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**Sent:** Wednesday, May 26, 2021 8:30 AM

**To:** Kroll, Teresa <T eresa.Kroll@insurance.mo.gov>

**Subject:** Digital Claims (HO & PPA)

# Schedule 1 – Interrogatories

* Why are we asking for the list of vendor? What is we are hoping to learn by having the company provide that list? By identifying the providers of third party data and / or algorithms used in digital claims settlement, market analysts will, one, be able to identify the types and sources of data used, and, two, assess whether consumer outcomes are associated with particular vendors, data sources or algorithms.

# Coverages - Other Breakouts

* Please confirm exactly which lines are to be broken out? Is it 2-26 thru 2-46 for PPA and 2-23 thru 2-39 for HO? Yes and Yes.
* Will the companies be expected to report total for each coverage or will we be totaling the numbers There will be a total or all column for data elements not broken out by the digital, non-digital categories, but there is no need for companies to report a total if all the components of the total are reported
* If we are totaling the numbers, will the companies be reporting the both the break out and the total median day to pay for the applicable claims coverages? We cannot add the two numbers and compare them with prior reporting periods. You can calculate a close approximation of the aggregate median from the component medians. Or you can ask for an aggregate median.
* Was there any discussion about the altering the claim payment bucket breakouts? Just wondering if these current timeframes, especially for closed without payment, will provide meaningful information for digital claims? Or will all the claims fall only into the 1st or 2nd bucket? The group decided to keep existing data range buckets for consistency. Having all the digital claims in the 1-30 bucket is not only a meaningful data point by itself, but, by removing the digital only claim settlements from the other settlement categories, those data elements become more meaningful.

# Definitions

* Header “Digital Claim Settlement” isn’t necessary. We don’t group any of the other definitions. It is useful given the material provided and there is no harm in having that header.
* Don’t remember offhand, but do the applicable coverage types involve only 1st party claims? Or could there be 3rd party claims reported? 1st and 3rd parties, limited to property coverages.
	+ If it includes 3rd party claims, do we want to change references from insured to insured/claimant? Where? The definition of digital claim settlement doesn’t refers to claim settlement, but does mention information provided insured or claimant.
* HO/PPA definition each contain language not applicable to the line of business. For example the HO definition include things like ‘vehicle’, ‘body shop’, and ‘in-vehicle sensors’. Should the non- appropriate line of business references be removed to avoid confusion? No. Property insurance may cover certain types of vehicles, not covered under a personal auto policy.
* Are plane or drone photos a technology used in PPA? Yes for a variety of situations, including the same type of catastrophes for which a drone is used to assess property damage. Drones might be used to assess hail damage to a vehicle. Photos might be used to determine when a vehicle was stolen or if the vehicle is present or not.
* Digital Claim Settlement - I’m not clear on whether or not the automated loss settlement algorithms included in the example are necessary for a claims to be considered to be a digital claim settlement, as the definition itself seems to lack this requirement. The example is fine. There is no way to have a digital claim settlement without the involvement of an algorithm.
* Current definition appears to include only those instances where there is no **in-person inspection or appraisal**. If a claim adjuster relies solely on photos without doing an in-person inspection or appraisal, how should that claim be counted? If a human claim adjuster is involved in the appraisal, it is not a digital claims settlement. As the definition states, no human on-site inspection or appraisal.
* Would a digital claim settlement include instances where the insurance company uses an automated loss settlement algorithms to generate a settlement offer, but has an adjuster review the photos (but no do an inspection) and the offer before sending it to the insured? No.
* Where would auto glass claims be reported under the PPA statement? Are they Digital Claims? Reporting of glass claims is unchanged, if covered, reported under the relevant coverage under which the glass claim is made.
* Where to claims get reported that start out via the digital process but get kicked out of the process (for whatever reason) at any time during the process before an ‘automated’ offer is generated/made to the insured? The question answers itself. If there is human involvement, it is not a digital claim settlement. If it starts as a digital claim settlement and then involves a human, it is a hybrid. If a claim starts with some human involvement prior to the settlement offer, it is traditional.
* Digital/Traditional Hybrid claim settlement – the words claim and settlement in the term itself should be capitalized Thank you.
* Digital/Traditional Hybrid Claim Settlement – appears to require an on-site visual inspection or appraisal to fall into this bucket. Where would a claim be reported if the initial ‘algorithm- developed offer is not accepted, the insured then sends in estimates from a contractor or body shop, and the insurer amends the offer without doing an on-site inspection? Hybrid
* Do we need to address the reporting treatment of re-opened claims? No. Already addressed in current definitions.
* Traditional/Other Than Digital Claims Settlement – inconsistent capitalization of the words Claim Settlement in the definition Thank you.
* If an insured attaches a copy of a contractor or body shop estimate with the photos when submitting the claims does that still fall under a digital claim settlement if the insurer uses an automated loss settlement algorithm on the photos to generate the offer? Or would that fall into one of the other buckets and if so, which one? If the only thing analyzed by the insurer is digital information without human involvement, it is a digital claim. If the insured attached a copy of an estimate and that is used in the development of the initial claims settlement offer, it is a traditional settlement.
* Additional Digital Claims Settlement Guidance – not quite sure how to interpret this chart. Is it supposed to be a decision tree? If so, perhaps a more traditional decision tree format would be more appropriate. It is a tool to assist reporting companies. This format is more useful than a traditional decision tree because a reporting company can look at a particular column and determine what bucket.
* Additional Digital Claims Settlement Guidance – Could the answer in the Hybrid Claim Settlement/Two or More Loss Settlement Offers ever be a NO? No. if it starts as digital only and there is only one settlement offer, then it is in the digital claim bucket. If a settlement starts as digital only and there are two or more settlement offers, then it goes into the Hybrid bucket.
	+ Is so, what does that mean? No is not an option.

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