

**White Paper:**

**How FastSnap Can Benefit Insurance Agents and  
Brokers**

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## **White Paper: How FastSnap Can Benefit Insurance Agents and Brokers**

FastSnap is an online digital photo service that has been designed to provide rapid delivery of digital photos to insurance agents, brokers, and underwriters. The ability for an insurance producer to easily obtain photos of properties offers significant benefits, that changes and improves the way they sell insurance.

This paper will define these benefits as respects underwriting and sales, and will briefly address how FastSnap works.

### **Sales vs. Underwriting**

The insurance producer's job consists of 2 distinct and often conflicting tasks: selling and underwriting.

The sales function, which most agents would identify as the primary task, includes locating prospects, identifying risks, seeking coverage from available carriers, delivering sales proposals, and followup service for accounts they write.

The underwriting function overlaps the sales function. Underwriting tasks include risk management and risk placement. Both of these tasks include identifying and evaluating risks, and sharing this information with the underwriter during risk placement.

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

It is not always possible for an agent 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 small commissions for personal lines accounts often prevent 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

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of locations, spread out over a wide area, which would take a considerable amount of time and expense.

FastSnap provides the agent with a way to get photos without making a personal visit to the property location. There are many benefits to the producer from the use of our service. These benefits are improved underwriting results, improved marketing results, avoiding policy cancellations, anticipating underwriting actions, and potentially reducing errors and omissions.

### **Improved underwriting results**

When the agent makes a personal visit to the property he is able to determine if the maintenance and condition is adequate for the risk. 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. These problems may lead to losses.

When the insured suffers a loss, the carrier will examine the risk to determine if it should have been written in the first place. Underwriters face pressure to increase profitability, which means writing better risks, at adequate premiums, with fewer losses.

Following any loss, there is an attempt to place responsibility on someone. Upper level management may blame the individual underwriter, and in turn the underwriter may blame the producer who wrote the business. Once this occurs, an element of mistrust develops between the agent and underwriter, and the producer will find it increasingly difficult to place business with that company. Therefore, the producer needs to constantly reassure the underwriter that the risk meets their underwriting requirements.

When the underwriter has confidence in the professional ability of the producer, they will be more willing to write business, and to make “exceptions” that they would not

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otherwise make for other producers.

The basis of this confidence comes from viewing the risk. When the producer cannot personally visit the property (for the reasons previously described), a set of photos of the risk can serve the same purpose. Therefore, the photos help preserve and enhance the relationship between the agent and underwriter.

This leads directly to more money for the agent. The more risks that he can write, the more commissions he will earn. The better his overall performance with carriers, the greater will be the contingent commissions (when available) which are based on overall performance.

### **Improved marketing results**

The agent's job is to bring the risk to an underwriter and convince the underwriter that the company should write a policy for his client. 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. The agent must therefore prove that the risk is insurable and is a piece of business which can be profitably written by the company.

The producer does this by providing a submission package to the underwriter. This package includes the application and photos of the risk. More than the application, the photos may "make or break" the agent's case. The more photos there are, the more confident the underwriter feels about the risk. To the underwriter, the photos mean that someone took the time to look at the risk, and presumably the photos are a real representation of the risk.

The agent can get the photos during their personal visit to the risk, or, they can use photos obtained from a FastSnap photographer. These photos build confidence in the

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producer's risk assessment and make it easier for the underwriter to accept the risk.

### **Avoiding unnecessary cancellations**

Most insurers will inspect a property shortly after the policy is written, and the inspection may identify hazards that the underwriter did not anticipate. If the hazards are significant, the underwriter may attempt to cancel the policy. 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. This will not make an underwriter happy, and may affect future business with that producer.

Policy cancellations are costly to the agent. The agent's compensation for the time and effort spent in marketing the risk is his commission. When the policy is cancelled, they lose that commission. They are also faced with the daunting prospect of having to find 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 can avoid these cancellations. If the agent sees that there are hazards or deferred maintenance, he can decide early on where the risk should be placed (possibly in the surplus market), or pass on the account entirely, devoting his efforts to better business.

### **Anticipating underwriting actions**

The underwriting inspection (by outside inspection company or carrier's own loss control department) may identify hazards or deficiencies. Instead of cancelling the policy, the underwriter may decide to issue mandatory loss control recommendations to the insured. The agent will have to discuss this with the client, and monitor the insured's compliance.

