



# Servicing Claims in the New Norm

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## Auto and Property Claims Review

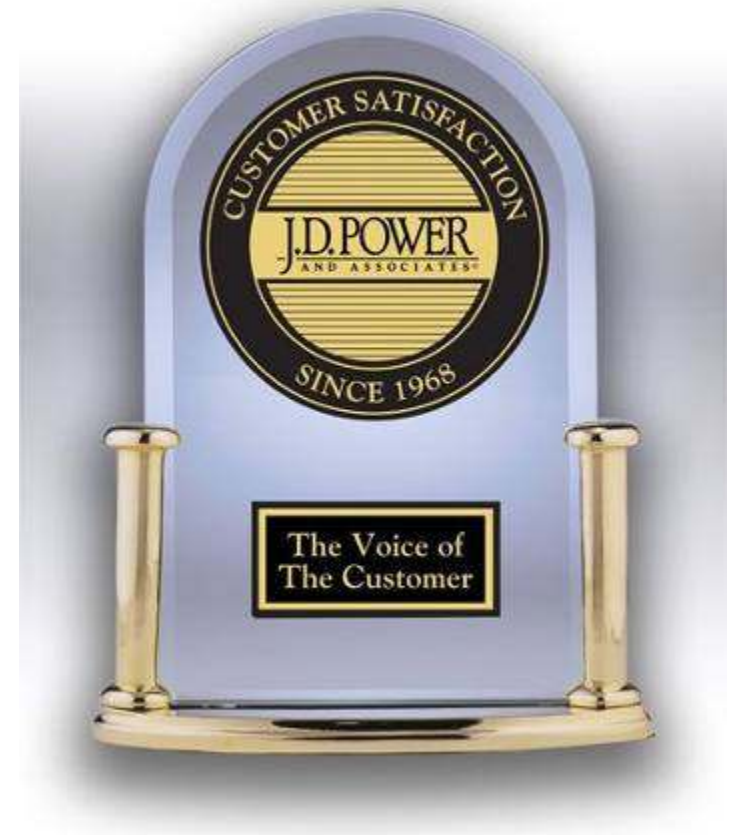
**2012  
SERVICE  
EXCELLENCE  
SUMMIT**

**March 14, 2012**

Mark Garrett  
Research Director  
Insurance

# Agenda

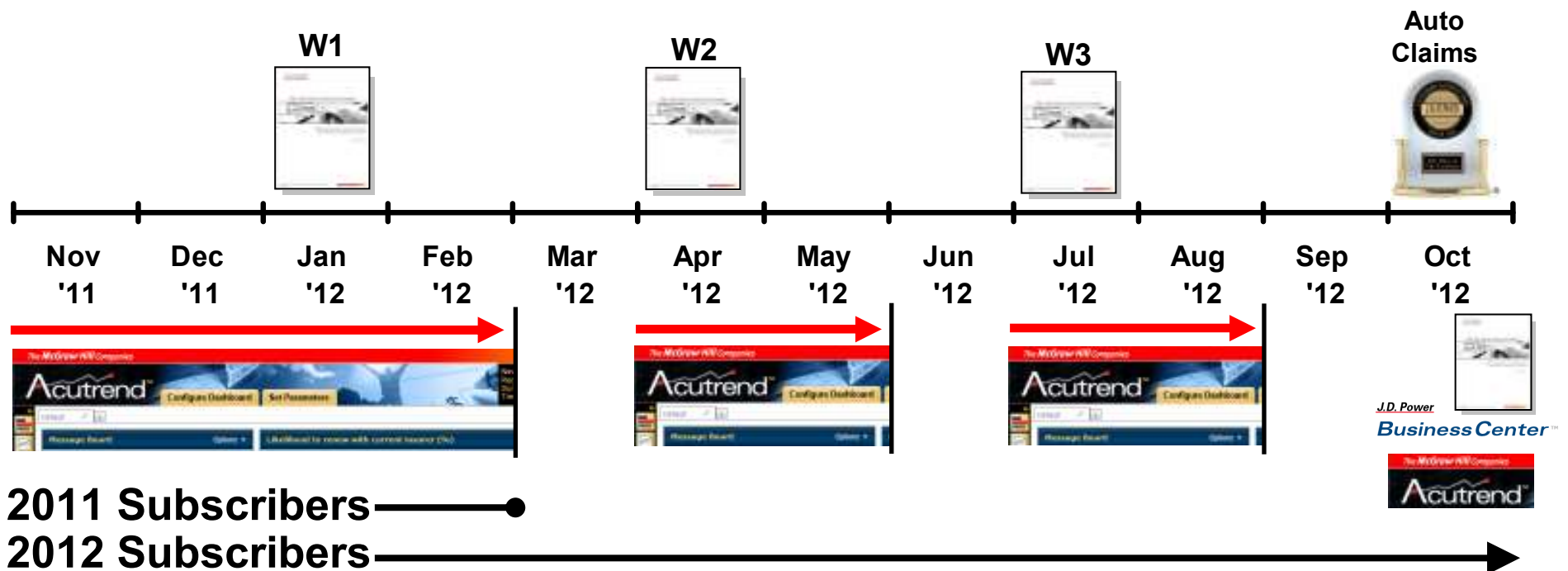
- 2012 Auto Claims
  - Quarterly deliverables
  - Acutrend schedule and enhancements
  
- 2012 Property Claims
  - Study Overview
  - Early-bird findings



# 2012 Migration to Auto Claims Acutrend

- 2012 syndicated has moved to 6-month recency
- 2012 fieldwork started in November and will field quarterly through Sep '12
- Wave 1 (Oct-Dec'11) was released to all 2011 Subscribers

