The Treasury

Earthquake Commission (EQC) Act Review Submissions Information Release

Release Document

January 2018

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[1]   9(2)(a) - to protect the privacy of natural persons, including deceased people;

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

New Zealand's Future Natural Disaster Insurance Scheme

Proposed changes to the Earthquake Commission Act 1993

Submission Form

July 2015

Your contact details

For organisations

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CoreLogic NZ is a Wellington based property data and analytics company.

We supply property data and analytics services to all sectors of the economy dealing with property including EQC with whom we have had a long standing relationship.

As part of CoreLogic's range of services, we have recently started localising solutions from our international parent companies for use in New Zealand, including ground-breaking solutions for Insurance. One such solution, **Symbility**, would have significant benefits to EQC's operations based on the proposed changes discussed in the EQC Act Review.

Some of the proposed changes to the Act raise technical and logistical challenges for handling claims notifications and assessments. As a supplier to EQC and much of the Insurance Sector, CoreLogic wishes to make a submission on how our technology can provide solutions to these challenges. However we are not advocating for the changes themselves, just how they might be implemented.

Who will handle EQC claims in future?

Proposal for discussion

17 That all EQC claims be lodged with claimants' private insurers.

CoreLogic's submission is based around Discussion Point 17 – claims notification and handling. The proposed changes could move claims notification from EQC to the private insurer and opens the door for claim resolution to be handled by EQC or, at EQC's discretion, by the Insurer. For this to work smoothly - especially in the event of a large scale event such as Canterbury - EQC and the insurers need to have robust, scalable, integrated system to facilitate claims notification and handling.

CoreLogic has an existing solution to this challenge – Symbility.

Symbility is a world leading claims assessment workflow management platform that also provides tools for claims assessment in the field or from the desk. Symbility is already deployed in many counties across the world and has already generated much interest in New Zealand.

The core module of Symbility is Claims Connect – which controls the workflow for claims assessment from first notice of loss (FNOL) to the completion and closing of a claim. Claims Connect is designed so it can act as middleware interfacing with existing claims management systems (such as Guidewire's ClaimCentre). Whilst designed primarily for an individual insurer to use to manage their internal claims assessment processes, Claims Connect has a significant benefit – it can facilitate collaboration between different organisations and in this case, could allow claims workflows to be enabled between private insurers and EQC, and vice versa, using existing off the shelf technology.
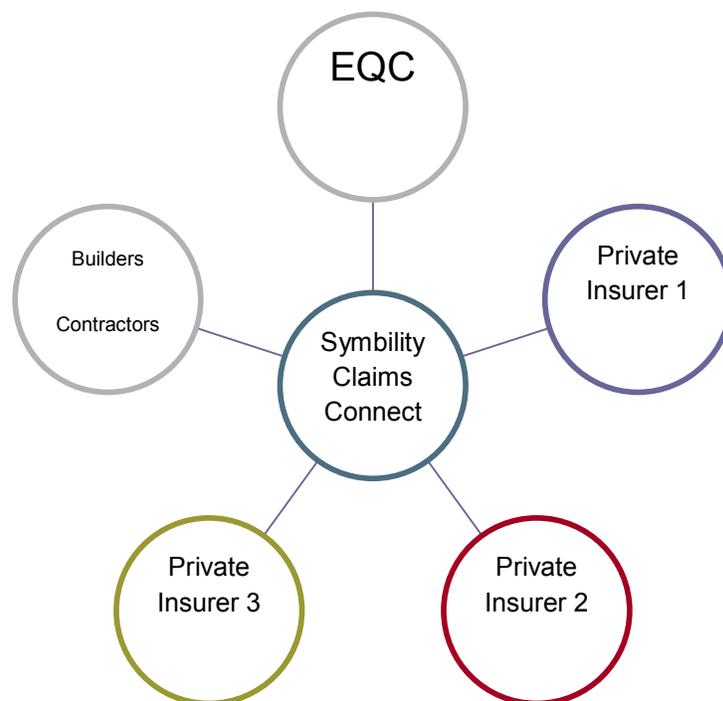
Symbility also has several modules that interact with Claims Connect to provide tools to support claims assessment, both desk and office based:

Desk Adjuster enables insurers to centralise small loss handling to reduce outsourcing costs and accelerate claim cycle time to improve customer satisfaction. Intelligent questionnaires combine call scripts with estimate-building questions based on an insurer's practices and repair strategies. This single dynamic questionnaire helps users ask the right questions to generate consistent results claim after claim.

Simple claims can be dealt with quickly using in-house resource reducing cycle time and allowing the right

resources to be allocated to more complex claims in the field. Standardised workflow processes ensure that assessments are consistent, high quality and reliable.