If the agent can identify possible hazards or deficiencies up front, she is in a better

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position to advise the client what steps they should take before the inspection takes place. If a personal visit is not possible, photos of the property can help the agent identify those hazards or deficiencies.

When loss control recommendations have been issued, it is often up to the agent to communicate this to the client, and monitor compliance. This can require personal visits to the property to view the affected items. FastSnap photographers can help the agent handle this followup, by providing photos of the affected items per the agent's instructions.

### **Reduce potential errors and omissions**

The insurance agent always has the concern that an uncovered loss could result in a professional liability claim. An agent who takes the time to view the property has a better chance of avoiding errors and omissions claims than the agent who does not view the property. When the agent is unable to visit the property, a set of photos from FastSnap can provide an opportunity for the agent to see the property.

The agent's personal visit is also important in discovering insurable exposures. When the agent cannot make a personal visit, the photos can assist him in that effort. For example, the customer may have signage, fencing, appurtenant structures, and vehicles that were not previously revealed to the agent. The photos may show these exposures to the agent and allow him to provide coverage.

It must be stated clearly that FastSnap is NOT an inspection company. The photos provided by FastSnap photographers are not a replacement for an onsite *inspection* by the agent or a professional loss control inspector. FastSnap photographers are independent contractors who come from different backgrounds and levels of expertise. However, when a personal visit is not possible, a set of photos is an important alternative to "doing nothing".

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### **More efficient selling**

The previous section has focused on the benefits of using FastSnap from an underwriting perspective. The following section focuses on the benefits of using FastSnap from a sales perspective.

FastSnap can reduce sales costs, make better use of personnel, expand the agent's service area, assist in the review of the agent's book of business, and create and maintain a visual record of property condition over time.

### **Reducing sales costs**

The benefits of a personal visit has been covered in the previous section. In an ideal world, the agent would always make a personal visit to each and every property that they are trying to insure, at the time the risk is first written, and on subsequent occasions over the life of the policy.

In the real world, the agent constantly weighs the benefits of the personal visit against the costs of making that visit.

The agent has a limited amount of time during business hours. A personal visit may not be possible if the location is so far away that it interferes with their schedule. Producers who wish to write accounts statewide may simply be unable to personally visit every location. There may be too many locations, spread too far apart, or the cost of visiting the location may be more than the commission paid (for personal lines or even small commercial accounts).

### **Making better use of personnel**

Many agents send their office employees out to take photos locally, as a part of their

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job function. The agent regards this as a better use of his time to send an employee. This is an agent who already understands that it is not cost effective for him to be out taking photos in lieu of selling, and is a prime candidate to use FastSnap.

In reality, it is not a good idea to send office employees out to take photos. First of all, this is not a good use of the employee's time, who, presumably, was hired to take care of the paperwork associated with running an insurance agency. If the employee is out taking photos, their work is not being done. Phones are not answered and possibly critical tasks are left undone. Second, this is a risky strategy, because if the employee is injured while traveling to and from the property, or while on the site, the agent will have lost the use of the employee, and possibly incurred medical expenses, legal fees, or higher health or workers compensation insurance costs. Third, if the injury occurs at the insured's property, the agent is in the bizarre position of possibly filing a claim against his own customer. For these reasons, it is best that the agent who cannot make a personal visit should use an outside service like FastSnap.

### **Expanding the service area**

With the rising cost of gas, the definition of "local area" continues to shrink. As it costs more to drive to locations, the agent is less inclined to spend the time and effort to do so. But the cost based calculation is dangerous for the reasons we have discussed. The agent who ignores the personal visit does so at the expense of his relationship with the client, the carrier, and his professional liability.

By tapping into the FastSnap network of photographers to obtain the photos he needs, the agent can effectively expand his operating area. This allows her to write business in new areas which would not otherwise be available due to the increased costs of writing business.

### **Reviewing a book of business**

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Many agents who already know the value of a personal visit at the time they write the policy are alarmingly complacent about visiting the risk once the policy is on the books.

This is a mistake. 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 will probably not perform another inspection, so the ball is in the agent's court to assess insurability on an ongoing basis.