## 2012 Publish Schedule



2011 Subscribers ●

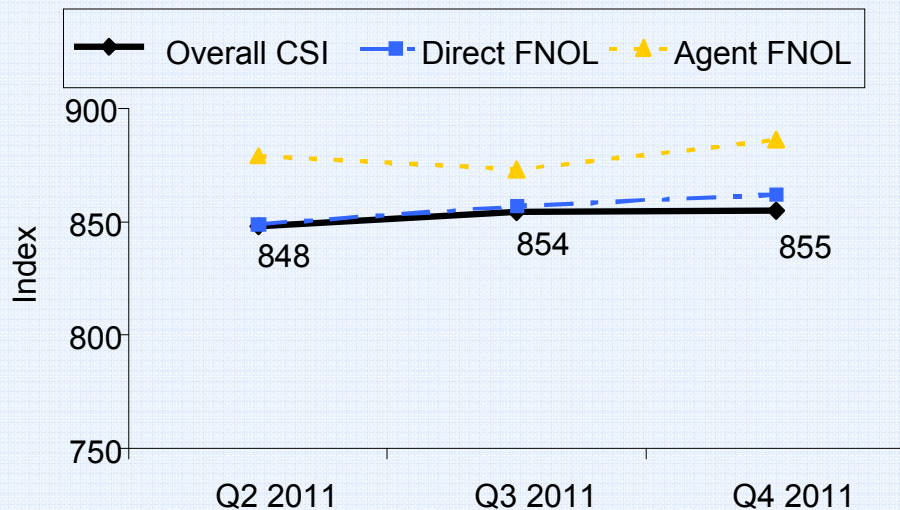
2012 Subscribers →



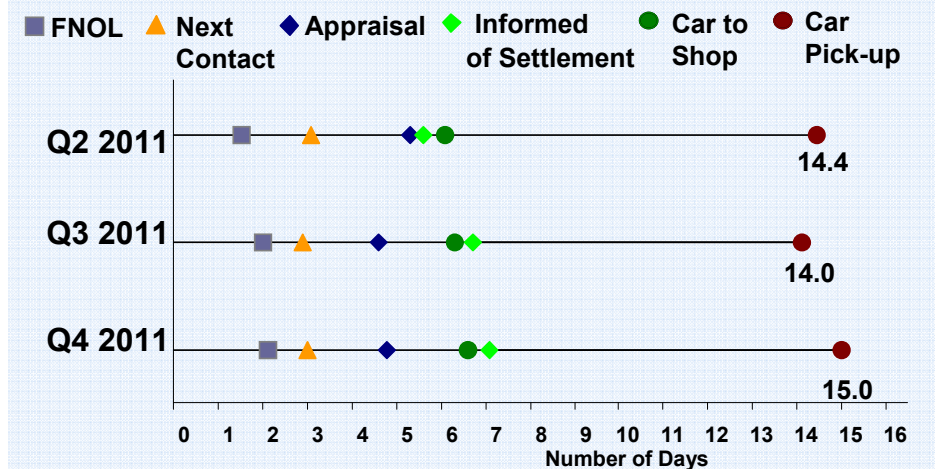
# 2012 Quarterly Deliverables—W1 Key Findings

- Overall CSI remained stable; up 7 points from Q2'11
- FNOL showed increases in both Agent and Direct channels
  - Over 70% of claims reported Direct in W1
- Weather-related damage increased; may have impacted cycle times
- Cycle time lengthened 1 full day from Q3

**Overall Satisfaction Index: Quarterly Trend**



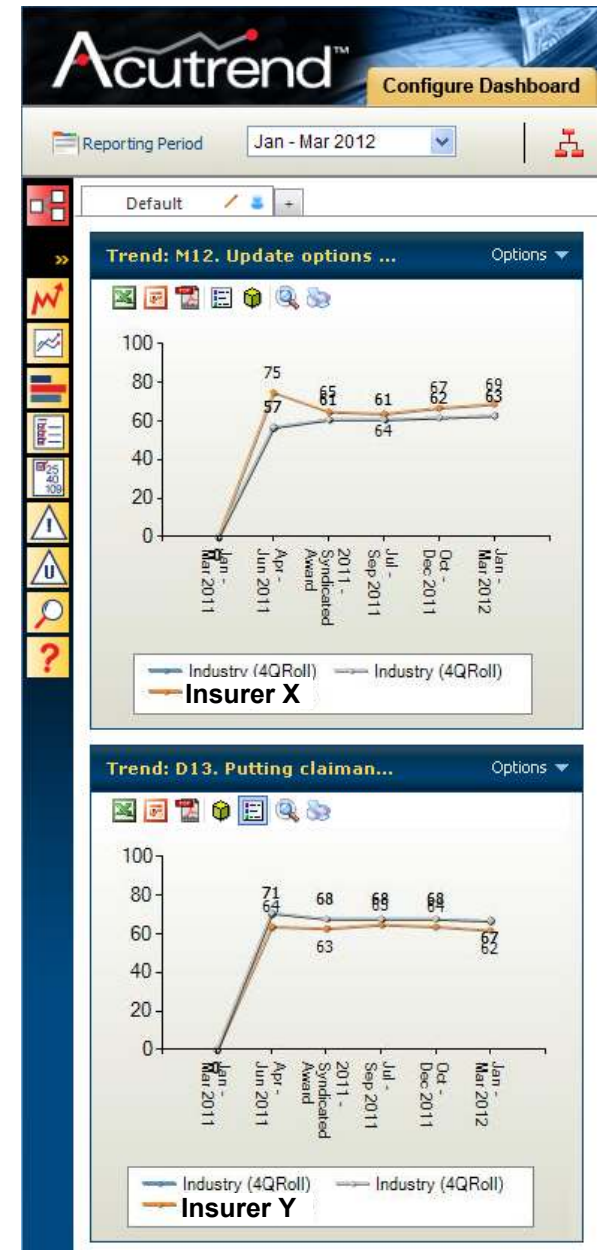
**Cycle Time—Repairable Vehicles**



\*Caution: Due to changes in question wording, the Q2 data point for "Appraisal Conducted" cannot be compared to Q3 or Q4

# 2012 Enhancements to Acutrend

- Additional Time-period available
  - Users will be able to track their syndicated score as it accumulates
- Data presentation improvement
  - Small sample asterisks on data, not on the insurer
- Export functionality improvements for the Performance Analysis
  - Create function for exporting all diagnostic questions at once
- Any other improvements?
  - Regional cuts?



