

Concierge Claim Service

The Future of Claims with IoT and Telematics



SERVE | ADD VALUE | INNOVATE

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Water Hero™
Conserve. Protect. Save.

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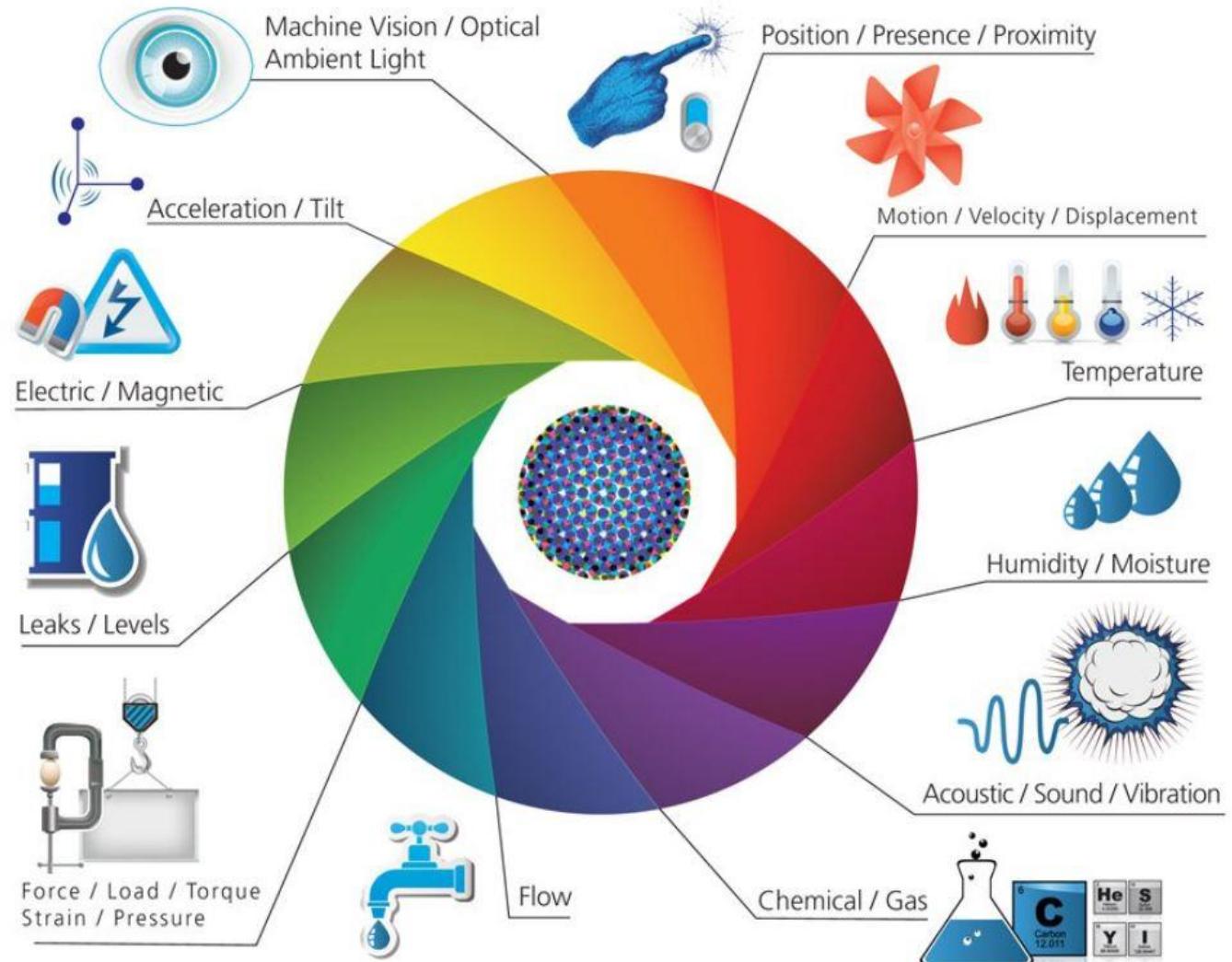
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Defining Internet of Things

IoT describes the **connection** of everyday objects and devices to the Internet, making it possible for them to **capture, send and receive data**.