Therefore, it is up to the agent to be aware of any change to hazards or exposures that arise. The importance of reviewing a book of business cannot be overstated, yet most agents do not undertake a review because it is not cost effective. Using FastSnap brings the price, and thus the idea, of a regular review of a book of commercial business into the realm of possibility.

The underwriter may never know that the agent has done this, but the results will be apparent in the agent's good loss ratio. The client also benefits from any such review and learns to appreciate that their agent is not just in it for the commission, but honestly wants to look out for the client's interest.

### **Creating a visual record of a property over time**

Finally, a set of photos in the agent's policy file, or attached to the policy record in the management system, provides a documented record of the property over time. If there is a loss, it is helpful to have a visual record of the property to provide to the client and claims adjuster. These photos may help the client prevail in a dispute with the insurer, or help the agent set up a defense in the event they are involved in a dispute from an E&O standpoint.

The usefulness of the visual record diminishes over time, as the photos may not show conditions that have developed or changed. The client is best served if the agent has recent photos. Most agents would not even consider revisiting properties that are

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“on the books” as the cost is prohibitive. Since FastSnap lowers the costs of on site photos, this could support an updating of the visual record every few years.

Another benefit of obtaining photos after the policy is in force is that the agent may be able to detect changes in exposure that the client has not reported. These unreported changes in exposure can create opportunities to sell more insurance, increase existing limits, and at the same time, expose gaps in coverage that the agent could be liable for in the event of a loss.

### **Conclusion**

Insurance agents and brokers will derive many benefits by using the low-cost, on site, digital photography services provided by FastSnap photographers. FastSnap is one more tool in the agent’s toolbox to help her write new business, maintain existing customers, and protect their hard-won markets.

**Addendum: How FastSnap can benefit insurance carriers**

The focus of this paper has been on the producer. The underwriting and marketing arms of the insurance carrier will certainly appreciate how these benefits will accrue to the carrier as well as the agent. In addition to the benefits to the producer, there are some benefits to the carrier who chooses to use FastSnap as a part of their underwriting process.

**An alternative to photo requirements**

FastSnap may be used by carriers directly to help agents place business with their company. The previous section described the reasons that producers should visit the risk or use FastSnap to view properties that they cannot get to. Unfortunately, not all producers think strategically. Their focus is on the short term rather than the “big picture”. These agents continue to send applications to their carriers without any idea of what the risk looks like.

In an ideal world, the carrier would always receive photos, but this does not happen. Some carriers institute photo requirements, which forces the agent to view the risk personally or obtain photos by some means. Photo requirements may improve underwriting results, but at the same time they can have the effect of reducing new business because their producers are unwilling or unable to provide photos.

So marketing executives find themselves facing a difficult decision. Some carriers plunge ahead with mandatory photo requirements, mindful of the impact on production. Others shy away from it entirely, relying on the inspection process to assess risk.

FastSnap provides a new option. Carriers can encourage producers to use FastSnap to meet mandatory photo requirements. This has the advantage of placing the cost of getting the photos on the producer (where it belongs).

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### **Using FastSnap within the underwriting process**

Carriers can also elect to use FastSnap as a part of the underwriting process. The underwriter can order photos from FastSnap, with or without the agent's knowledge. While this adds to the cost of acquiring business, it lets the underwriter view the risk during the underwriting process, rather than waiting until an inspection is performed at the end of the process.

We have already stated that FastSnap is not an inspection company and should not be considered as a replacement for an inspection provided by in house loss control engineers or outside services. However, the photos can provide plenty of details, and for small commercial risks, such as apartments, strip malls, stores, restaurants, offices (typically written as program business), the photos received from FastSnap early in the underwriting process provide a measure of confidence in the risk. Underwriters may even use the photos they receive to decide which risks are to be inspected later on. This can reduce the costs associated with writing program business.

Also, by using FastSnap as an underwriting tool for program business, this can reduce the workload on the loss control department. Carriers can focus their expensive loss control engineers on complex risks and let FastSnap photographers focus on simple program business. In the end, this is a cheaper alternative to high priced loss control engineers or outside inspection companies. And the job gets done while the risk is still being underwritten, instead of after the policy is in force.

