



Transforming Claim Operating Models

Using Technology to Deliver
“The Hartford Experience”

ACORD INSURANCE
LOMA SYSTEMS
FORUM

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Martin Iverson
Vice President
Auto and Physical Damage
The Hartford Financial Services Group, Inc.



P&C eBusiness and Technology Goals

- ❖ Lower Cost of Ownership
- ❖ Enhance our Operating Model
- ❖ Enhance our Talent

Distinctive, Simple, Innovative



Today's Topic

- ❖ Technology, particularly wireless, offers the promise to fundamentally change the Claim experience.
- ❖ Business-based, service-based architectures can enable new Claims operating models and levels of service.
- ❖ Auto Physical Damage processing is in the vanguard but enabling technologies will extend to other lines as well.

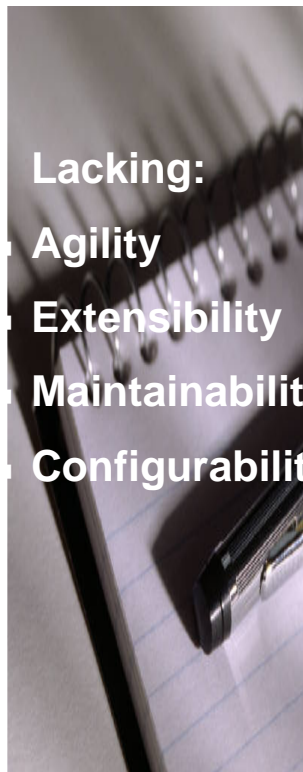
Emerging Claims solutions will leverage a number of maturing technologies.

- ❖ Wireless technology
 - Cellular Modems
 - Blue Tooth
- ❖ Web-based system integration
- ❖ Business Rules Engine
- ❖ Geographic Information Systems (GIS)
- ❖ Global Positioning Systems (GPS)

