



IT TAKES VISION

Recovery Best Practices

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Contents

- 1 Current landscape and Challenges for Motor Recovery in UAE
- 2 Possible Best Practice Solutions
- 3 Potential Benefits and Issues
- 4 Way Forward
- 5 Global Practices

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Current Landscape

Not at Fault

Insurer : B

- If repairs are below AED 5,000 for non – agency and AED 10,000 for agency, then company pays directly and sends recovery note to the other Company at a later period.
- If repairs are beyond the limit, B will send the pictures and quotations from agencies/garages to A for approval.

Lengthy process and may involve a lot of customer dissatisfaction due to delay in payments

This leads to higher IBNR tail as some of claims can take more than 3 years for the recovery process

Lack of transparency and prone to fraud

At Fault

Insurer : A

Repairs the car after proper survey
It is usually quicker

payment is processed smoothly
without any delay



Key Challenges in Current Practice



Customer Dissatisfaction

- Longer delay in claim settlement for the party not at fault
- Possible compromise in repair quality



Lack of transparency and consistency

- Quotations by various agencies / garages
- Reconciliation problems among various insurer



Prone to frauds

- From garages/agencies/insurance companies
- Disputes among insurance companies



High average claims cost

- Possible Requirement to hold IBNR owing to longer delays
- Lower negotiation power to small insurers and the industry as a whole

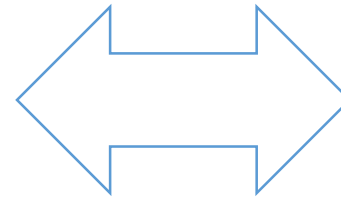
Contents

- 1 Current landscape and Challenges for Motor Recovery in UAE
- 2 Possible Best Practice Solutions
- 3 Potential Benefits and Issues
- 4 Way Forward
- 5 Global Practices

Possible Best Practice Solutions

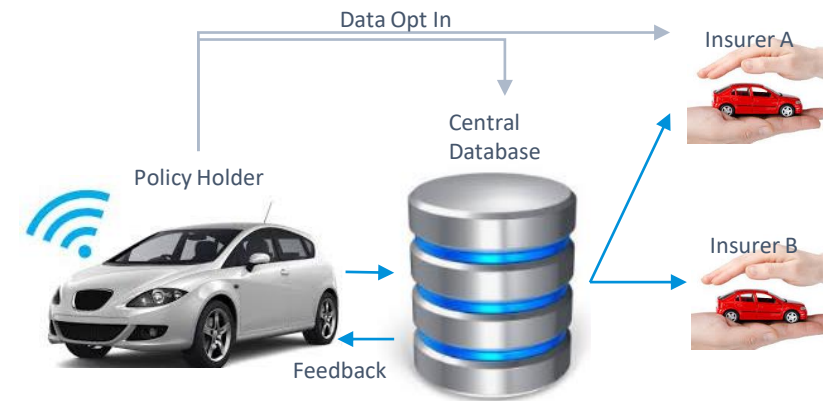
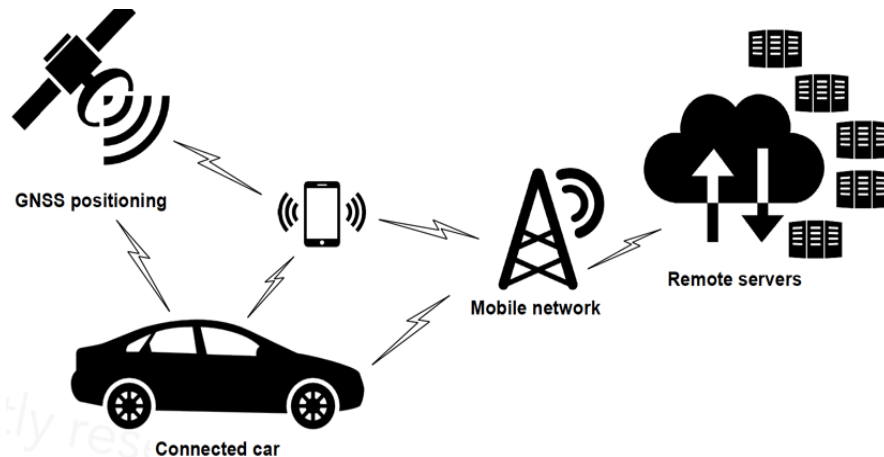
Automated and unified claims system

- Automated systems serving as a database for notification, registration and payment history of claims
- Using detailed telematics or other automated system data to automate claims costs calculation



Fixed cost component for recoveries

- Industry and regulator agreeing on fixed cost for various categories of accidents and vehicles
- Variable costs can then be accounted on case-by-case basis e.g. bodily injury where no standardization may be possible



Source: PTOLEMUS Consulting GROUP C.G.

