



## The Internet of Claims Adjusting: My Technology Wish List

by William Auten

### *Abstract*

*When it comes to fast-paced technology, our dreams can seemingly come true, as odds are that progress will continue to surge even faster. With this in mind, insurance professionals may wish to think about their own technology wish lists, for ample opportunities now exist for creating technologies and devices that may have been considered fantastical just a few years ago. The entire industry can benefit from some of the latest advancements in technology. These technologies may not only make things more efficient for insurers but also make the world a better and safer place. More than ever, it is time for insurance professionals to dream about new ways to solve problems. Things that may seem impossible could become a reality sooner than we think.*

I remember my first computer, a Christmas gift in 1981. It was a Commodore Vic20.

I used it to play a few games and learn about BASIC program language. I also learned that computer programming was boring.

Fast forward to 1993, when I obtained a Power Macintosh computer and my first email account, then just three years later, my first cell phone. Today, I am wired all day, every day. My smartphone, tablet, and laptop are always within reach at home and work. When I am not in a face-to-face meeting, you will find me parked in front of dual monitors that I wish were even larger to accommodate all of the windows and applications I want to have open at the same time. Electronics are definitely not boring.

Recently, I attended a conference where it was suggested that the internet is being upgraded to handle more devices than ever

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before. According to Gartner, in 2017, the estimated number of devices connected to the internet will be around 8 billion, and by 2020, that number will more than double, to over 20 billion.<sup>1</sup> How will that pace increase over the next 10 years? I think it will run exponentially higher as we find new ways to connect things for our own benefit. I also believe we should all be thinking about our own wish lists when it comes to technology.

## Virtual Notification

I have worked as both a vice president of claims and an independent consultant, dealing with property and liability claims. When I think about the types of property losses we get every day, I often wonder how those claims could be prevented. For those that cannot be prevented, I think about how the claims process can be made faster without compromising the quality of our claims-adjusting activities.

What if we had “smart” building materials that were not only made in a way that reduced or prevented losses but that also notified us of a claim? One example we have kicked around our office is the idea of smart roofing products that would be wired with sensors and that could communicate to the owner, or even directly to the insurer, that some sort of breach in the roofing system had occurred.

Today, when a windstorm blows through, a homeowner may experience roof damage and not realize it until that homeowner observes a leak in a room below the damaged section. The homeowner might then call a roofer or insurer, which in turn, would send out an adjuster to inspect the loss and evaluate how much damage was sustained, before agreeing to the scope and cost of the damage with the homeowner and contractor. Next, a payment would be issued to the homeowner, who would contract to have the work done. Finally, the contractor would schedule the job, order materials (assuming a match is available), and, once the materials arrive, make the repairs.

“Think of a homeowner’s insurance app that would allow a policyholder to select the best day and time for repair”

Now imagine a roofing product that communicates with the insurer, a roofing professional, and the policyholder all at the same time—and that notification happens immediately after the damage occurs. Imagine also that roofing products were more modularly designed than they are today and that components could be replaced without compromising the surrounding materials or appearance. In addition to being wired to the internet, the roof could be more permanent than current roofing products and likely equipped with solar cells.

If the products were designed as more modular than they are today, damaged sections could be identified remotely, and new replacement parts ordered and delivered to the site automatically. This type of system is already in use today.

A great example of this is home and office printers. Right now in my own home, we have a printer that will let the company know when it is low on toner, and the company will automatically ship a new toner cartridge to our home. If there is a malfunction, or if service is needed, the printer lets the company know that, too, and a technician is dispatched.

This technology is also used in many automobiles. My car emails me when it needs attention. Oil changes, low tire pressure, or an engine issue will trigger a notification to me. My last issue was an emissions problem, and I scheduled an appointment on the cell phone app I have through the manufacturer. The dealer had the parts ordered and ready to go when I arrived.

Think of a homeowner’s insurance app that would allow a policyholder to select the best day and time for repair. The insurer and repair contractor would then be notified. Once repairs were made, the policyholder could check a box through the app, allowing payment to be transferred to his or her bank account—or perhaps directly to the contractor?

Then there is the mortgage company. That pesky loss-payee problem? No problem, simply put the mortgage company in the loop, too, so it is aware of the damage when it occurs. It could also be notified when repairs are complete and could authorize direct payments.

Shingles are just one example. Interior damage most often occurs from water leaks or fires. Fire-resistant products should be more heavily considered, as should water sensors in high-risk areas, such as kitchens, bathrooms, and basements. Perhaps drywall or flooring can be made as a giant sensor, or maybe interior wall paint will have the capability to communicate?

The electrical system of a home is already well integrated to establish a network of sensors and communications. Surely, there are technologies available to detect and even repair electrical issues before they cause a fire? With technologies like that in place, cycle time from the date of loss to the time of repairs would be measured in hours instead of days or weeks.

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## Abundant Applications

When it comes to liability claims, technology can certainly assist with property surveillance. The cost, size, and durability of cameras today allow an entire property to be continuously monitored by video surveillance. This is not a new capability, but it can be improved with devices that are fully integrated through the Internet of Things.

The potential for improved healthcare is mind-boggling as well. Wearable devices that can track a person's bodily systems and functions and connect directly to a nurse or physician's data center, could improve the efficiency of normal nursing rounds. And advances in robotics and prosthetics continue to occur, lessening the impact of certain types of injuries on a person's quality of life or ability to work.

A major part of any liability claim is injury evaluation. Medical records can be used to show whether an injury claim is legitimate. By digitizing those records to streamline the verification process for the plaintiff and defendant, the impact of disputes over injury severity could be reduced.

Today, most records are scanned into pdf files and read by claims handlers, investigators, and attorneys. What if those records were translated into an artificial intelligence (AI) apparatus that could evaluate the mechanism of the injury and maybe even the pain or discomfort levels associated with it? Perhaps AI will take the place of today's medical practice?

## The Next Big Idea

The insurance industry will surely benefit over the next ten years from the creative problem solving that millennials will contribute. The resulting new solutions will be most welcome in an industry that conducts business in much the same way as it did thirty or forty years ago.

“When it comes to liability claims, technology can certainly assist with property surveillance”

Technology has helped enhance the way the industry sells policies and pays claims, but real transformation likely requires complete reengineering of the risk transfer model. Instead of a written promise, what if insurance became an integrated process, or more like an infrastructure behind the things we do every day? Risk transfer and risk prevention could become one and the same.

Instead of issuing policies, perhaps the industry could provide an all-sensing, automatic response system when something bad happens? What we refer to as policyholders today might be called something else, and when these individuals have a claim, they might not even know about it until they receive a monthly reconciliation report outlining, for example, the wind damage their home sustained—which was repaired by drones while they were in their home office working remotely through their virtual reality headset.

This may seem outlandish or too expensive. But for the industry to continue to flourish and evolve, we have to be willing to entertain unusual ideas and keep open minds.

Consider that in 1876, William Orton, then president of Western Union, is reported to have said this of a certain budding technology: “This ‘telephone’ has too many shortcomings to be seriously considered as a means of communication.”

The lesson, of course, is that you never know. ■

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## Endnote

1. Gartner Newsroom, “Gartner Says 8.4 Billion Connected ‘Things’ Will Be in Use in 2017, Up 31 Percent From 2016,” February 7, 2017, <https://www.gartner.com/newsroom/id/3598917> (accessed January 23, 2018).



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