Life of a Claim (LoC)



Claims account for ~70% of the insurance premium



Claim Satisfaction Opportunities

J.D. Power 2016 U.S. Property Claim Satisfaction Results



- No outstanding experience = switching
- Younger property owners want more assistance
- Non-weather water claims having the biggest impact on satisfaction



Claims Solutions to Insurer's Problems

Insurers and Consumers seek to mitigate claims via:

- insights from connected IoT data
- resolve claims faster and more accurately
- leverage certified service providers
- assist in loss avoidance and repair damages

Insurer Problem

Claims are Costly



Verisk Claim Solution – Business Model

Proactive Services &
Insights

Claims Impact Satisfaction
& the Bottom Line



Post-Event Mitigation &
Services

Connected Car



Connected Car

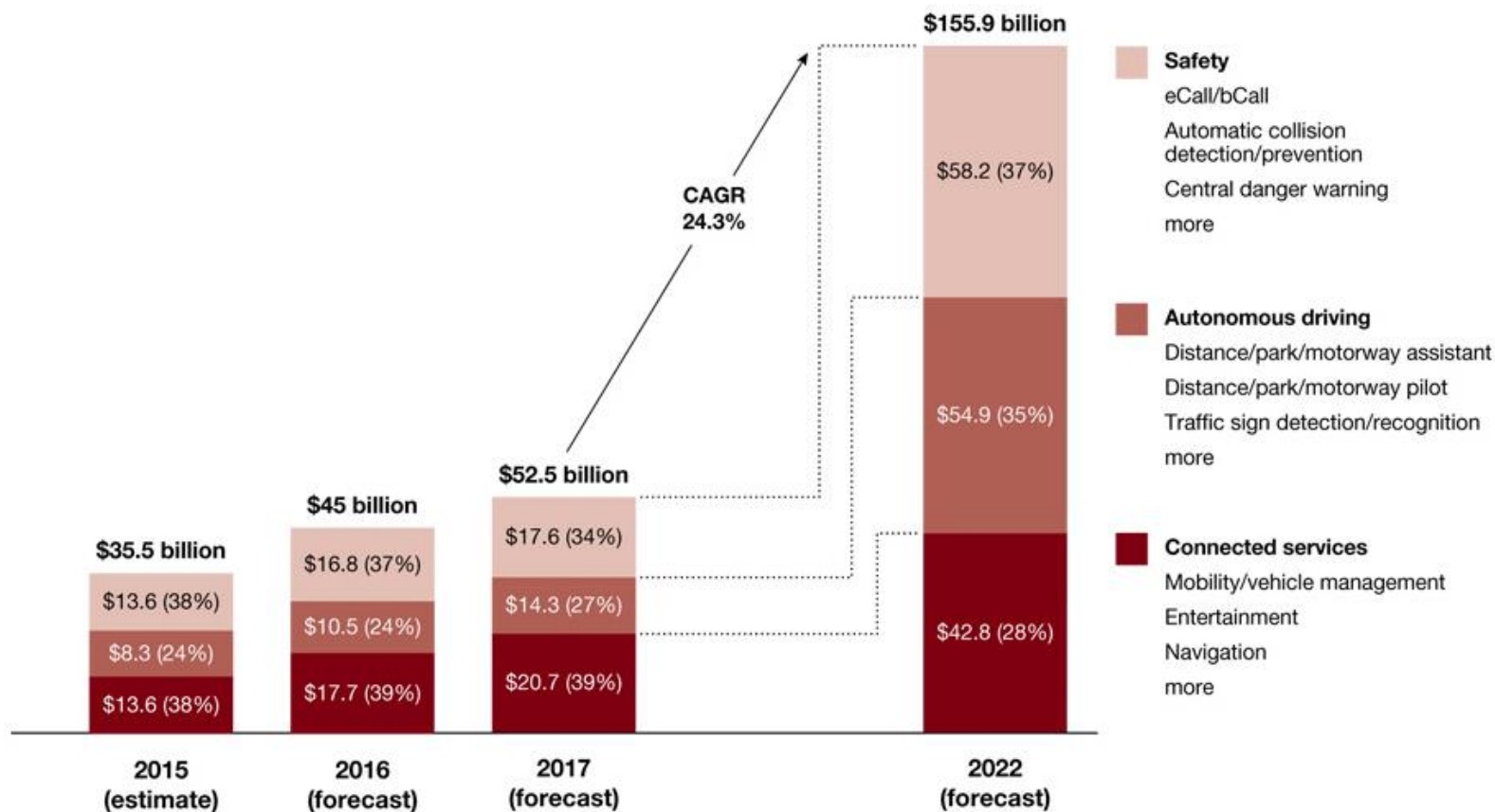
The car collects more data about customers than any other means of data collection:

- Location
- Driving behavior
- Destination and duration
- Driving time of day
- Vehicle diagnostics