Value Proposition

Rapid Assessment

- Vehicle Body
- Mechanical state
- High value to cost ratio

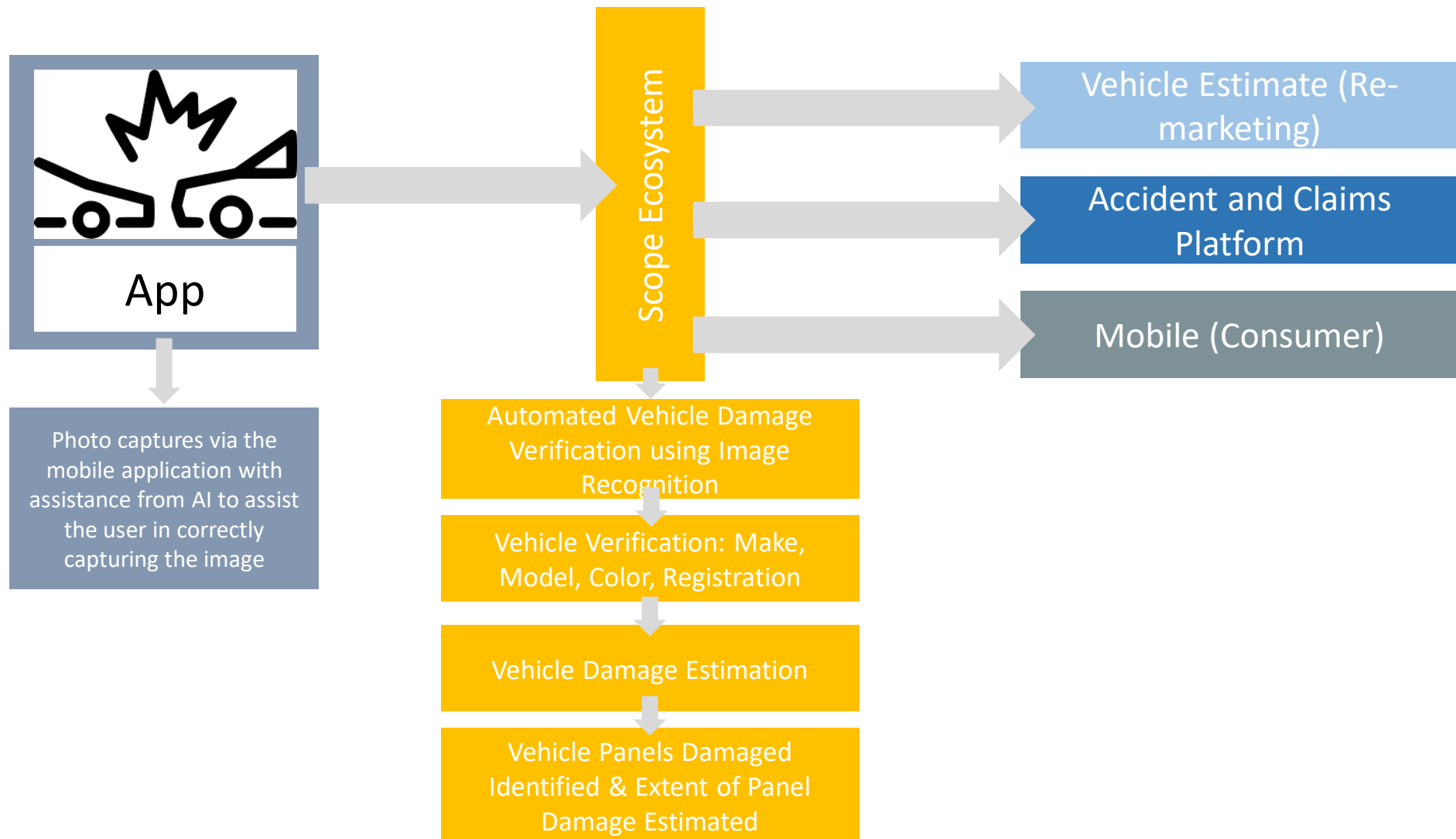
Architecture

- Extensive API
- Scalability
- Data Security

