



## **Cyber Risk Threats and Opportunities Coming into Focus**

*Jonathan Laux, Managing Director and Global Leader of Cyber Analytics, Aon;*

*Paul Mang, General Manager of Analytics & Data Services (Cyence), Guidewire Software, Inc.*

Ask a CEO what keeps them up at night, and “cyber risk” inevitably makes the list. Other problems – weather, litigation, new competition, technology, etc. – are all familiar and though challenging, they are understandable. Cyber risk, on the other hand, is clearly a giant threat. But what exactly constitutes that threat, and what to do about it, is entirely unclear. What if someone figures out how to send a surge of electricity through the utility grid, frying all the electronics attached to it? What if that is followed by turning off all the power? What happens if someone opens a flood gate on a dam? Or siphons all the money from a bank? Or wipes out electronic medical records? Or turns home smoke detectors into a tool to bring down the Internet? (Oops, that already happened.) In this session Aon’s Jonathan Laux and Guidewire’s Paul Mang will explore what we currently know about cyber risk, and how past events have provided the (admittedly scant) foundation for improved modeling, product design, and mitigation strategies. The biggest threats so far have been in commercial lines – insurers need to think about their own operations as well as the customers they insure – and those lessons are just now being incorporated into personal lines. Cyber risk has finally moved from a vague threat to a more tangible risk that can be mitigated, and its impact remediated, by diligent insurers.

## **Has the Time Come for Water Shutoff Valves?**

*Adam KostECKI, Senior Assistant Vice President, Claims Officer, Amica Mutual Insurance;*

*Gabriel Halimi, Chief Executive Officer and Co-Founder, Flo Technologies*

The ability to remotely shut off water flowing to a property has been a holy grail of loss prevention for more than a decade. Alas, cost, complexity, and consumer indifference have prevented widespread adoption. As home telematics and automation make their halting progress toward adoption, a number of new players have brought more sophisticated tools to the water shutoff effort, and insurers are starting to support the idea as never before. The big challenges are still there: no matter how fancy the software devised, shutoff valves require a plumber to cut into pipes and a fairly expensive device to be installed. But the big gains are also still there: the ability to stop a leak from flooding a home, especially when no one is home, and the ability to identify developing leaks before they turn into a major problem. We’re fortunate that in this session we’ll hear from Adam KostECKI of Amica Mutual, who has turned his own home into a test ground for a range of shutoff valves in the service of research, and Gabe Halimi of Flo, who can explain the economics and technical advances of the newest valves, with an eye toward how they will be evolving in the future.

## **The Emerging Power of Consumer Crowdsourced Reviews of Insurers and Agents**

*Marcy Updike, Vice President Consumer Insights and Data Analytics, Clearurance*

Crowdsourced customer feedback is shared across most major industries today including travel (TripAdvisor), hospitality (Yelp & OpenTable), employers (Glassdoor) and most consumer products under the sun (Amazon reviews). Insurance is not yet on the level of those industries, but is rapidly starting to catch up. Marcy Updike of Clearurance will share insights that the online review platform has learned from real auto, home and renters insurance customers since the company launched its online ratings and review platform, specifically for insurance, in early 2017. She will discuss the opportunities, risks, and potential dangers of this increasingly important part of the consumer experience, and share ways insurance companies may be able to leverage this customer feedback to help improve their product and service offerings and to ultimately help retain and grow their customer base.

## **Can Home Insurers Expand into Home Services and Warranty?**

*Mike Kahlowsky, Director, Sales Strategy and Operations, Cross-Country Home Services*

More than once an insurance executive has complained about customers looking at their homeowners insurance policy as a “home warranty.” The customer, it seems, often looks to their insurer to keep their home in shape, which a homeowners insurance policy was clearly not designed to do. But if consumers want broader coverage for their home and appliances, why not offer it to them? After all, there is an entire industry devoted to providing service contracts for appliances and other systems in the home. Why can’t they get together? In this session Mike Kahlowsky of Cross-Country Home Services will explain the structure and economics of the modern home service contract, the industry providing the service, and discuss how insurers might be able to tap into this different, but adjacent product line to deepen customer relationships, and tap into the evolving connected home.

## **Managing Home Repair Contractors: Three New Approaches**

### **1) Using Roofers and Contractors as the Eyes and Ears of Desk Adjusters**

*LC Nussbeck, Chief Executive Officer, MADSKY Managed Repair Program*

Roofers and contractors struggle to get customers to hire them. Insurers struggle to more efficiently adjust claims. What if it was possible to solve both problems at once? That’s the idea behind the unique MADSKY Managed Repair Program. Roofers and contractors are vetted for skills and qualities, then sign up to visit a claimant’s home armed with their smartphone. Connecting to a desk adjuster, they survey the home, sending live video and images to the adjuster along with their expertise, creating a fast and less-expensive claims adjustment process for the insurer and claimant. For the contractor, getting to know the potential customer through the process of adjusting the claim makes it more likely they will get the work compared to just bidding for the job cold. We’re not suggesting this is easy – nothing in property insurance is easy – but the concept is proving to be effective so far, and in this session LC Nussbeck, a former roofer who founded MADSKY, will walk through the challenges and opportunities of building a contractor managed repair program.