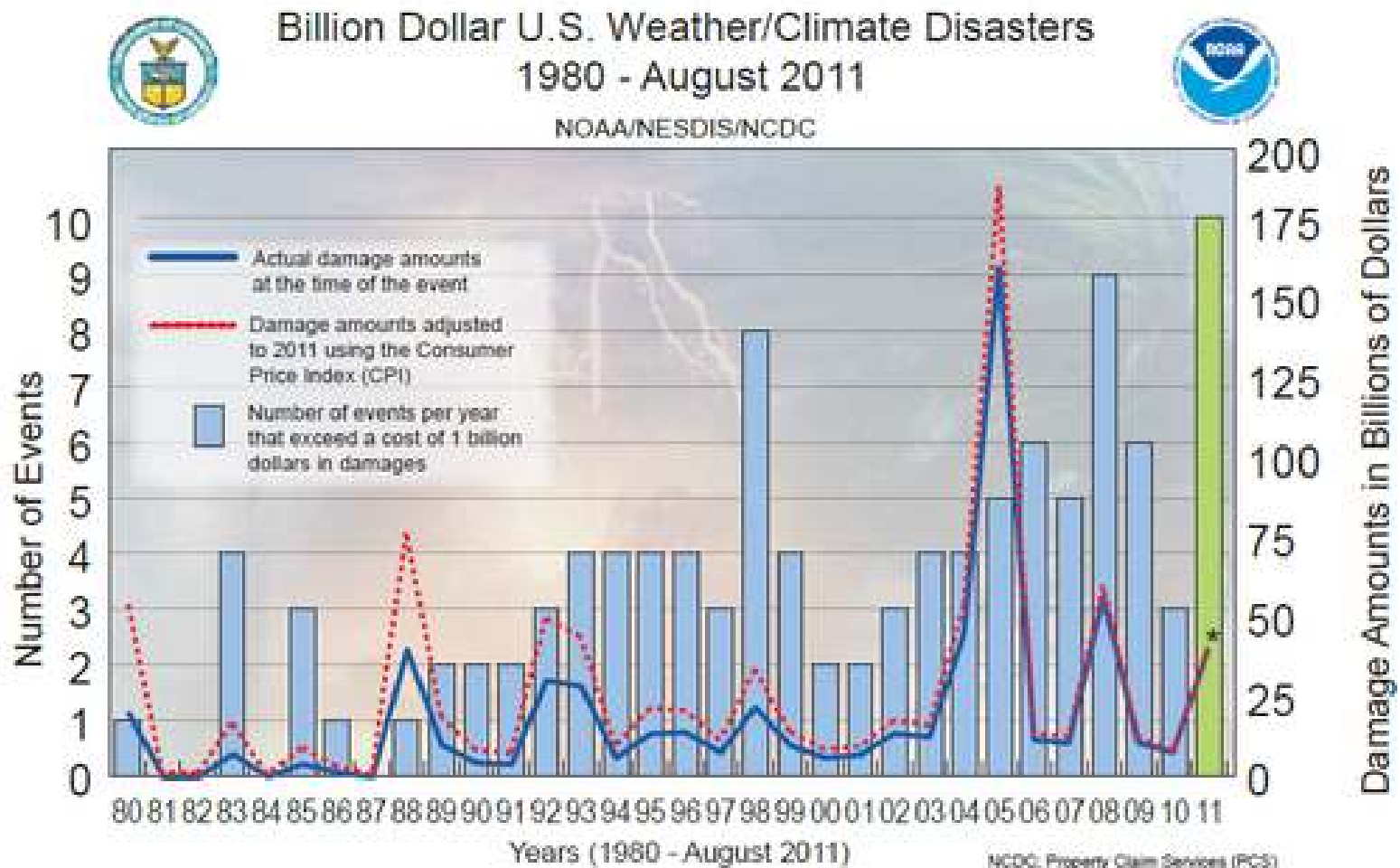


# Property Claims



2012  
**SERVICE  
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# 2011 Had Most Billion-Dollar Events on Record...