Advanced Technologies

- Machine Learning image recognition

Image Recognition: Overview



Process Flow

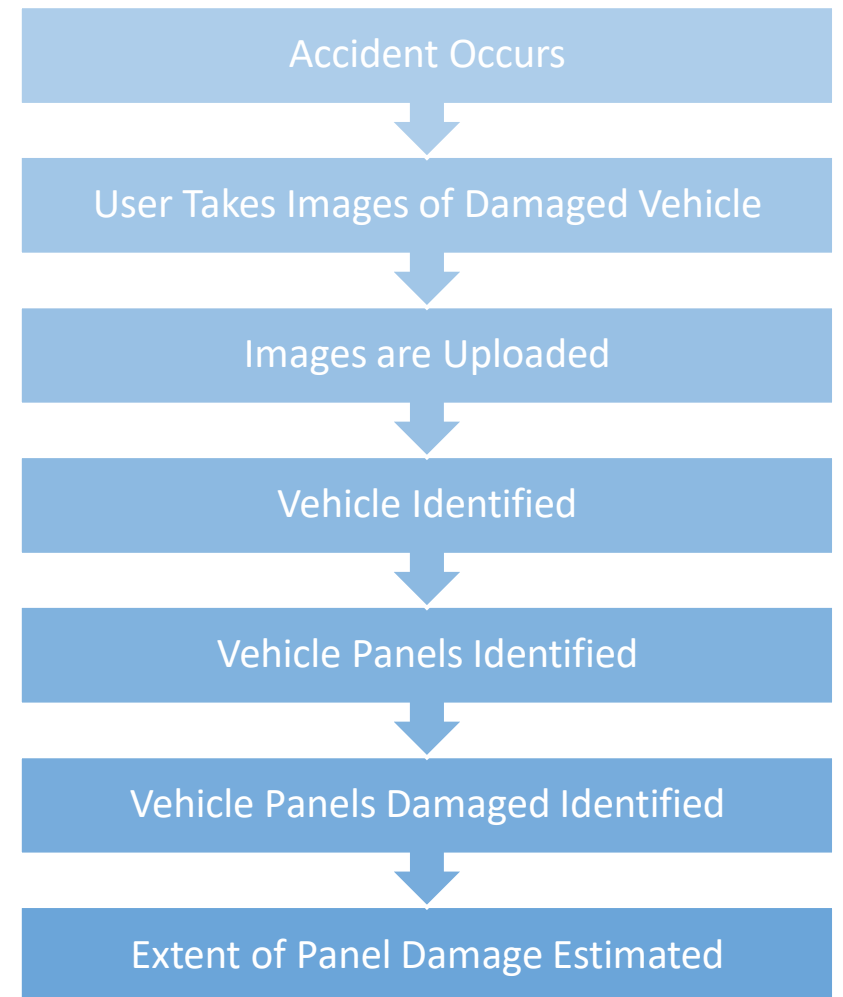
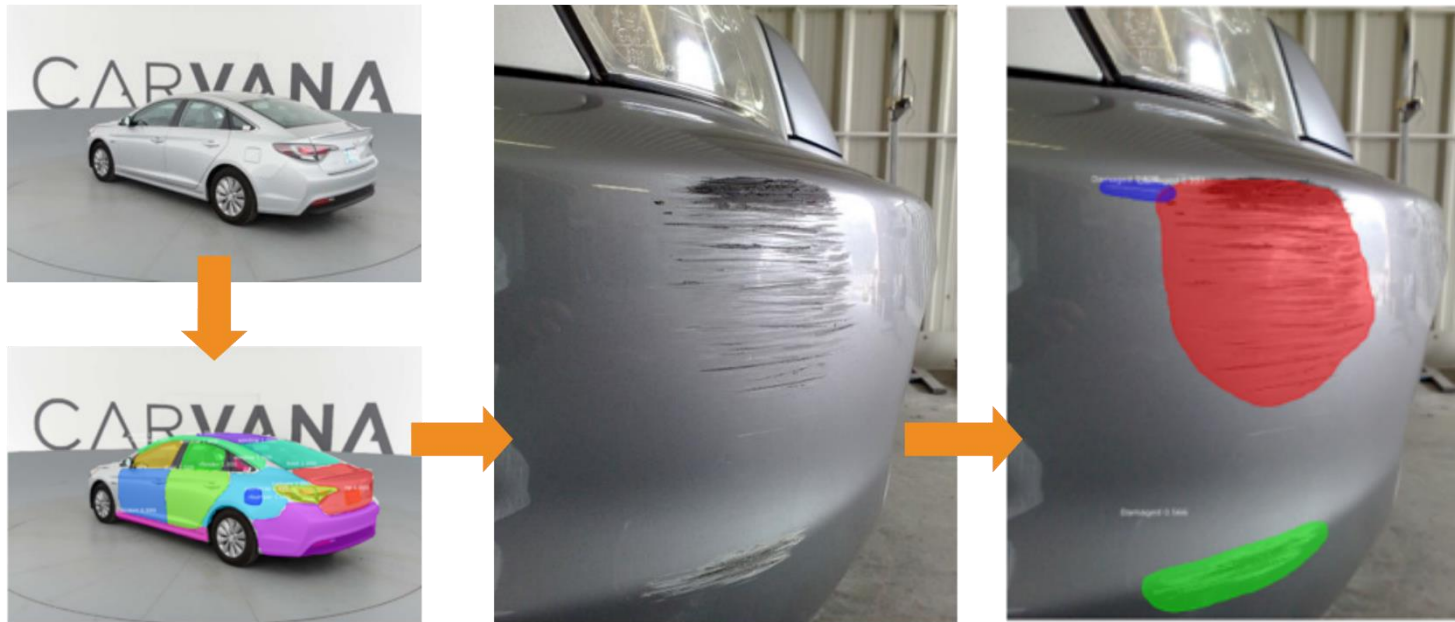


