

OPERATING IN THE COVID-19 ENVIRONMENT

Helping customers and operations
navigate a touchless claims
experience.



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Mobile MOI helps to enable digital claims, deliver customer experience, and improve cycle times. With COVID-19, and calls for Social Distancing, mobile MOI is emerging as an essential tool to support claims staff and policyholders.

Executive Summary

COVID-19 (coronavirus) is moving quickly across the globe and with each passing day we learn more about the virus from medical experts. Social Distancing, the practice of limiting personal contact, is being enforced across the US to deter the spread of the virus. Despite the recommended distancing, cars are still being driven and accidents are occurring, albeit at a lower frequency. When accidents do occur, there is a new set of pressures on carriers to deliver a holistic claims experience for their customers while maintaining strict safety protocols for their employees. Insurance companies who have implemented digital capabilities via mobile to facilitate estimation and downstream claims processing are most prepared to deliver a seamless experience, particularly in today's environment. Doing so helps protect the safety of their customers and employees in an efficient manner.

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Impact of COVID-19

Trying to assess the long-term impact of COVID-19 to the automotive, insurance, and collision repair industries is difficult; however, analysis of claims data provides some basic framework for understanding the extent to which the automotive claims and collision repair industries might be impacted.

Among the potential outcomes of the coronavirus are:

- a) Fewer potential accidents as miles driven fall;
- b) Large number of unreported claims during quarantine due to Social Distancing;
- c) Larger decline in new auto sales in the U.S. than originally projected for the year;
- d) Larger decline in new auto insurance premiums related to new auto sales;
- e) Inability to get certain replacement parts;
- f) Longer fulfillment time of certain replacement parts driving up claim and repair cycle times.

Auto sales globally fell 13.9 percent in January 2020, with China sales alone dropping 33 percent. February 2020 sales in China are reportedly down 80 percent.^[i] As the virus spreads to more countries, leading to less driving due to quarantines and the desire to limit overall exposure, sales in other countries will also fall. With fewer people driving, the industry can expect a drop in auto accidents and claims as well.

Remote Employees and Digital Enablement

During this time of uncertainty, providing a sense of security and safety to employees and customers is paramount to insurance providers. With a growing portion of the workforce shifting to working remotely, carriers need to equip themselves with the digital tools to facilitate the remote processing of claims. This includes shifting methods of inspections from Shop, Field, and IA to virtual or mobile inspection. Carriers are having to reallocate their field staff to work from home, causing operations to redistribute activities like estimating, adjusting, and reinspection to these new, virtual employees. By making this switch, carriers will be able to seamlessly document more claims through photos and utilize the additional remote desk appraisers to write and digitally communicate estimates.

Until very recently, an estimated 85 percent of estimates were handled in person, either by Staff, an IA, or a Shop.^[ii] As these channels become less available as a result of Social Distancing, shifting away from these channels to photo will need to happen quickly, ensuring customers have the means to process claims in the face of quarantine concerns. Making this shift will ensure that claims are being reported in a timely manner and policyholders are well cared for in a time of already high stress. A digital shift will also help reduce the potential for a backlog of claims that will need to be reported post-quarantine. In a scenario where claims are not being reported as they occur, carriers may not be equipped to handle the influx of volume once the quarantine is lifted. As such, increasing the utilization of mobile as a MOI channel will help ensure the policyholder is taken care of, and offset the burden IA's, Staff, and Shops will be experiencing as they adjust back into normalcy.

As a channel, digital, infused with photo and AI, can help insurers at first notice of loss (FNOL) better identify whether the vehicle is likely repairable or not, and identify what is the most appropriate MOI based, in part, on their customer and vehicle characteristics. For example, digital total loss tools can help insurers more quickly and accurately predict if a vehicle is likely repairable or a total loss with a single

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photo. For repairable claims, AI and photos-based estimating can help predict repair requirements. ^[iii] These predictions can happen in near-real time.