### **2) Using Software Services to Connect Contractors, Insurers, and Claimants**

*Brian Siemsen, Founder and Global Chief Executive Officer, Claim Central;  
Werner Kruck, Chief Operating Officer, Security First Insurance Co.*

One of the biggest challenges in the property claims process is keeping all parties connected and informed, and keeping the money moving smoothly and accurately. Australia’s Claim Central set out to solve this problem with their Job Sight software, and with the help of Security First Insurance have

established a presence in the United States. Insurers can find contractors that have been rated by other insurers and claimants, contractors can bid for job assignments, consumers can log in to the system and see detailed status reports, and money can flow more easily from insurer to contractor, often without the intercession of a mortgage company. Again, we're not suggesting any of this is easy, but as a new way to manage home repair contractors and streamline the claims process, insurers are finding the concept has real promise.

### **3) Streamlining Payments to Shorten Cycle Time and Increase (Everyone's) Satisfaction**

*Lenny Richileau, Vice President, Insurance Industry Consultant, Commerce Bank*

Sometimes the best way to solve a problem is to just get out of the way. Insurance companies want to pay contractors for fixing their policyholder's home. The contractors want to get paid. The policyholder wants no part of getting in the middle. Unfortunately, today's process can disappoint everyone, in part because mortgage companies get in the way, even though they also want no part of the process. With so many players complicating matters, is it possible that yet another participant can help? In this case, it would appear that yes, involving a clearing bank as a conduit for all involved can make simple the presently complex process of moving a dollar from one place to another.

### **The Soul of a New Machine Is Ready to Help Settle Your Claim**

*Shannon Gilbert, Assistant Vice President, P&C Experience and Operations Analytics, USAA;*

*Karthik Balakrishnan, SVP and Head of Analytics Center of Excellence – Claims, Verisk*

AI – as a phrase – has become as ubiquitous as air and water these days. Given all the press, many assume artificial intelligence is newly invented and that its magic can be a panacea for all ails. Although AI is neither new, nor a solution for everything, in this session Shannon Gilbert of USAA and Karthik Balakrishnan of Verisk will explore the foundations of AI (around since the 1950s!) and show why it is seeing a worthy resurgence. We will discuss diverse applications of AI in claims – from chatbots and Natural Language Processing, to image and text mining, to sophisticated machine learning models for fraud detection and complexity estimation – and make the case that claims provides perhaps the best range of problems that can be addressed with the multitude of AI techniques out there.

### **Couples Counseling:**

#### **How to Make the Most of Third Party Software, Services, and Data**

*Karen Furtado, Partner, Strategy Meets Action*

As much as insurers would like to think that their excellence is all about what is unique to their own internal operations, every insurance enterprise, without exception, relies heavily on third parties for their success. Making the most of those relationships, software, services and data is one of the most important competitive battlegrounds today, and will become only more important in the future. But being excellent at connecting to others is a learned skill, and requires flexibility and insight that was not a traditional focus of insurers. The difference means some companies can install a new claims system in two years within budget, while other insurers can take five years to install the same system, spend more than twice as much, and get a finished product that is not nearly as good. Karen Furtado, a partner at Strategy Meets Action, makes a living helping insurers manage outside relationships, and in that role has seen what works well, and what portends disaster. In this session we'll discuss how to fight your way to the former, while avoiding the later at all costs.

## **Textile Restoration:**

### **Preventing Claims from Going to Hell in a (Designer) Handbag**

*Courtney Folk, President, Textile Restorations*

The emergence of new technology and talent have created more opportunities than ever to restore textiles damaged by smoke, water and more, potentially saving insurers from big claims and returning valued possessions to their customers. Even better, the restoration companies providing these services are beginning to consolidate and cooperate, creating a national network of specialists who refer business to one another. In this session, Courtney Folk of Textile Restorations will walk us through the art of the possible in bringing back to life costly handbags – Hermès “Birkin Bags” start at \$12,000 and climb to hundreds of thousands – and expensive designer clothes, along with more prosaic projects such as saving a warehouse full of blue jeans. She will also explain the structure of her industry, and how insurers can best tap into the specialists who can make their customers happy by returning their valued possessions while saving money on the bottom line.

## **Filling the Data Gap to Predict Water Loss**

*Andrew Schiller, Founder, Chief Executive Officer and Chief Scientist, Location Inc.*

For all the new data flowing into the industry, property insurers still don't know enough about many of the big losses they face. Without more knowledge, it is impossible to underwrite and price effectively. These big, costly problems haven't been solved to date for a good reason: they are extraordinarily complex. Big property losses, such as nonweather water claims, are often driven by diverse and intersecting causes, with the initial signs of danger sometimes masked by mitigations that stop damages before they rise to the level of a claim. The causes of loss are non-linear, and include various actors (systems, conditions, usages, operator error, and more). Since the old methods have never succeeded, to solve this problem requires entirely new approaches. In this session, inventor Dr. Andrew Schiller of Location Inc. will discuss how he and his team approached this issue and share some results. Looking specifically at non-weather water risk, he'll explore how new data sets must be combined using artificial intelligence and machine learning, guided by PhDs with deep domain knowledge, to build hypotheses and bring in new data as needed. Taken together, it isn't possible to know exactly when a water claim will happen, and what it will cost. But it is possible to do a much better job predicting the likelihood and severity of claims at any location, the goal of every smart insurer.

## **Twenty Trends**

*Brian P. Sullivan, Conference Chairman and Editor, Property Insurance Report*

Predicting the future is a fool's errand, which means Conference Chairman Brian Sullivan is just the man for the job. In our traditional closing session we'll examine where the industry is going, with a bit of boasting about past successes, and admissions of what we got wrong.