Image Processing

Leveraging Machine Learning to process and analyse images for

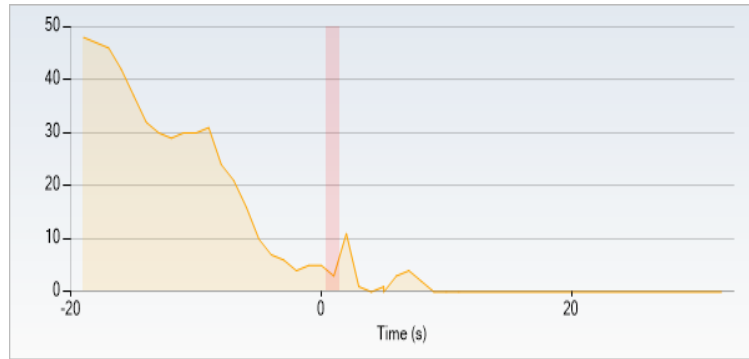
- Make
- Model
- Colour
- License Plate
- License Disk
- Damage level & corresponding panels



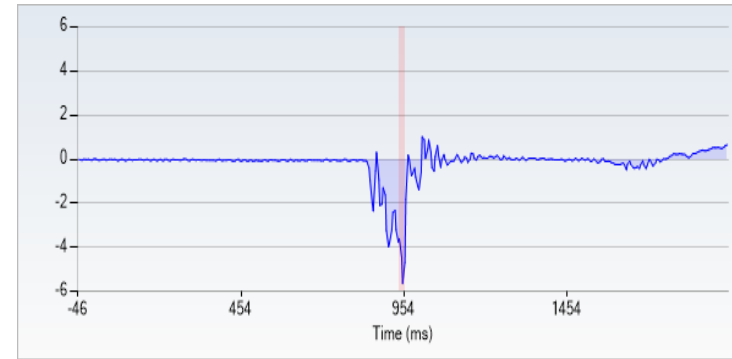
Accident Reconstruction

Telematics can be used to get a better understanding of an accident and to help identifying fraudulent claims for example.

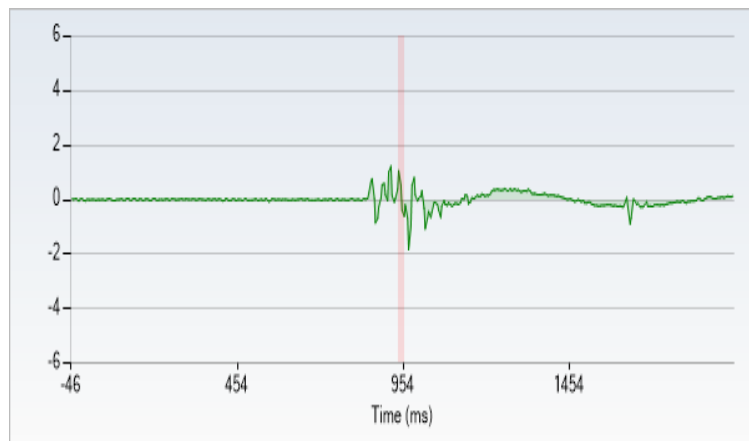
Speed (km/h)