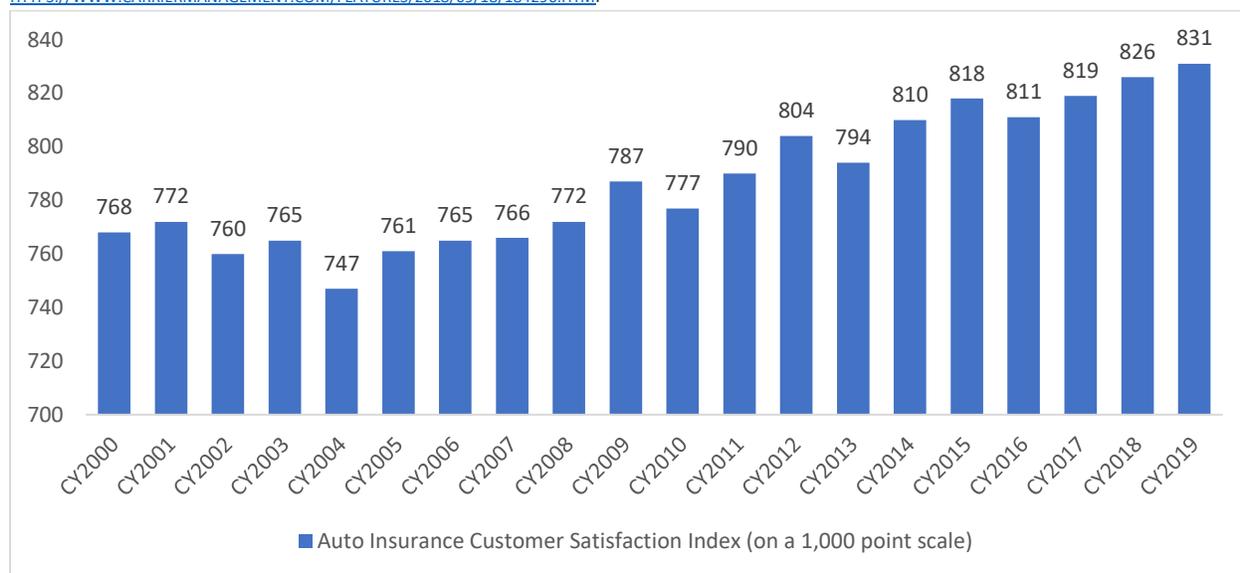
For the claims that still require in-person appraisals, carriers should encourage their shop partners to adopt a low touch operating model that enables a smooth drop-off experience with Social Distancing guidelines in mind. Some shops have already started adopting the photo channel as a powerful lead generation tool that will also aid in managing customers during this quarantine period. It works during and after-hours and helps keep the process moving for eager consumers who want to quickly gauge the damage to their vehicle. Photo processing has the potential to give shop staff more time to interact with customers, guiding them through the repair process, answering questions and focusing on more complex repairs. ^[iv]

Mobile's Impact on Customer Satisfaction

According to the J.D. Power 2019 Auto Insurance StudySM, clear delivery and transparency around premium increases, delivery of digital self-service tools, and quality customer service are the most important components of a consumer's experience with their insurance carrier. ^[v] Improved access to an easy, fully digital experience that covers all facets of a policy, from claims processing to policy updates to auto insurance shopping, drove customer satisfaction to its highest level since CY 2000. (See Figure 1) ^[vi]

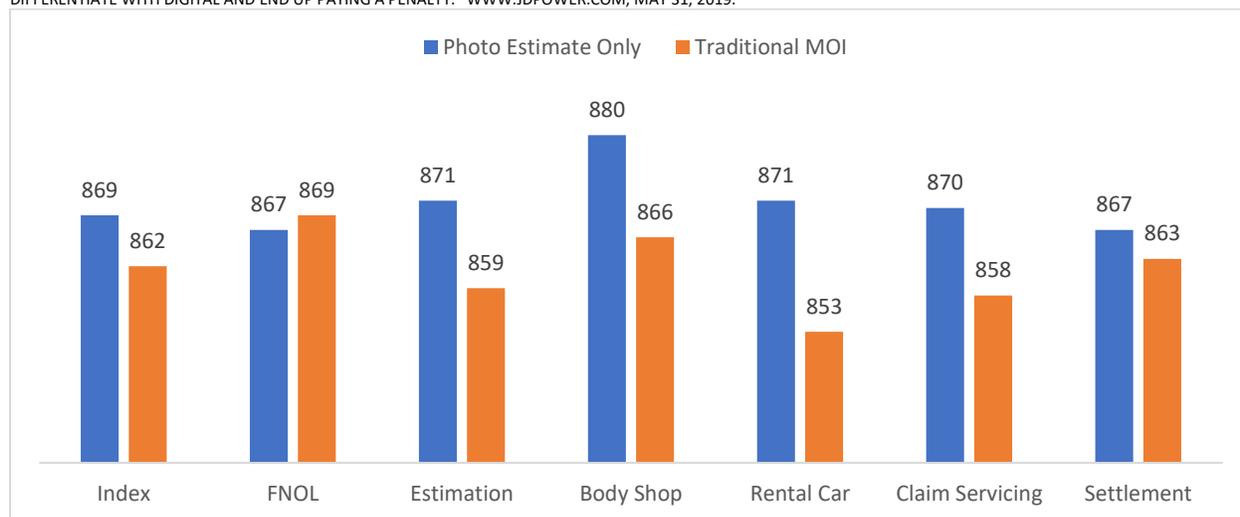
J.D. Power 2019 U.S. Auto Insurance StudySM Auto Insurance Customer Satisfaction

