit</th>
<th>Started at</th>
<th>Atmospheric</th>
<th>Moisture</th>
<th>Finish</th>
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</thead>
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<tr>
<td>1</td>
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<td>Initial</td>
<td>Initial</td>
<td>Finish</td>
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<td></td>
<td>12:31:58 PM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>05/28/2015</td>
<td>Daily</td>
<td>Daily</td>
<td>Finish</td>
</tr>
<tr>
<td></td>
<td>12:44:07 PM</td>
<td></td>
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</table>

**Moisture Content Report:**

<table>
<thead>
<tr>
<th>Affected Area</th>
<th>Material</th>
<th>Room Item</th>
<th>Point</th>
<th>Description</th>
<th>Visit 1</th>
<th>Visit 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>kitchen</td>
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<td>50</td>
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<td>W21</td>
<td>K</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>kitchen</td>
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<td>floor</td>
<td>f1</td>
<td></td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>kitchen</td>
<td>Wood</td>
<td>floor</td>
<td>f2</td>
<td></td>
<td>40</td>
<td>20</td>
</tr>
<tr>
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<td>Wood</td>
<td>floor</td>
<td>f3</td>
<td></td>
<td>40</td>
<td>20</td>
</tr>
</tbody>
</table>

**Drying Sketches:**
Putting it all together.
What’s in it for you?

- Real time access to factual data
- Less time on administrative tasks
- Convenience in the field
- Automated report creation
- Reduce soft fraud
- Decrease claim cycle times
- Increased customer satisfaction
Keys to Success

- Choose the right technology
- Establish effective processes
- Reinforce processes with training
- Keep it simple
- Clearly articulate the benefits
- Encourage usage through incentives
Embrace technology and focus on humanity

"No, you weren't downloaded. You were born."
The Human Touch

• Claims adjusting cannot be completely automated.
• The adjuster will use technology and the customers will use technology. However we still need the person to person contact by the adjuster to estimate, mediate, negotiate and resolve the claim.
• Customers expectations are increasing
The Rose

- Customers are traumatized
- Customers are in experienced
- Customers are confused
- Customers don’t know their insurance policy
- Customers may have feeling of guilt, frustration, loss, anger, and other emotions.
- Thank You for all you do to help them through their trying loss.
Questions?
“Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven’t found it yet, keep looking. Don’t settle. As with all matters of the heart, you’ll know when you find it. And, like any great relationship, it just gets better and better as the years roll on. So keep looking until you find it. Don’t settle.”