Connected Car Potential

Estimated connected car revenues (and market share) by product package, 2015–22

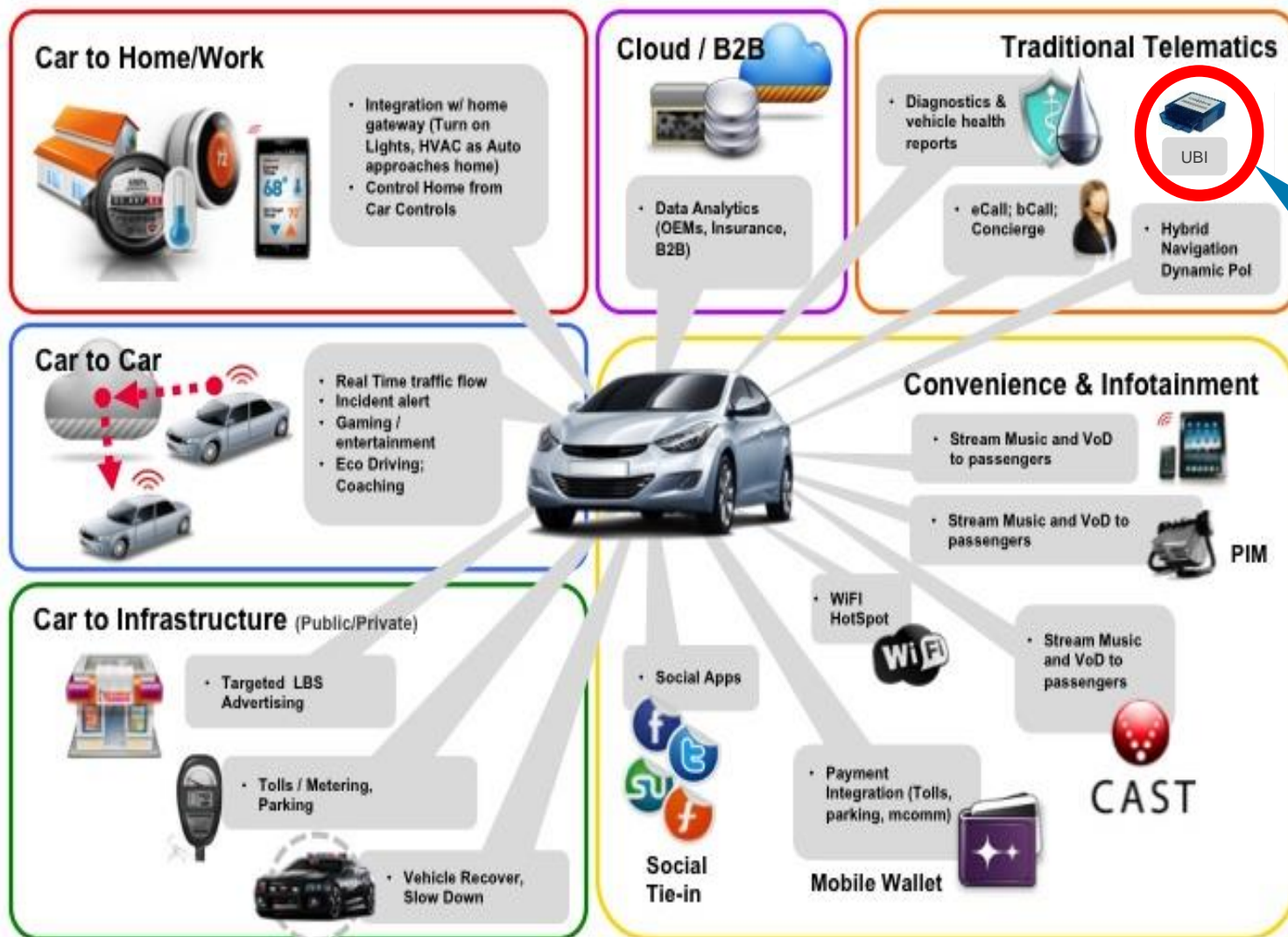


Note: Due to rounding, numbers shown here may not add up precisely to the totals provided.