Mobile Claims provides a multi-platform enabled field estimating solution that features virtual diagramming, voice annotation, photo documentation and full scoping and pricing capabilities in a single systematic application. It empowers users to quickly and accurately capture claim information onsite, with less time spent scoping and more time spent supporting the claimant. Mobile Claims is accessible from any personal computer or tablet running Microsoft Windows and Android, iPad and iPhone smart devices.

Video Connect allows a desk adjuster or claims handler to utilise the mobile phone technology that most people now own to be able to remotely view and document damage, with video and photographs being captured and logged into the claim. This is significant step forward in including the home owner in the claims process as well as capturing vital information on the nature and size of a claim quickly and easily, allowing the claims handler to triage and assign claims as appropriate.

First Notice of Loss at Insurer

Under the proposed changes, first notice of loss for a claim may in future be lodged with the home owner's private insurer. We anticipate that this would be lodged in the insurers existing Claims Management System (CMS). Claims Connect can be integrated with each insurer's CMS so that all claims could be transferred automatically into Claims Connect and become immediately visible to EQC. This would mean that EQC could see all incoming claims from all insurers, but high level security restrictions ensure that claims can only be viewed by the relevant users.

Claims Handled By EQC

Once the claim is received by EQC, claims handlers can then assign the claim as required. Small claims can be dealt with in-house by a desk adjuster whilst larger claims can be assigned to field assessors who would then visit the situation of loss. Using Mobile Claims, the assessor can capture the details of the loss, including photographs, videos, floor plans and both written and spoken notes. These different media aspects are captured automatically and synchronised to the claims file in Claims Connect for future reference. More crucially, the assessor can create a Scope of Works for the required repair using the scoping and costing tools within the system. This process provides for a much higher degree of accuracy and standardisation of assessment and costing, whilst reducing the time needed to create the Scope.

The assessor can then assign repairs through the system to builders and contractors who can instantly see the data captured by the assessor as well as the Scope of Works. This can be used as a Marketplace, allowing the assessor to price a repair using a panel of builders' pre-submitted rates for labour and materials, and select the most cost effective, or allow the assessor to create a Scope which is then provided to the panel of builders for them to quote against. This ensures consistency and transparency in the tendering process for assigning work.

"OverCap" Claims

If the value of any claim goes over EQC's cover limit, thereby needing to be passed back to a private insurer, EQC's claims handlers could use Claims Connect to assign the claim to that insurer. The system notifies the insurer that the claim is assigned to them, and they can then accept the claim, along with access to the claims file containing any existing floorplans, notes, photographs, video and costings already created by EQC. This will allow the Insurer to quickly validate data already captured and the existing scope or work without having to trigger a second inspection and second round of data gathering. The insurer may be able to assign the claim

for repair immediately, thus significantly reducing the claims resolution time, and reducing frustrating secondary inspections for home owners.

At any time, both EQC and the insurer can monitor and report on the status of the claim. Also, mobile applications can also be used for the home owner to check and see the status of their claim through the system, increasing their interaction and involvement in the process and improving their visibility of the progress of their claim.

<u>Outsourcing of Claims to Private Insurers or third party assessment companies</u>

The Review allows for EQC to outsource the handling of claims to third parties or back to the insurer should they wish. This might be contracted in advance or a dynamic requirement due to high workloads following a catastrophic event. The Symbility solution can enable this collaboration so that an insurer could take the first notice of loss from a home owner, the claim would automatically be notified to EQC who would assign the claim back to the insurer or third party. The insurer can then use the Symbility platform to conduct the assessment, including capturing the documentary evidence, the Scope of Works and associated costing. This would then be passed back to EQC who can immediately view the whole file electronically, authorise the repair and assign back to the insurer or third party to commence repairs. By using Claims Centre all claims can be viewed by the authorised parties and assigned back and forth as required. In the event of a dispute, both parties have access to the same information.

<u>Summary:</u>

The proposed changes to claims handling processes discussed in the Review document provide some interesting technical challenges for EQC and insurers, but CoreLogic is pleased to note that it already has a solution that could be implemented to provide a solution to these challenges, featuring the following:

- Existing "off the shelf" technology
- Ability to integrate with existing applications used by EQC and Insurers
- Creates a workflow process for claims to be transferred between insurers and EQC and back again
- Robust technology designed to scale to meet the needs of a major event
- Hosted software as a service allows integration with third parties without major infrastructure changes
- Standardised repair pricing and processes to improve consistency in repair strategy and costing between different assessors, third parties or insurance companies.
- Business Intelligence tools for automated reporting and performance monitoring of claims resolution
- Ability to involve the home owner in the claims process and allow them to keep informed on the progress of their claim.
- Technology that can reduce claims costs, claims resolution time, reduce revisits and improve customer satisfaction in the claims process.

CoreLogic would like to thank the Government in allowing us to present this response to the proposals and would be happy to answer any questions raised by this submission.