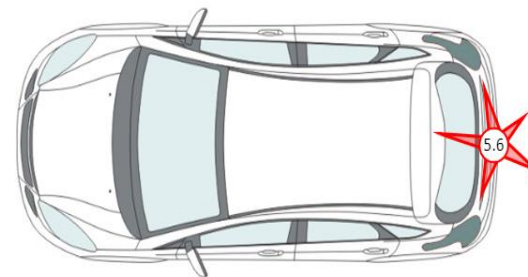
Front-Back Acceleration (g)



Right-Left Acceleration (g)



Impact on the Vehicle



Accident Reconstruction

3D playback of the accident to get insights on the context.

The interface displays a 3D perspective of a road with a vehicle model and a red arrow indicating the direction of travel. The road is labeled "شارع النخلة" (Sharq Al-Nakhl). A speed limit sign of 50 km/h is visible, with the current speed of 47 km/h shown below it.

Accident Info

- LOW (with motorcycle icon)
- MOSTLY SUNNY (with sun icon)
- MEDIUM (with first aid kit icon)
- LOW (with car icon)

Street View

Google © Google, Inc.

Map

0 km

18:20:42

October 21st 2018

الإمارات العربية المتحدة، شارع النخلة

63m N 6° E from Emirates International School, Al Thanya Road

00:00:01 / 00:00:51

Fixed cost component

- Collection of industry data with details such as claim type, body type, cost, age, loss/reporting/payment dates etc.
- Categorization of data into homogenous cohorts based on the details collected.
- Using actuarial pricing methodologies, calculate an average claim cost database which lists varying fixed claim cost for different categories of vehicles and accidents
- The database can then automatically calculate fixed cost component based on the event and details of vehicle.
- For example the following information can be available using telematics :
 - Make : Toyota
 - Model : Land Cruiser
 - Body style : SUV
 - Year : 2016
 - Body part involved in accident : Front (Bumper and Hoods)
 - G-Force : 5g
- The claims cost models can then provide the following :
 - Estimated fixed cost of damage to the third party not at fault (repair costs).
 - Costs of towing/taxi/rent-a-car to both parties (if any).

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Potential Benefits

Reduction in average claims cost

- Better negotiation at industry level

Customer Satisfaction

- Consistency and Transparency in the processing of claims.
- Quicker claims settlement

Reduced Fraud

- Efficiency in claim management with the automation of claim management systems.
- Accident reconstruction allows for tackling fraud

Data availability for Analysis

- Support Actuarial Model with the driver details and provide other rating factors

Quicker settlement between companies

- Time efficiency
- Less reconciliation issues

Potential Issues



Data issues

lack of credible and consistent data between various companies

data may not be available at an invoice level and not segregated into labor and spare part costs

different practices for reporting and capturing of data between companies

some companies might have a more granular level of data (labor and spare parts data separately, for example)

data quantity would be less since claim costs have changed after introduction of motor unified policy in 2017