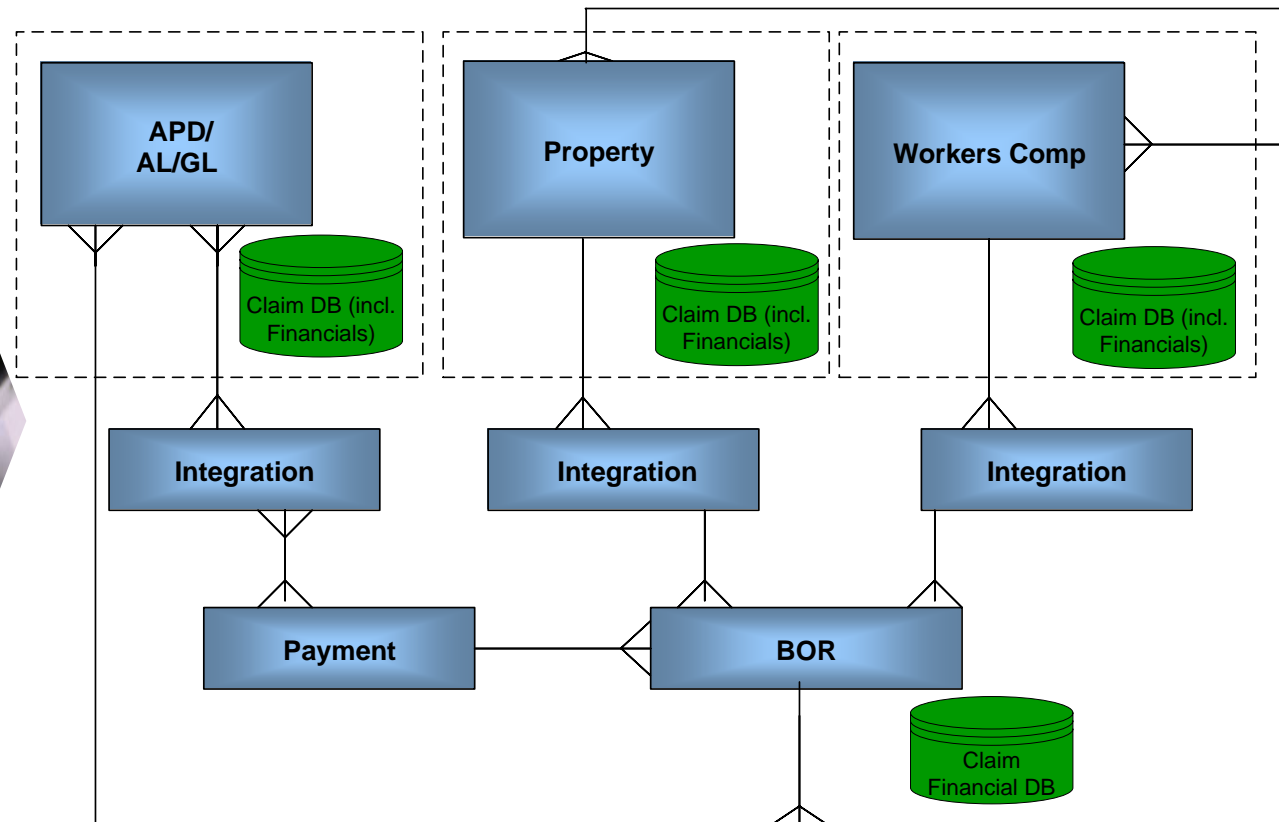


Architecture - Current State

Monolithic Applications with redundant business logic and data.



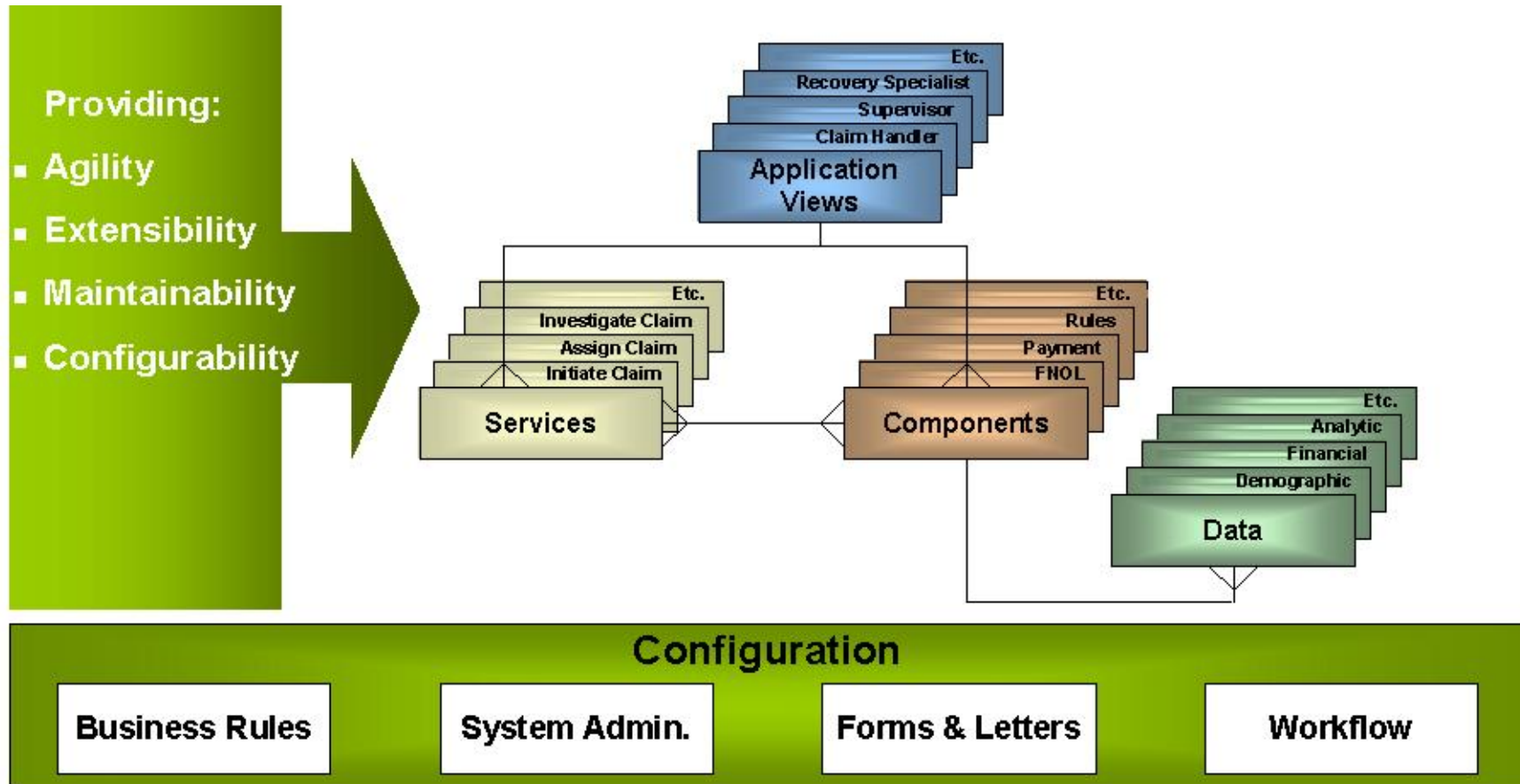
Lacking:
Agility
Extensibility
Maintainability
Configurability





Architecture - Future State

Applications will be a packaging of discreetly designed services and components needed by users to perform their job.





