

How Insurance Carriers Can Benefit From Using Outsourced Photo Services to Augment Sales, Underwriting, and Claims

**by Jerry Burg, CPCU
FastSnap.com
www.fastsnap.com**

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Carriers are interested in providing Internet based tools to help their producers, underwriters, and adjusters do a better job. FastSnap is an Internet-based photo service that has been designed to provide rapid delivery of digital photos to insurance agents, brokers, and underwriters. The ability for an insurance carrier to easily obtain photos of properties, whether ordered directly through FastSnap, or indirectly via the producer, offers significant benefits. This paper will focus on the benefits to carriers that use the service.

1. Help underwriters to identify hazards and exposures

The risk identification process requires the *producer* to personally view the risk. The walk through, or “personal visit”, helps the agent identify possible exposures and hazards, and assess the maintenance and condition of the property or business operation.

Furthermore, having a set of contemporary photos of the risk early in the underwriting process helps the underwriter to determine if the risk meets their underwriting requirements. Identifying deferred maintenance can indicate a lack of money budgeted for improvements, a failure of management, or a failure to recognize or implement effective loss control. With this information, the underwriter can make a more informed underwriting decision..

It is not always possible for the producer to personally view a risk. The risk itself may be quite distant from the producer’s office; or the producer may not have the time to visit each location. The low commissions for personal lines accounts often prohibit the agent from making a personal visit because the time and travel would consume the entire commission. For commercial accounts, the customer may have a large schedule of locations, spread out over a wide area, which would take considerable time and

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expense.

When the agent is unable to make a personal visit to the risk, FastSnap provides the carrier with a way to view the risk without requiring the producer to make a personal visit to the property location.

2. Reduce sales costs

The underwriter has a limited amount of capacity to write new business, and therefore is more inclined to accept business which demonstrably meets the company's underwriting requirements. For small or middle market commercial business, the underwriter wants to handle a high volume of applications as fast as possible.

Regardless of the size of the premium, the agent must prove that the risk can be written profitably by the company. It does not make any difference whether the applications are received on paper or online; when applications are required to include photos, the underwriter is able to make more informed underwriting decisions, faster. This streamlines the underwriting process, and reduces the overall cost of acquiring new business.

While carriers agree that photos early in the underwriting process are an advantage, incorporating this into a marketing plan can be difficult. The marketing department may object to the imposition of photo requirements, viewing them as a burden which will reduce the agent's willingness to place business with the company.

The objection to photo requirements as a burden can be easily overcome when there is a cost effective solution to obtaining the photos. Carriers can recommend FastSnap to their producers, and a variety of prepaid options are available to allow the carrier to

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subsidize the producer's photo expense.

3. Avoid unnecessary cancellations

Most insurers inspect the property shortly *after* the policy is written (by an outside inspection company or the carrier's own loss control department), and the inspection may identify hazards that the agent was unaware of, and the underwriter did not anticipate. If the hazards are significant, the underwriter may attempt to cancel the policy. Mid-term cancellations are serious problems which can create discord between the carrier, agent, and insured.

Policy cancellations are costly to the carrier. The company loses money expended in writing the business, including underwriting, clerical, and loss control costs. Additional costs may accrue if the insured files a complaint with the state regulating authority. Finally, if the inspection is returned too late for the underwriter to take action, the company may find itself on a risk that they consider sub-standard for a full year, with or without adequate premium to cover the exposure.

The cancellation affects the agent as well. The agent's compensation for the time and effort spent in marketing the risk is his commission. When the policy is cancelled, that commission is lost. The agent is also faced with the daunting prospect of finding another market for the risk, often with very little notice, of explaining to the insured why the policy was cancelled, and possibly losing the account.

Therefore, knowing what the risk looks like at the time the insurance is underwritten helps the carrier avoid costly cancellations.

4. Followup on underwriting actions

The underwriting inspection ordered *after* the policy is written may identify hazards or deficiencies. The underwriter may decide to issue mandatory loss control recommendations to the insured instead of cancelling the policy outright, with the understanding that coverage is contingent on the insured's compliance with the recommendations. For this to work, there must be a way to monitor compliance.

It is usually left to the agent to communicate these recommendations to the client, and monitor compliance. This can require personal visits to the property to view the affected items. Multiple visits to the property may be necessary to determine that all recommendations have been followed. If the agent is unable to make the visits, the carrier may have to send their own personnel to follow up.

Repeat personal visits to the property can be expensive to the producer and carrier. FastSnap can help the agent provide photos to the carrier without the expense of a personal visit, or help the carrier handle this followup without involving the producer.

5. Reduce claims expense

Up to now this paper has discussed the use of FastSnap's photo service for sales and underwriting. Carriers may find a place for FastSnap in the claims process, too.

Many carriers use inside adjusters (aka "desk adjusters) to handle "small claims". These are generally claims for small dollar amounts where it is less expensive to just to settle the claim with proper documentation, without involving field adjusters. However, the inside adjuster still needs to "see" photos of the damage.

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FastSnap photographers can be hired to provide the inside adjuster with these photos, usually within a few days of the loss being reported. This helps the carrier adjust small claims faster, without added pressure on their field adjusters.

After a settlement is reached with an insured, the carrier may want to inspect the property while repairs are being made, or complete. This is important to document that the insured used the settlement money as intended. It can also help the carrier prevail in case a dispute arises with the insured after the claim is settled.

6. Reduce coverage disputes between carrier, insured, agent

Any time a carrier denies coverage, this can result in a costly legal battle. The carrier has to defend their decision in arbitration or court. This sets up a situation where the interests of the carrier, insured, and agent are in opposition to each other.

Many coverage disputes involve policy sub-limits on certain types of property. These disputes could be prevented if all insurable exposures were properly identified. The agent's personal visit is important to discover insurable exposures. For example, the customer may have signage, fencing, appurtenant structures, and vehicles that were not previously revealed to the agent.

When the agent is unable to visit the property, a set of photos can provide an opportunity for the underwriter to see the property. The photos can reveal these exposures to the underwriter and allow him to offer coverage.

The carrier should encourage the agent to obtain a full set of photos of the risk and update the photos regularly. If the agent is unable or unwilling to provide this, the carrier should obtain the photos on its own.

7. Make better use of company personnel

Many carriers send claims adjusters, loss control reps, or marketing reps out to take the kinds of photos described above, as a part of their job function.

This is not a good use of the employee's time, who, presumably, was hired to take care of their primary job function. Diverting the employees' attention from their primary job function reduces their productivity. Furthermore, it is not cost effective to use a highly paid employee for the task. FastSnap offers a cost effective method of obtaining photos without placing undue burdens on carrier personnel.

8. Audit a book of business

Carriers need to periodically reinspect or review a book of business. For example, the carrier may want to perform a quality control review of a specific agent's book of business, undertake an audit of underwriting decisions, or review certain types of physical exposures, such as roof materials.

Conditions can change significantly within a few years, and risks that were acceptable at the time the policy was written may well be considered unacceptable within a few years. The insurer has to assess insurability on an ongoing basis, to be aware of any change to hazards or exposures that arise.

Due to the costs involved, few carriers undertake such periodic reassessments of a book of business. FastSnap brings the price, and thus the idea, of a regular review of a book of personal or commercial business into the realm of possibility.

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Conclusion

Insurance carriers, and their agents and brokers, will derive many benefits by using the low-cost, on site, digital photography services provided by FastSnap photographers. FastSnap is an important tool in the underwriter's toolbox to help write new business, reduce sales expense, monitor compliance with loss control recommendations, and can help the claims department handle claims more quickly and efficiently.