The carrier also has a need to avoid policy cancellations. As stated earlier, the carrier has a limited time to cancel a policy. If the loss control inspection is not received in time to effect a cancellation, the carrier is stuck with a risk that does not meet underwriting requirements for the remainder of the policy period. By receiving photos early on, the carrier can reject any risk that does not seem acceptable.

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### **How FastSnap Works**

For more information on FastSnap, click on the following links to access the FastSnap web site with your browser:

FastSnap Home Page: <http://www.fastsnap.com/>

What is FastSnap?: <http://www.fastsnap.com/about.php>

Frequently Asked Questions: <http://www.fastsnap.com/faq.php>

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Simply put, FastSnap matches buyers and sellers of on-location photo services.

Our photographers are local independent contractors who have offered to provide photo services in their geographic area.

As a buyer of photo services, agents have the opportunity to select the photographer they want to handle the job. Their selection is based on availability, turnaround, price, and past performance.

We require a credit card for billing purposes. Passwords, secure servers, and encrypted transmission ensure that credit card transactions are safe and protected.

To place an order, the agent logs in to FastSnap, fills out a request for service, and submits the order. The request is forwarded immediately to the photographer that they selected. A message is sent to the agent's e-mail address confirming the order.

When the photos are ready to be viewed, FastSnap sends an e-mail message with a link directly to the View Photos page. From there, the customer can save each photo to their hard drive, print each photo to an attached color printer, or, forward the photos to any other e-mail address.

### **How Buyers and Sellers are Connected**

FastSnap connects buyers and sellers of on-location photo services by providing an exclusive Directory of Photo Service Providers.

By assisting service providers in finding buyers in need of services, FastSnap is considered the "official finder" for each project accepted through the site, and charges transaction fees for providing this service. All applicable transaction fees are included in prices quoted for all services.

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The Directory is populated with information from subscribing service providers themselves. FastSnap provides this Directory as a service convenience and does not confirm or verify the qualifications, background, abilities, or availability of the service providers listed.

### **Service Options and Pricing**

FastSnap photographers set the price they are willing to charge to handle jobs in their area. Most photographers offer two levels of service - Standard or Priority.

Standard service within metropolitan areas is usually 5 business days (beginning from the next business day after the order is placed).

- A flat price starting at \$15.00, which includes 2 photos of the subject, applies to residential properties, streets and intersections, and vehicles.

- A flat price starting at \$25.00, which includes 2 photos of the subject, applies to commercial properties.

Locations in outlying areas may be subject to surcharges.

When the customer needs photos on a Rush basis, they can select Priority service, and the photos will be delivered faster, usually within 3 business days (beginning from the next business day after the order is placed). The price for Priority service is typically an additional \$10.00 charge. Priority service is not available in all areas.

Due to the short delivery period we have promised, once an order has been placed, it cannot be canceled.

If a photographer is unable to locate the property, or cannot access the property due

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to security arrangements, we advise the customer by e-mail, and the Standard price will be charged to your credit card account.

### **Additional Charges**

The prices quoted always include 2 photos. The minimum charge is \$2.00 for each additional photo at the same location.

Due to the extra time and expense involved in handling commercial properties, the base charge for commercial properties is higher than the charge for residential properties.

Residential properties are defined as habitational (dwelling) occupancies from 1 to 10 units. All other locations, including dwellings where the total number of units exceed 10 units, are considered commercial properties.

If our photographer is required to contact the property owner to obtain access to the property, a \$5.00 contact fee will be added.

Properties located outside of major metropolitan areas may be subject to an additional charge. The charges for a particular location can be found by entering the zip code in the space below and clicking Submit:

### **Limited Guarantee**

FastSnap does not hire the photographer -- the customer does. We are simply a conduit that brings together buyers of services (agents) with sellers of services (photographers).

If any customer is not satisfied with the job, we must notify the photographer

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immediately so that he or she can attempt to resolve the problem. A feedback link is provided right below the photos on the View Orders page.

After 10 days, the photographer is paid for the job, and no further activity is allowed.

FastSnap cannot guarantee that the photos will be received by the due date. We do guarantee that the customer will only pay for Priority service if the photos are delivered by the due date. If we are unable to deliver the photos by the due date, the customer is only be charged the fee for Standard service.

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