Physical Damage Claims at The Hartford

- ❖ We process 500k physical damage claims annually.
- ❖ The average time to process a physical damage claim was seven days.
- ❖ Cycle time reduction became a priority:
 - **Cost savings**
 - **Greater productivity**
 - **Higher insured satisfaction.**



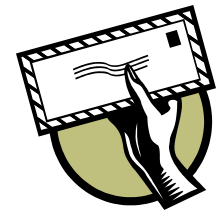


The Traditional Way

Physical Damage claims took seven days to settle, much of which is idle time.

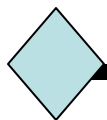


Customer notifies Hartford of accident.



Claim received and input into system.

Manually assigned to Adjuster and Appraiser.



Day 1

Appraiser Inspects Auto, takes digital photos, assesses damage.

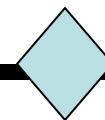
Information input into system.



Day 3

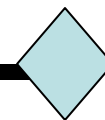
Adjuster reviews and decides action.

Mails settlement to insured.



Day 5

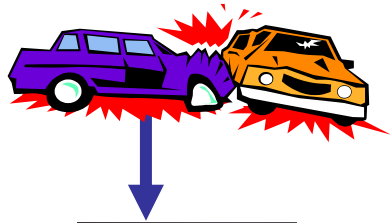
Insured receives settlement.



Day 7



Claim Expediter: The New Way



Customer notifies Hartford of accident.

At The Hartford, settlements now take hours instead of days.



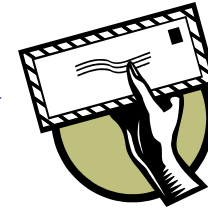
Claim received.
Input into system.
Identify right resource using eDispatch.
Wirelessly routed to Appraiser & Adjuster.



Appraiser Inspects auto, takes digital photos, assesses damage.
Information input into system and uploaded to portal wirelessly.



Adjuster reviews and decides action, if needed.



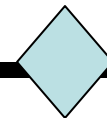
Appraiser cuts check on the spot.



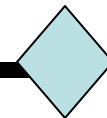
Hour 1



Hour 2



Hour 4



Hour 5



Case Analysis

- ❖ Car involved in accident. 9:00 AM
- ❖ Insured calls. Claim assigned. 9:52 AM
- ❖ Appraiser identified using eDispatch. 9:55 AM
- ❖ Appraiser notified through wireless. 9:58 AM
- ❖ Appraiser and insured meet at vehicle. 11:12 AM
- ❖ Appraiser sends total loss notice. 12:15 PM
- ❖ Adjuster reviews the valuation. 12:20 PM
- ❖ Appraiser receives valuation of car. 12:21 PM
- ❖ Insured accepts Hartford settlement. 12:28 PM

The Benefits to Date



- ❖ Cycle time of hours instead of days
- ❖ Reduced rental car durations by over a day
- ❖ Reduced storage costs of damaged cars by two days
- ❖ Reduced reliance on independent appraisers
- ❖ Increased use of our auto service representatives
- ❖ Increased ability to offer auto body shop servicing
- ❖ Increased productivity of auto service representatives

We are wowing our customers with our service.



Concerns and Challenges

- ❖ Wireless security
- ❖ Wireless infrastructure
- ❖ Geographic Information System (GIS) integration for territorial management
- ❖ Integration with partners and external vendors
- ❖ Performance





Looking Ahead

- ❖ Real-time knowledge of field resources through integrated GPS and GIS systems.
- ❖ Increased use of GPS to assist the appraiser in getting to locations, especially during catastrophes.
- ❖ Real time communication between field appraisers and centrally located experienced knowledge experts
- ❖ Centralizing back office activities



Looking Ahead

- ❖ Increased use of electronic payment methods like Automatic Clearing House (ACH) and Electronic Fund Transfer (EFT) for settlements.
- ❖ Similar solutions will be applied to other lines and the technology will be used in other areas of the company.
- ❖ Business models will continue to change due to new technologies and business-based architectures.



Conclusion

- ❖ At The Hartford, business-based architectures and new technology are dramatically changing our Claims operating model and our customer's experience.
- ❖ As technologies evolve and emerge, they are likely to change other business models in the insurance industry.