Index (FIGURE 1) | SOURCE: LAJZIAK, ROBERT M. "HIGH CUSTOMER SATISFACTION LEADS TO NEW CHALLENGES FOR INSURERS." SEPTEMBER 18, 2018. [HTTPS://WWW.CARRIERMANAGEMENT.COM/FEATURES/2018/09/18/184296.HTM](https://www.carriermanagement.com/features/2018/09/18/184296.htm).



From the 2017 and 2018 studies, J.D. Power found satisfaction with the estimation process rose from 859 to 871 if insurers used the photos or videos provided by the customer. ^[vii] (Figure 2) ^[viii]

J.D. Power Auto Claims Satisfaction by MOI (2017 + 2018) (FIGURE 2) SOURCE: SCHMITT, KYLE. "WHY CARRIERS STRUGGLE TO DIFFERENTIATE WITH DIGITAL AND END UP PAYING A PENALTY." WWW.JDPOWER.COM, MAY 31, 2019.



Data on customer service delivery across all industries indicate that 75 percent of consumers feel self-service is a convenient way to address customer service issues, and 67 percent prefer self-service over speaking to a company representative.^[ix] During this time when company representatives are remote, their ability to manage inbound calls may be hindered so ensuring customers have a self-serve option to further expedite their claim processing will be important to facilitate a positive customer experience.

Driving Mobile MOI Usage

Equipping a carrier's staff with digital tools will aid in the management of claims operations during the COVID-19 pandemic. Additionally, increasing the volume to mobile MOI channels as quickly as possible will help carriers maintain positive customer satisfaction and claim throughput as carriers shift to a remote workforce. To help facilitate this transformation towards digital, CCC suggests:

1. Offer consumers the photo channel upfront at FNOL, revisiting recommendations for photo channel usage internally
2. Modify workflow rules to triage additional claims using virtual inspection
3. Communicate the importance of the virtual/photo channel to frontline employees and modify their script so they can articulate the value to customers, including:
 - A mobile claims experience allows the policyholder to capture damage and document the facts of the accident without having to come into contact with someone during a time when Social Distancing is recommended
 - A digital claims experience can significantly expedite the process
 - Consumers can control the claim process at their convenience
 - *Potential phrases to quote in a modified script:*

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- “Provide a Seamless and Digital Experience”
- “Jumpstart/Expedite the appraisal process”
- “Promote Social Distancing”
- “We acknowledge the unusual circumstances and we are committed to resolving this claim”

At CCC, we believe that a shift to mobile, digital claims is inevitable. In a world where COVID-19 is present, shifting to digital claims is now imperative. CCC’s account teams are ready to assist claims teams to optimize these recommendations and enable these capabilities.

^[i] Graeme Roberts. “Coronavirus leads to global vehicle sales nosedive.” www.just-auto.com, 4 March 2020.

^[ii] CCC

^[iii] Crash Course 2020; Page 95

^[iv] Crash Course 2020; Page 107

^[v] Lajdziak, Robert M. “Customer experience: The auto insurance x-factor.” Aug 19, 2019. <https://www.propertycasualty360.com>.

^[vi] Lajdziak, Robert M. “High Customer Satisfaction Leads to New Challenges for Insurers.” September 18, 2018. <https://www.carriermanagement.com/features/2018/09/18/184296.htm>.

^[vii] Crash Course 2020; Page 93

^[viii] Schmitt, Kyle. “Why Carriers Struggle to Differentiate with Digital and End Up Paying a Penalty.” www.idpower.com, May 31, 2019.

^[ix] <https://www.zendesk.com/resources/searching-for-self-service/>