Source: Strategy& analysis



Reach of the Connected Car



Most insurers are here



Connected Car Products and Services



Usage Based Insurance (UBI)

- Pricing based upon driving behavior
- Route optimization

Distracted Driving

- Safety
- Gamification
- Teen
- Senior

Pre-Claim Loss Mitigation

- Vehicle Health
- Proactive safety
- Predictive analytics
- Location-based services
- Revenue potential

Post-Claim Service

- Faster claim resolution
- Savings
- Customer satisfaction
- Fraud detection



Concierge Claim Service

Includes:

- Proactive Services:**
 Insurers can offer customers proactive mitigation services; what is happening before an event
- FNOL Event Activation:**
 Insurer is notified of the event; launches FNOL process
- Claim Services:**
 Insurer has more accurate assessment of event, can expedite next steps



Connected Home/Properties



Connected Home

Capabilities:

- Sensors similar to Telematics/UBI devices provide early warning detection on risks
- Manage risks & costs of water, fire, theft & maintenance issues (i.e. washer leaks, dryer vent, inside/outside motion, furnace filter)
- Lower tech & support costs; better user experience; and device portability are feeding the DIY market, putting pressure on traditional security players

The losses are adding up

Homeowner Claim Frequency Facts

- About one in 15 insured homes has a claim each year.
- About one in 55 insured homes has a property damage claim caused by water damage or freezing each year.
- About one in 215 insured homes has a property damage claim due to theft each year.
- About one in 265 insured homes has a property damage claim related to fire and lightning.

AVERAGE HOMEOWNERS LOSSES, 2010-2014 (1)

(Weighted average, 2010-2014)

Cause of loss	Claim frequency (2)	Claim severity (3)
Property damage (4)	6.83	\$9,024
Fire, lightning and debris removal	0.38	39,791
Wind and hail	3.13	8,041
Water damage and freezing	1.86	7,958
Theft	0.47	3,786
All other (5)	0.99	4,800
Liability (6)	0.15	\$15,221
Bodily injury and property damage	0.10	20,453
Medical payments and other	0.04	2,598
Credit card and other (7)	(8)	554
Average (property damage and liability), 2010-2014	6.98	\$9,155

(1) For homeowners multiple peril policies (HO-2, HO-3, HO-5 and HE-7 for North Carolina). Excludes tenants and condominium owners policies. Excludes Arkansas and Texas.

(2) Claims per 100 house years (policies).

(3) Accident year incurred losses, excluding loss adjustment expenses, i.e., indemnity costs per accident year incurred claims.

(4) First party, i.e., covers damage to policyholder's own property.

(5) Includes vandalism and malicious mischief.

(6) Payments to others for which policyholder is responsible.

(7) Includes coverage for unauthorized use of various cards, forgery, counterfeit money and losses not otherwise classified.

(8) Less than 0.01.

Source: ISO®, a Verisk Analytics® business.



Gaining adoption, but challenges continue



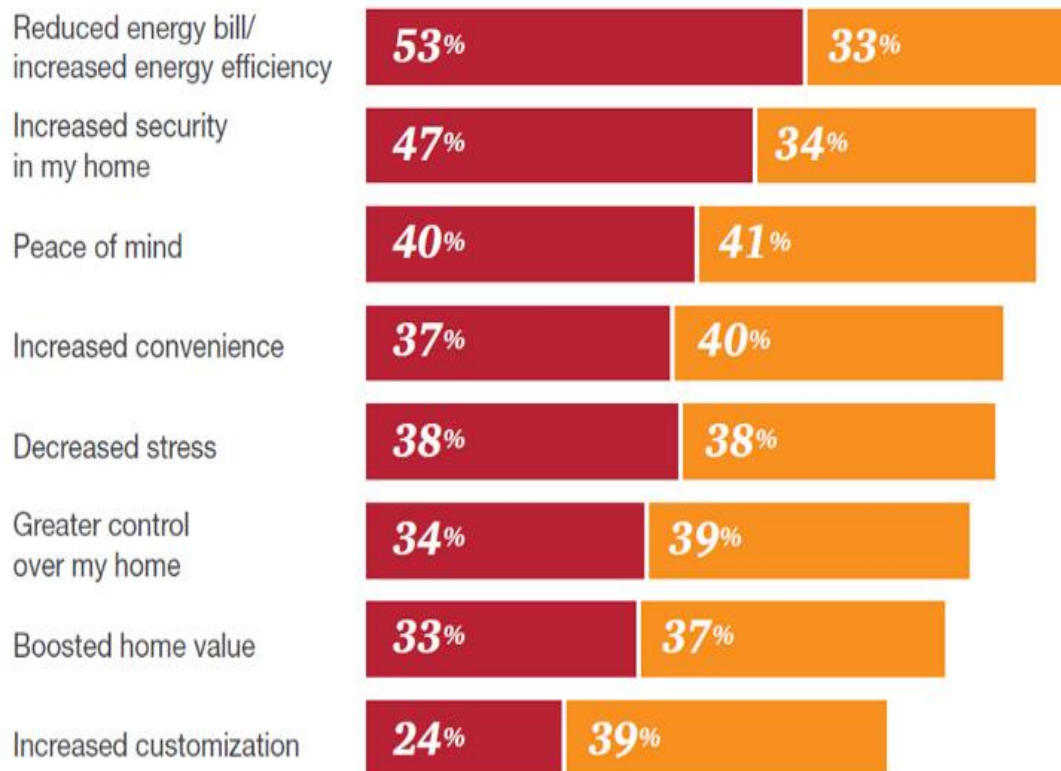
- Smart home **device adoption** has grown
 - 19% of broadband households now own a smart home device
 - 70% of smart home device owners report intention to purchase a smart home device in the next 12 months
- **Challenges**
 - Inefficient setup -lack of consumer familiarity with the set-up process
 - Difficulty connecting devices



