

## **STATEMENT IN SUPPORT OF HOUSE BILL 1638**

### **AUDAEXPLORE, A SOLERA COMPANY**

### **BANKING AND INSURANCE COMMITTEE**

January 27, 2016

My name is Diane Klund, Director of Regulatory and Government Affairs for AudaExplore, a Solera Company. I would like to thank the committee for the opportunity to appear today, and provide comments in support of the enactment House Bill 1638, allowing the use of photo appraisals.

AudaExplore is a business unit of Solera Holdings, Inc. (NYSE: SLH), based in San Diego, CA and a leading global provider of risk and asset management software and services to the automotive and property marketplace, including the insurance and collision repair industries. AudaExplore is doing business in every US state and over 70 countries.

In 1966, Audatex (DBA AudaExplore) developed the first automated estimating system. For almost 50 years, innovative products and solutions developed by Solera companies have helped insurance carriers, collision repair facilities and automotive recyclers streamline business operations and operate more efficiently. Today, AudaExplore's estimating software is used to provide over seven million insurance, collision repair shop, and independent appraiser estimates annually. In addition to several top tier insurers, AudaExplore's customers include over 500 collision repair shops in Pennsylvania.

A recent survey by Salesforce.com showed that 85% of people say that mobile devices are a central part of their everyday life (<https://www.exacttarget.com/sites/exacttarget/files/deliverables/etmc-2014mobilebehaviorreport.pdf>). Many customers make purchases, download airline boarding passes, and bank online. Consumers want to do business where they want, when they want. Smartphones and their applications ("apps") provide the technology that consumers demand.

A Gartner survey commissioned by AudaExplore of 1000 respondents who have had an automobile insurance claim, found that:

- 79% have a smart phone and use it regularly.
- 15% responded that it is very or extremely important for their insurer to have a smartphone claims app, and 40% indicated it is at least somewhat important.
- 42% responded that using a smartphone would be the first or second choice for reporting a claim.
- 23% responded that a smartphone would be the first or second choice to schedule their vehicle repair.

In response to the demand for mobile technology from consumers and insurers, technology companies and insurers have developed mobile (and web-based) apps that allow consumers the option to submit their vehicle claim information

in a secure and accurate way using their mobile device. Insurers in 47 states offer apps like AudaExplore's GoTime Driver as an option to consumers who prefer this method of settling their claim.

### The Technology

Since the Appraiser Act was enacted in Pennsylvania several decades ago, technology in the insurance claim industry has advanced exponentially. Smartphones now have better cameras than digital cameras did a few years ago. Digital photos and smartphone technology have facilitated more accurate, faster and consumer-friendly insurance claims settlements. The new technology involves, informs, and empowers insurance consumers.

Key innovations in the GoTime Driver app include:

- Available anywhere, anytime via mobile devices or web browsers.
- Vehicle Identification Number (VIN) Scanning: The vehicle can automatically be identified, including packages and electronic options that may not be seen. This provides for a much more **complete and accurate estimate**.
- 3D Damage Simulator utilizes technology to view, rotate, dent, and scratch a virtual 3D representation of their vehicle. This technology is another form of communication between drivers and insurers, providing additional valuable input **to identify the location and severity of damage**.
- Photo-guide Technology: A transparent 3D outline that overlays the smartphone's camera image guides drivers to take the right angled photo, at the right distance, producing **appraiser-quality photos** of their specific vehicle.
- Integrated Communications, including the ability to view the estimate, choose a repair shop in their area, schedule repairs, and even track the repairs online, **keeps the driver informed** during every step of the repair process. A video calling option is also available, whereby the consumer can walk around the vehicle while the appraiser views the damage in real time.

### Supplements

Insurers utilize several methods for inspecting and settling automobile claims. Some methods include scheduling field appraiser appointments, scheduling drive-in appointments at a claims center with the vehicle owner, and the use of smartphone mobile applications. Digital photo inspections are recommended for smaller losses, such as a low impact collision, sideswipe, and parking lot accidents, with exterior sheet metal damage only. A series of filtering questions regarding injuries, fluid leaks, and airbag deployment is often used to qualify a claim for a photo appraisal. As well, a licensed appraiser viewing the photos can quickly ascertain if further inspection is needed.

All methods of obtaining appraiser and shop estimates can, and do, result in some supplemental estimates. This can be due to the inaccessibility of the damage, inclement weather, and other factors. The data does not suggest that the use of photo appraisal technology increases the rate of supplemental estimates.

### **Fraud Detection**

Detering and combatting fraud is important to insurers and consumers to keep insurance costs down. Several fraud deterrent features are included in the GoTime Driver application, including **VIN scanning** to verify the loss vehicle, and restricting the photo upload to **photos taken within the application** rather than photos stored on the phone. Geo tracking of the location the photo was taken also supports fraud prevention.

### **Industry Feedback**

A survey is offered to drivers that have chosen to use the GoTime Driver app. Results show a 4.3 out of 5 rating by consumers. Comments include: "Very quick and easy; actually pretty unique and handy!" "The app was easy to use." "This app is awesome I loved how easy it is." "I thought this was a pretty cool and convenient way to get the ball rolling."

Due to consumer demand for instant, non-disruptive communication, many shops are using Go-Time Driver to attract, communicate with, and conduct business with vehicle owners. In, fact some collision shops, both large chains and independent shops, are attracting customers by offering an estimate based on digital photos.

Demonstrations of the GoTime Driver app have been provided to state departments of insurance in several states with very positive reviews. Of the three states that require a personal inspection of automobile damage claims (Pennsylvania, Virginia and Delaware), all three currently have legislation or regulatory proposals pending to remove this requirement.

### **Demonstration of the Go Time Driver Technology**

With the permission of the committee, we would like to show a brief video that demonstrates the power of the technology available today, for submitting claims via digital photos or video.

### **Conclusion**

In conclusion, consumers expect to be able to communicate with insurers, and conduct businesses on their time. Consumers want to be an active participant in the process and be empowered with information. Mobile applications provide an optional solution to those consumers in 47 states. Mobile applications such as AudaExplore's GoTime Driver, facilitates fair, accurate, and faster claim service by empowering the consumer.

AudaExplore strongly encourages the committee to vote in favor of House Bill 1638.

Thank you again for the opportunity to present these comments. I would be happy to answer any questions the committee may have.