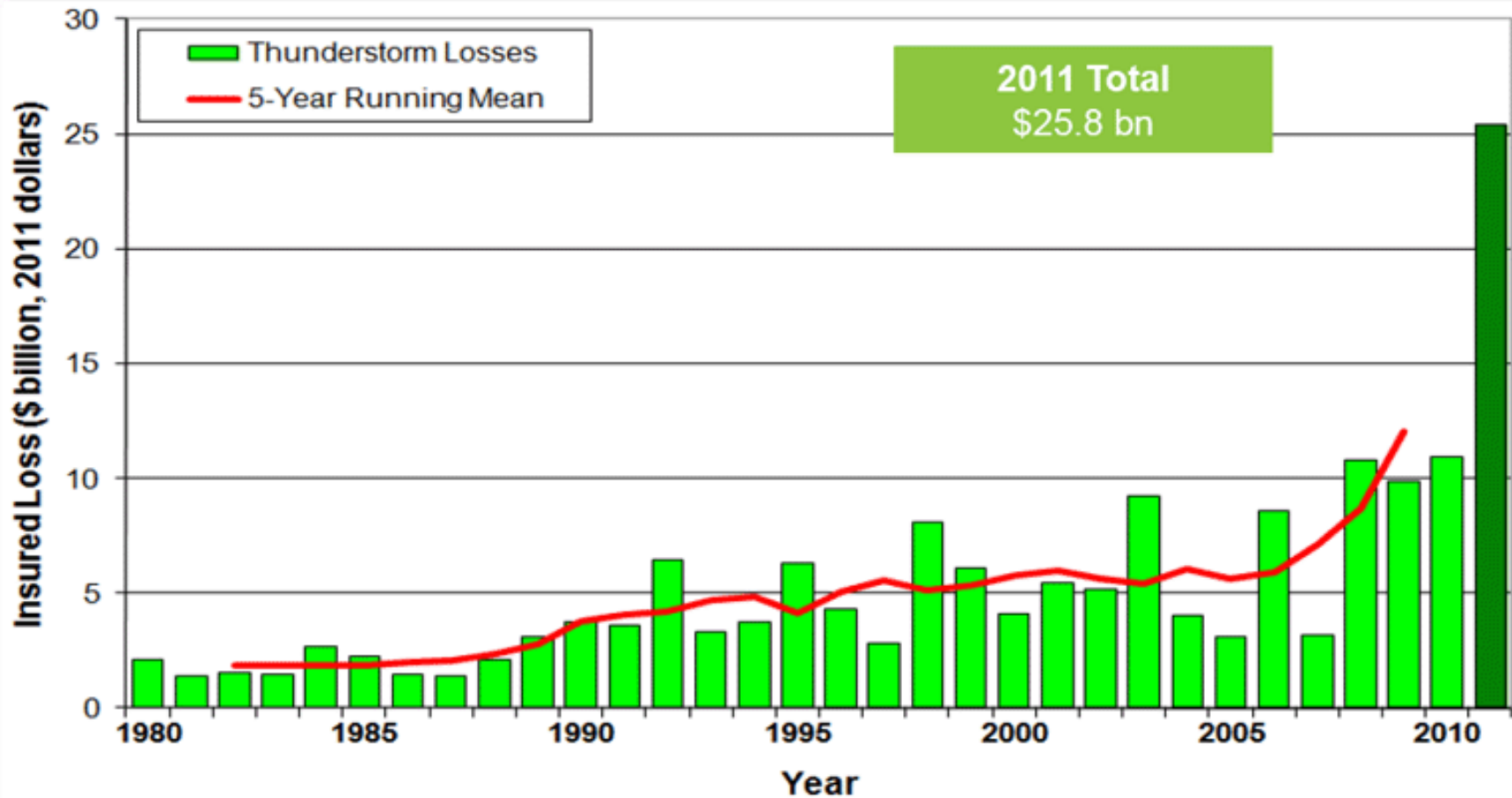


★ This damage amount does not take into account the losses from Hurricane Irene



# ...and Largest Losses Due to Thunderstorms

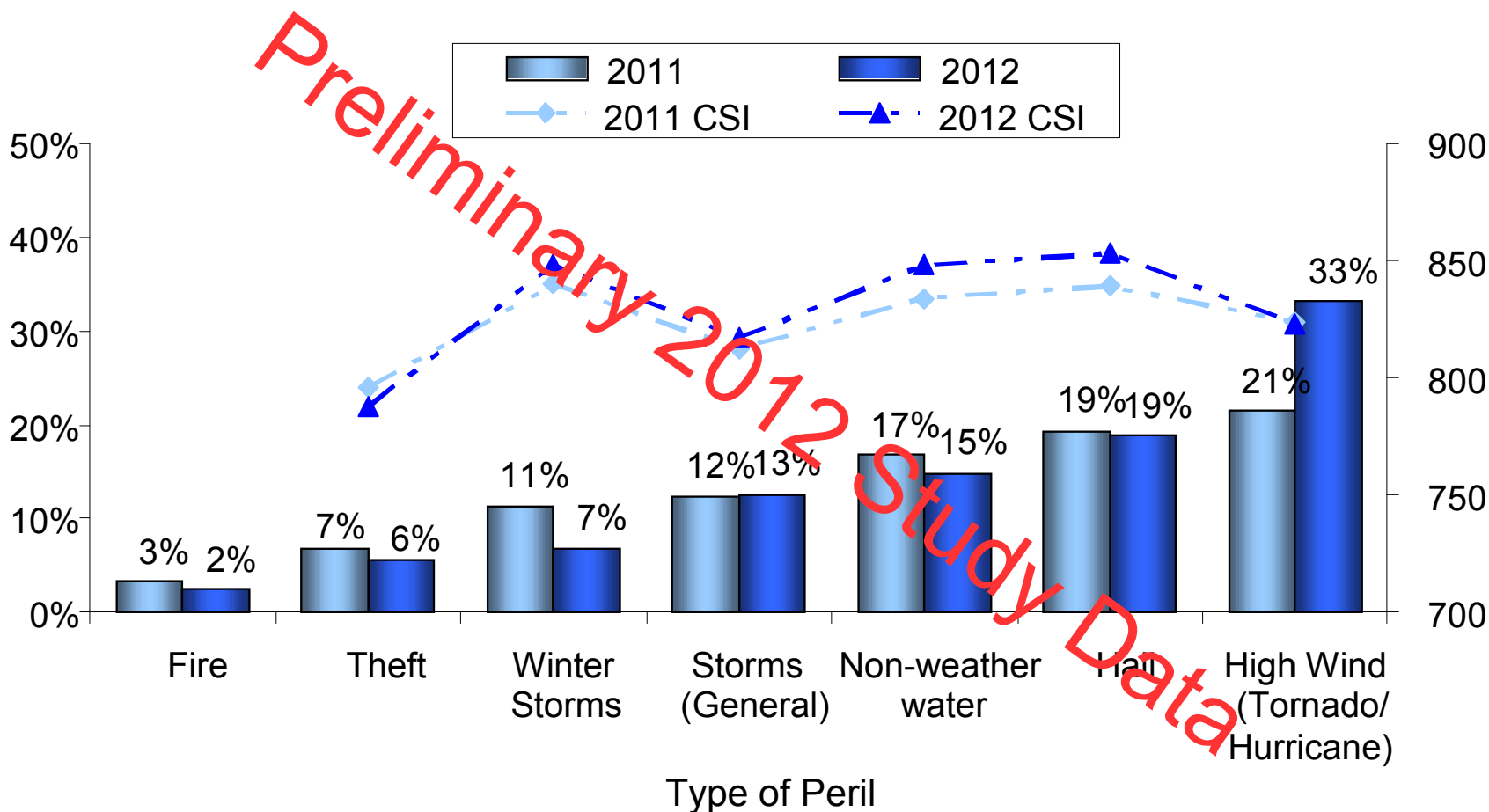
Average thunderstorm losses have increased fivefold since 1980.