Varying claim costs within a group due to



agency versus non agency repairs

different negotiation abilities of the companies

Other issues



market agreement and buy – in

categorization of repair type

IT platform for the new system

initial investment and running costs

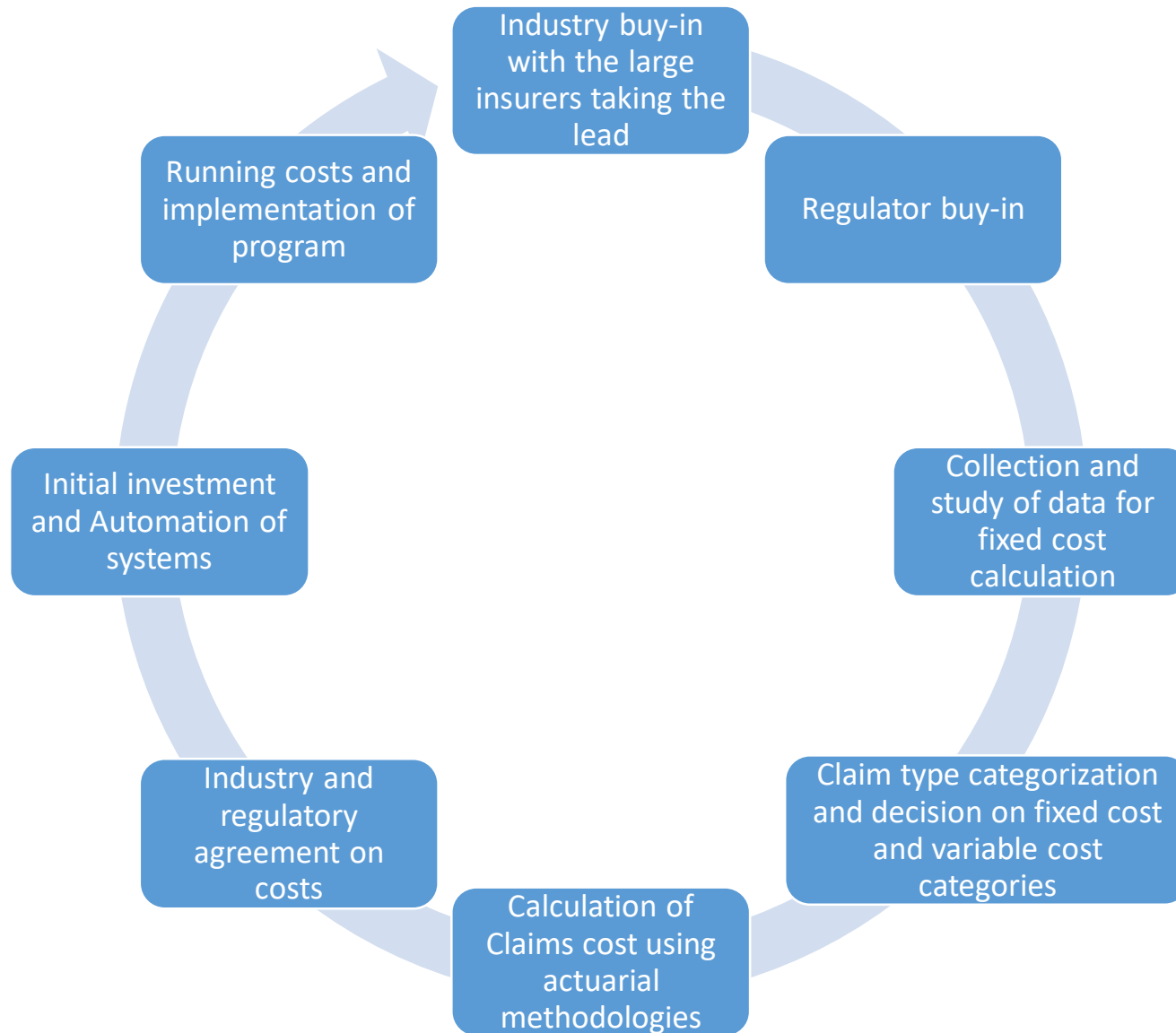
monitoring of the program

support from the regulator

Contents

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- 2 Possible Best Practice Solutions
- 3 Potential Benefits and Issues
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Way Forward



Contents

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Global Best Practices

Telematics

- Italy has the highest telematics penetration out of any European country and a law in place to mandate telematics
- Fleet management is expected to have a compound annual growth of around 15% in Europe.

- In China, tourist buses, coaches, dangerous goods vehicles, tractor units, and heavy duty trucks are identified by the Chinese Government as the focal commercial vehicles for installing telematics.
- The Government is looking into new regulations for telematics in the private sector

- USA is the largest auto market in the world.
- All of the top 10 auto insurers have telematics programs on offer.
- Most of the insurers claim that over 70% of their telematics customers save money.

- The Indian government has mandated public vehicles with more than six-seater capacity to have vehicle tracking devices.
- IT majors Cognizant, Wipro and Infosys, already have the know-it-all given that they have been providing telematics solutions to foreign insurers like AIG, Allianz, AXA and Munich Re for close to a decade.
- These IT companies have now shifted the focus to local Indian market due to the increasing interest by the local insurers.

US Blockchain

U.S. insurance giants State Farm and USAA have entered advanced testing of a block chain to automate the time-consuming and paper-heavy processing of automobile claims by netting out the balance of subrogation payments with a single payment on a regular basis between insurers

South Africa knock for Knock

South Africa implemented Knock-for-knock agreement where each insurer repairs its own policyholder's vehicle for simplification and speeding up the process. Later, insurers discontinued the agreement deeming it to be unfair to policyholders by losing their no-claim discount bonus even when not at fault.