Customer value

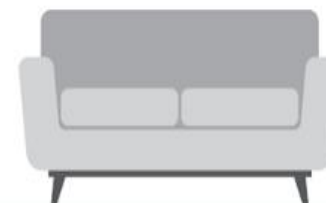
What's in it for me?

Perceived benefits of smart device purchase (among current non-users)



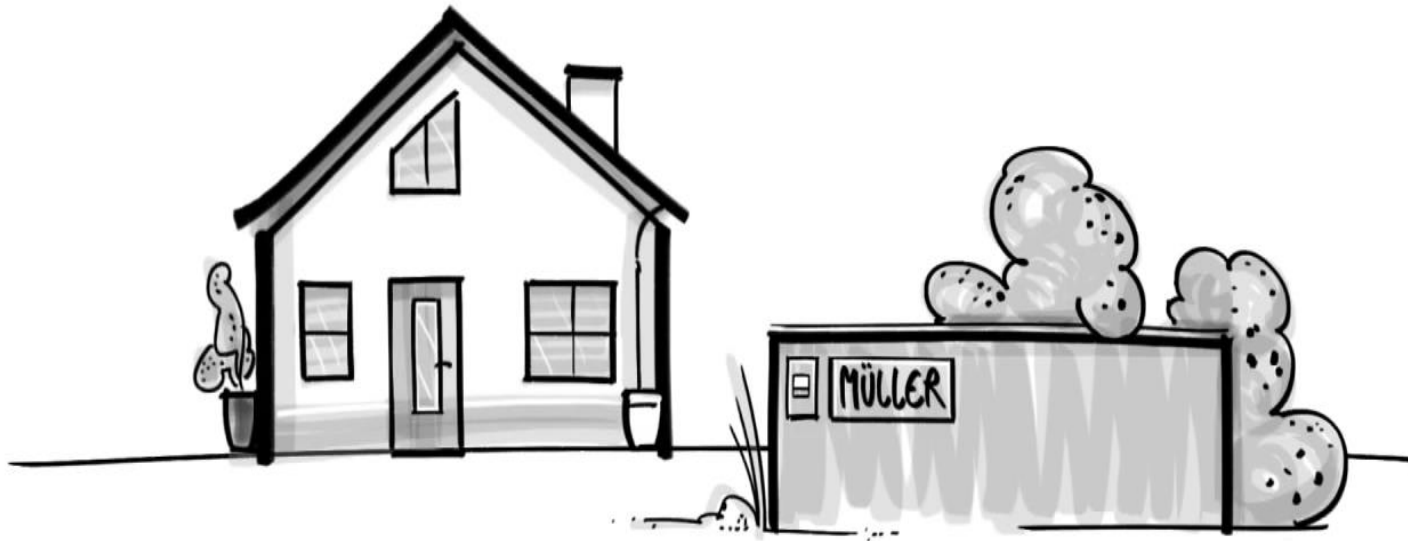
Very impactful

Somewhat impactful





Connected insurers in action





Job to be done: Getting back to right



Request



Receive



React



Respond

Data enabled across the process allows the customer to make informed decisions



Home/Building Concierge Claim Service

Includes:

- Proactive Services:**
 Insurance companies able to understand what is happening before an event
- FNOL Event Activation:**
 Insurer is notified of the event; launches FNOL process
- Claim Services:**
 Insurer has more accurate assessment of event, can expedite next steps



Key

- Proactive Services
- FNOL Event Activation
- Claim Services



Managing Claims in the Future



Questions?

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Data drives Decisions



Logos of Verisk Insurance Solutions, ISO, and Xactware.

- Consolidate disparate data sources
- Analyze data to generate insights
- Feed ISO/Verisk systems (i.e. ClaimAlerts, ClaimSearch, Xactware) to ensure data is part of insurer process
- Feed, analyze & integrate with partner companies (i.e. body shops, contractors) to bring it to prior damage state



Note: Companies listed are illustrative.