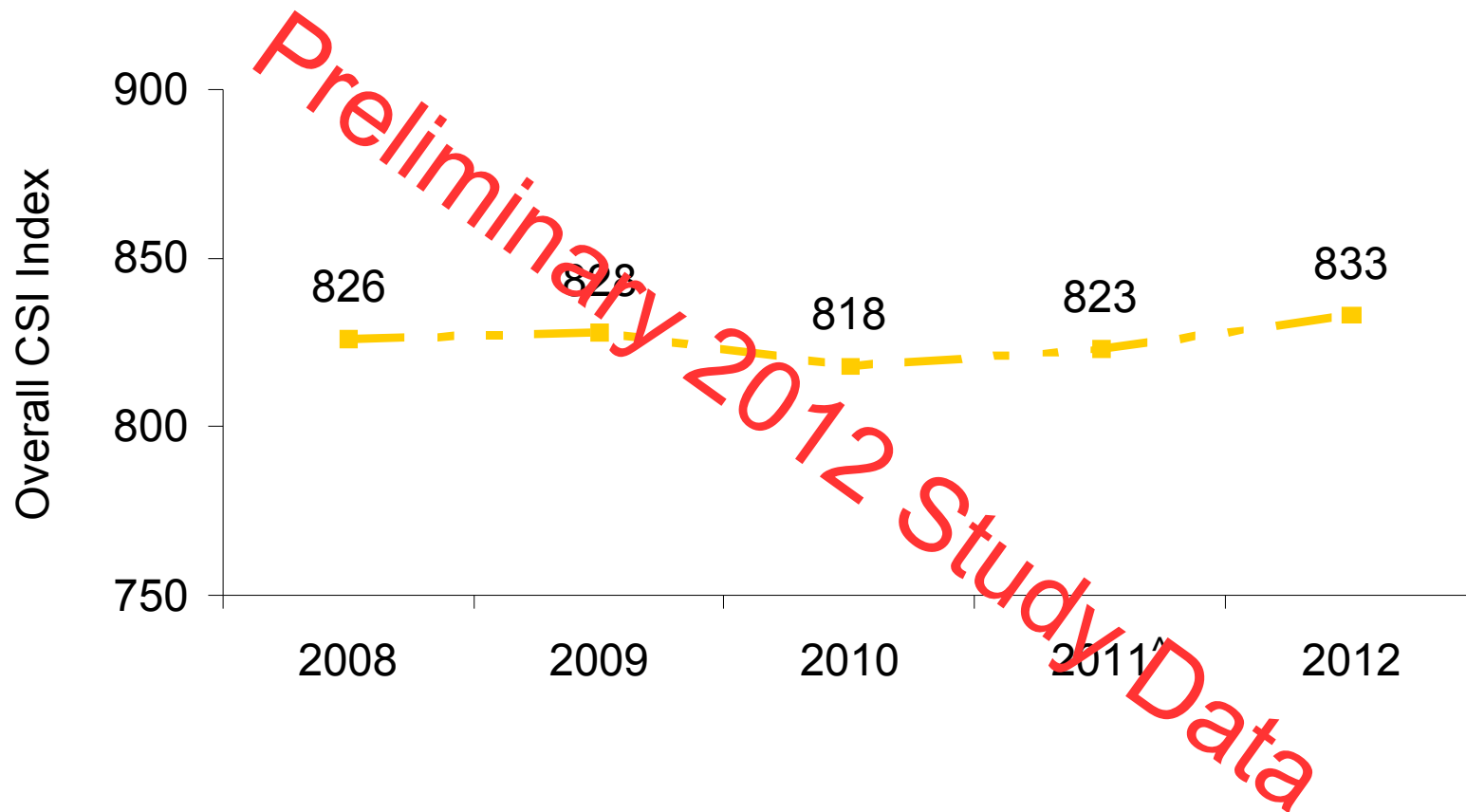
Source: Insurance Information Institute



# Survey results showed 50% increase in High Wind claims...yet CSI remained stable



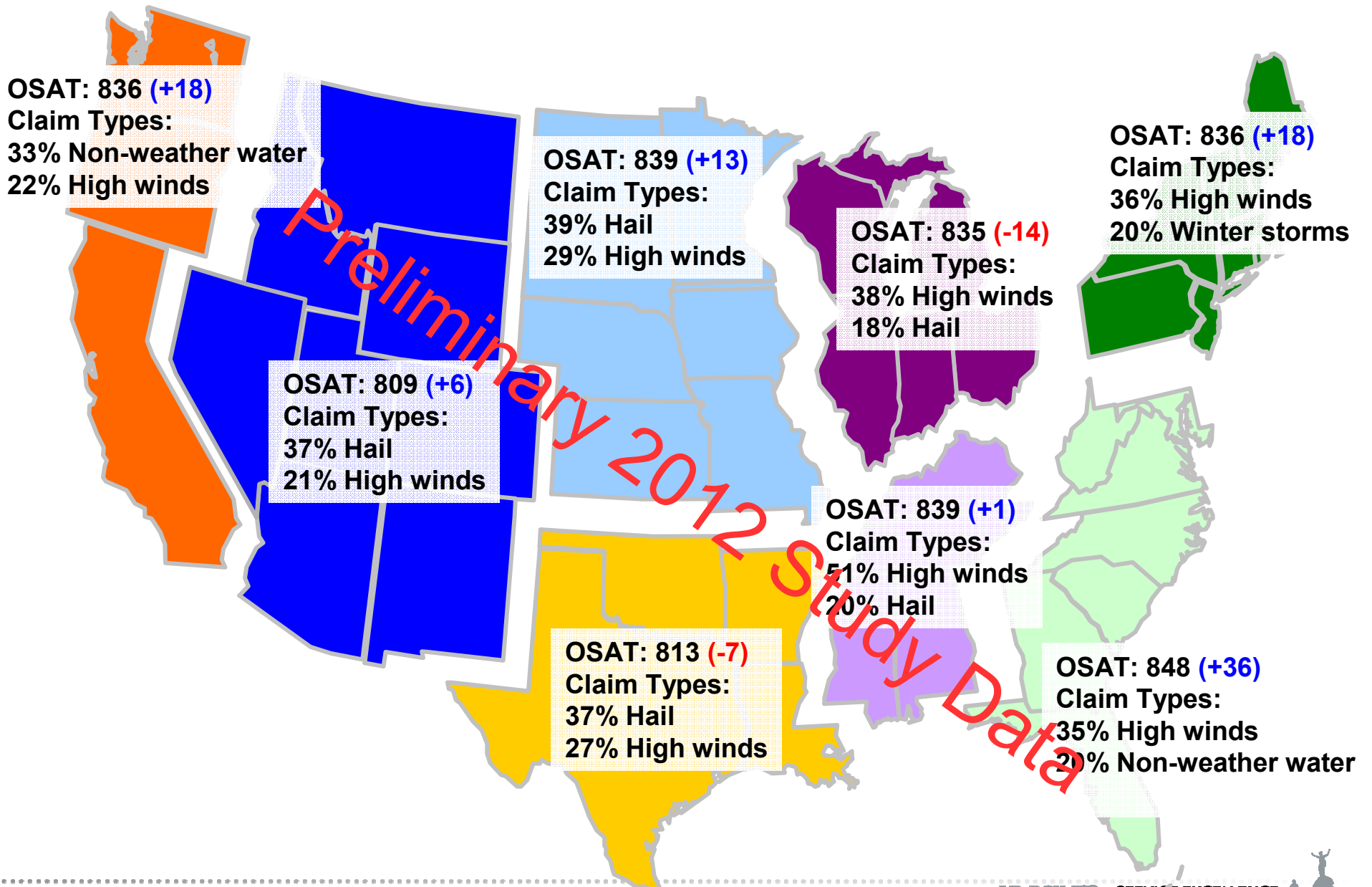
# Overall CSI Actually Improved Since 2011

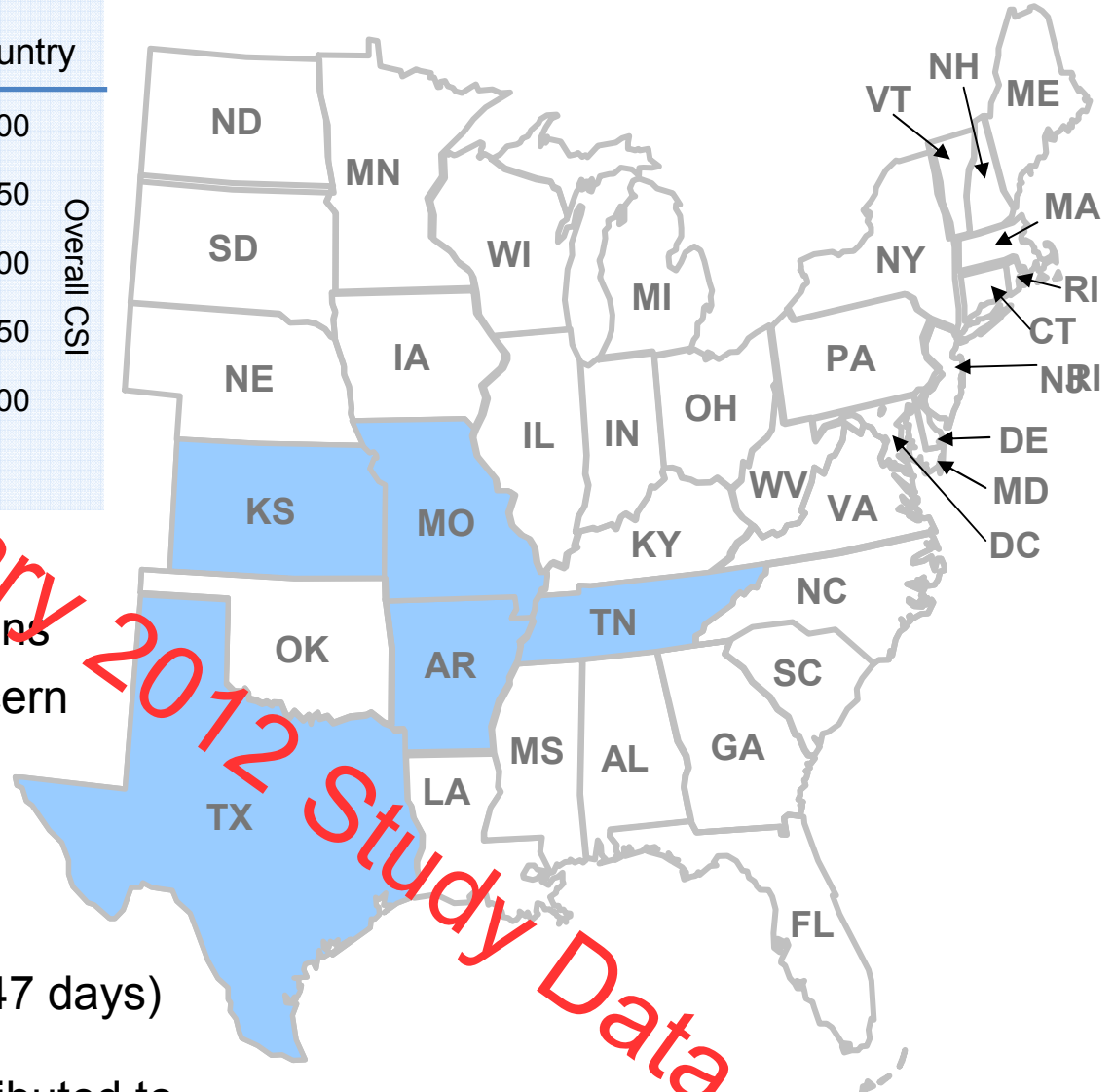
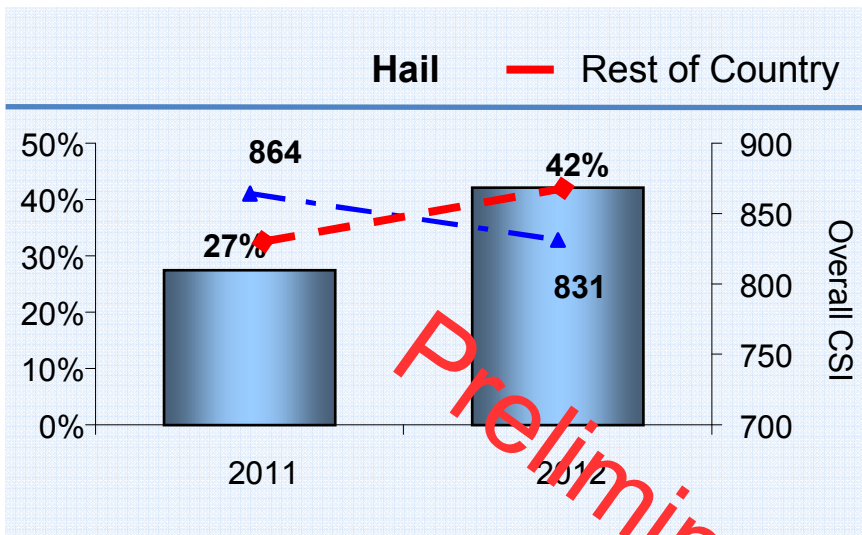


^ Data restated for trending purposes



# However, differences are noticed between regions

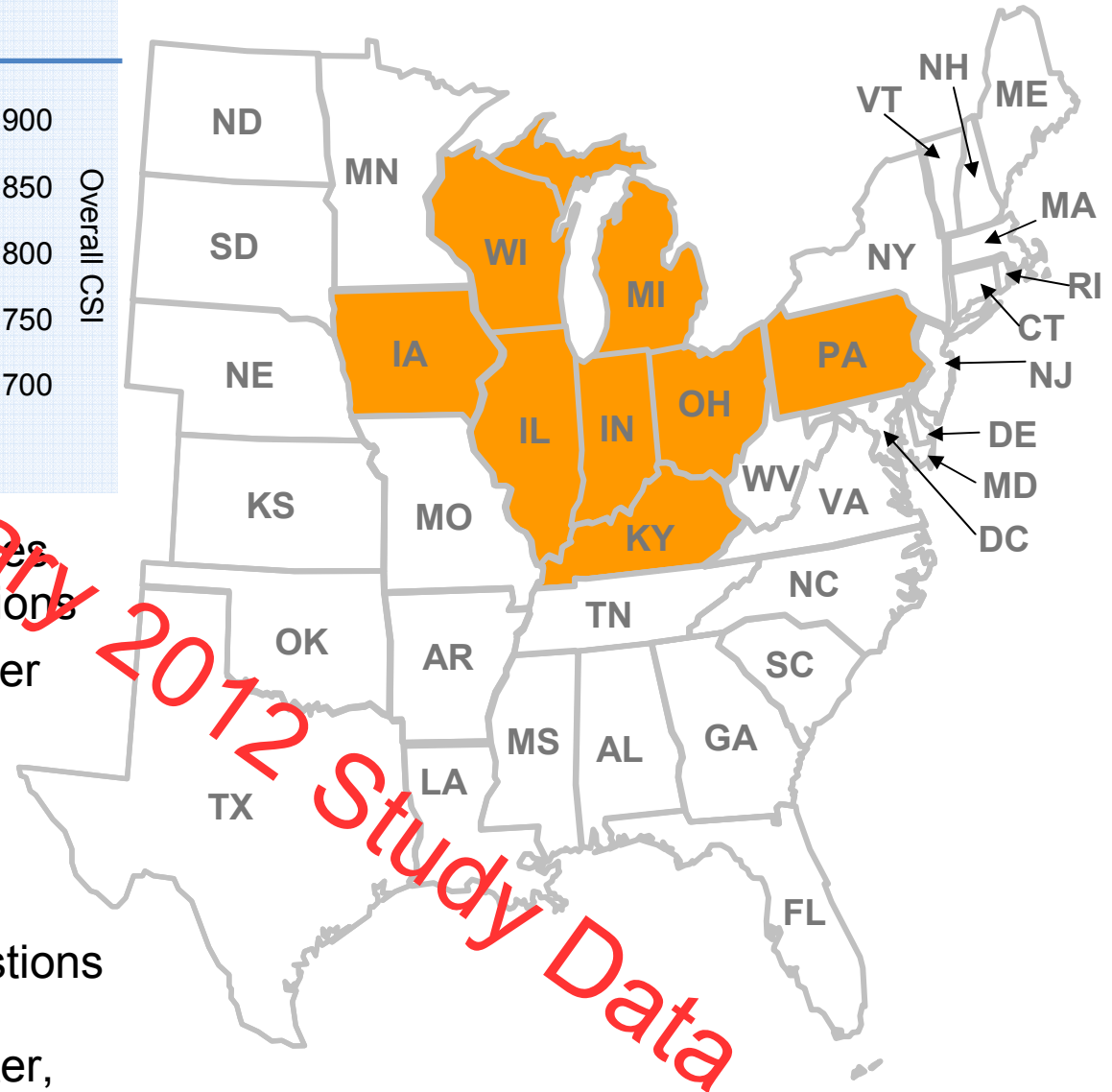
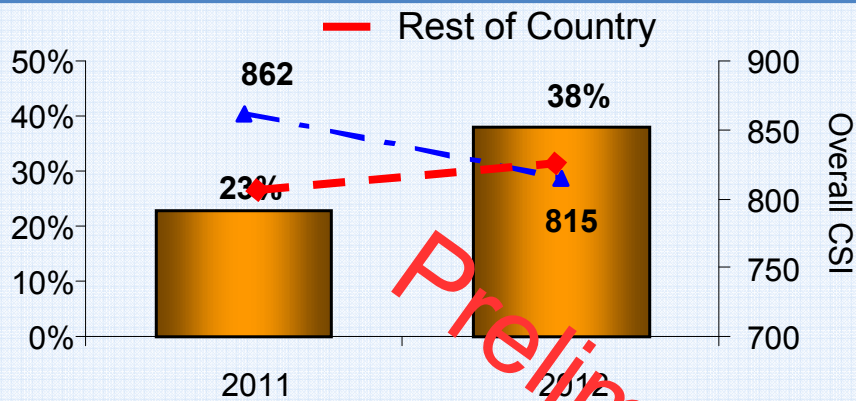




- Direct FNOL drives differences
  - 74 pts. lower than other regions
  - Explaining process and Concern
- *Timing of Settlement* down .60
  - Higher incidence of multiple payments (70% vs. 60%)
  - Final payment a week later (47 days)
- Delays in repairs may have contributed to longer final payments



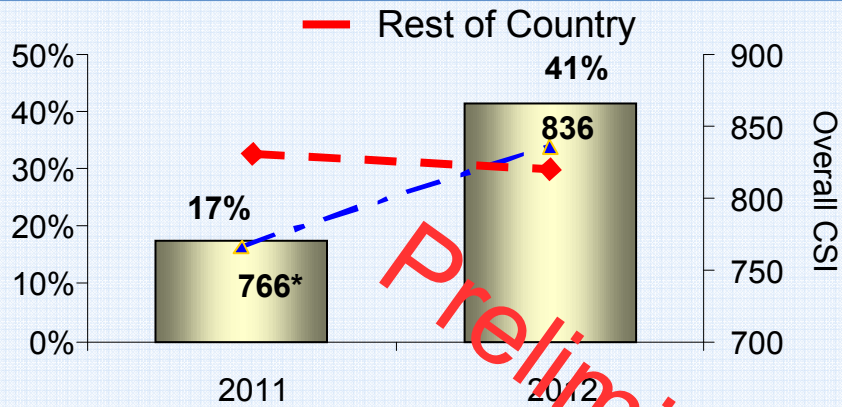
## High Wind (Tornado/Hurricane)



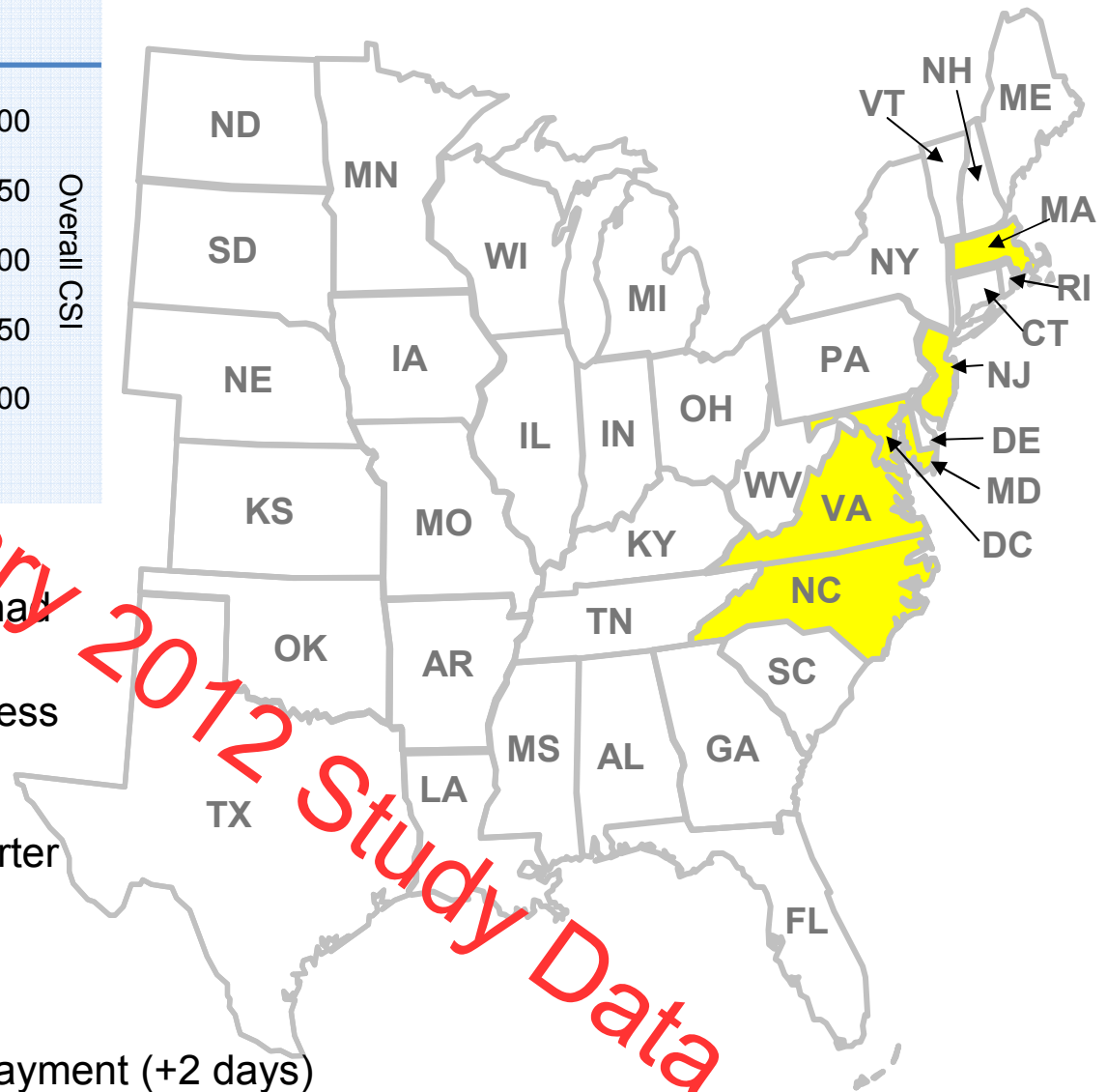
- Settlement drives YOY differences and lower scores than other regions
  - Out of pocket costs are higher
  - Higher rate of negotiations
- Agent CSI is lower than other regions
  - Timeliness of resolving questions
- Cycle time—claims handled faster, but expectations not set.



## High Wind (Tornado/Hurricane)



- Settlement drives higher CSI
  - Appraiser explaining settlement had one of the largest differences
  - Negotiate much less frequently; less reimbursed expenses
- More people stating process was shorter and less complicated than expected
- Cycle times are nearly all longer
  - Inform of settlement (+3 days); payment (+2 days)
- Does advance warning / preparedness help shape customer expectations?



# Property Claims Study Overview

- **Variable questions that are unique for:**
  - Type of claim and damage (e.g. damage to home vs contents)
  - Servicing model (direct, agent, mixed, etc.)
  - Appraisal / Repair differences (Staff vs. independent appraisal, preferred repair network, remediation contractors, etc.)
  
- **Questionnaire focused on key performance metrics that drive each factor of the claims experience:**
  - First Notice of Loss (Agents or Direct)
  - Appraisal Process
  - Claim Servicing (Agents and Claim professionals)
  - Repair Process
  - Settlement
  
- **Benchmarks top 20 insurers in 2012**



# Questions and Answers

**Q:** Is the 14 point drop for W2 due to seasonal effects? (i.e. a holiday effect)

**A:** We will investigate further as we finalize our analysis of the Property Claims study. In particular, we will look at regional differences to see if areas stressed by cat activity impacted lower FNOL scores in Auto Claims.

**Q:** Can you give us some sort of chart of where/when claims occurred?

**A:** Yes, we certainly could provide a summary of claims incidence and recency by market region.

