

Navigate tomorrow – today

Building Policyholder Trust: 4 Ways Advanced Weather Intelligence Can Right-Size Your Claims Response

No one can control the weather, but you can change how your company prepares and responds to it.

The weather has eluded humans since the beginning of time. As global warming causes more widespread droughts and generates more intense storms, the economic impact increases. Since 1980, there have been 273 billion-dollar disasters, with a total cost exceeding \$1.79 trillion.

The rise of extreme weather events has prompted the insurance industry to take a more proactive approach in managing risks, supporting customers and reducing losses. Sophisticated technology helps meteorologists study models to make increasingly accurate predictions and change how companies prepare and respond to the weather, within their daily business operations.

While we cannot prevent disasters from happening, weather intelligence services help insurers provide exceptionally accurate advanced notice to customers and customized solutions—including detailed analyses of "what just happened"—to help you rightsize your claims response and adjust processes and procedures to enhance the quality of future decision-making.

This guide provides proven steps and real scenarios to demonstrate how private forecasts help you take action early to prepare for severe weather and build longlasting relationships with policyholders.

Loss costs are up 19%, and 35% of weatherrelated claims are the result of catastrophic claims.

> Source: 2018 Home Trends report



Become a Trusted Provider

Consumers know they have choices when it comes to selecting an insurance provider. They want the company they've chosen to protect them before, during, and after disaster strikes. While no one can make their clients entirely whole after a loss, you can take specific steps to build rapport and trust.

Information is power, even when we cannot control the outcome. StormGeo empowers insurance companies by providing an average of 5-7 days of notice of severe weather events. Those extra days can help your customers prepare to protect their families, businesses, and property while providing you with additional response time.

> Customers who have submitted an insurance claim in the past two years are almost twice as likely to switch insurers in the next 12 months.

> > Source: Accenture

We have depended on the objectivity and accuracy of the forecast data for making operational decisions that could potentially impact our ability to provide uninterrupted service to our customers. StormGeo's forecast data for both Sally and Delta has been timely, informative and most importantly, accurate.

Senior Emergency Preparedness Manager One of the World's Largest Mutual Life Insurance Companies

// Step 1: Get Accurate Information

Half of all property claims are weather-related. Working with private weather experts helps you anticipate conditions that will affect policyholders. Companies like StormGeo use the latest technology to provide targeted, reliable forecasts with impressive accuracy.

Mapping Risks

Accurate data, combined with a Geographic Information System (GIS), can be used to identify insured risks in the pathway of a natural disaster. GIS users can download physical address data that is stored and converted to visual maps to identify areas of risk exposure or loss. This information is useful in estimating exposure and projecting claim volume for faster response times.

The Property Claims Services (PCS) estimates that 90% of direct-written insurance premiums in the U.S. can be mapped using GIS software and data. It can also identify large risks that incurred damage by localized storms, such as hail.

Weather & Risk Exposure Analysis

Storm Impact Reports integrate PIF data with weather advisories and threats to identify areas at risk from severe weather, including tropical cyclones, hail and active fires. Observed Impact Reports analyzes maximum impact at all locations, not just weather stations. Rightsize your claims response based on weather conditions at each PIF location with these solutions from StormGeo.





Maps represent custom report layers that support business actions.

Top: Forecast max wind speeds for Hurricane Sally against PIF data.

Bottom: Total Insurance Value Exposure - Blue areas are forecast to flood more than 6', with dots representing the average insured value compared to PIF count for each local area.



Galveston Island following Hurricane Ike.

Accuracy Matters

In 2008 as Hurricane Ike was 48 hours ahead of landfall, wind fields were not expecting the storm to impact the Houston area. StormGeo's probabilistic forecast showed a 30% probability of impact to the area, which proved correct as Ike made landfall in Galveston, just southeast of Houston. The hurricane caused an estimated \$30 billion in damages.

Unlike broad media coverage and government public safety warnings, StormGeo applies both science and business to forecasting, providing greater granularity to help you make more informed decisions.

Small, and also rapid changes in weather patterns can significantly impact the forecast. For example, in late January 2019 an area of low pressure was forecasted to dive southeastward out of Alberta and across the Upper Midwest. A cold Arctic air mass threatened the region with heavy snow and freezing rain. Early indications predicted widespread snowfall of 4-6 inches, with isolated heavier totals reaching 8-10 inches.

StormGeo's ability to expand on general weather signals and extend the risk outlook further helps pinpoint which areas show the highest probability of being affected allowing clients in those areas to make preparations to limit the potential impact of severe weather events. In this instance, StormGeo provided a five-day lead time. By closely monitoring even the slightest changes in pressure areas and systems, including those caused by the polar vortex, StormGeo delivers accurate data to support customer service and claim management.

// Step 2: Early Warnings Protect Policyholders

Advanced notice of impending weather provides insurers with more time to mobilize resources and staff to handle a high volume of claims, which translates to:

- Higher customer satisfaction
- Increased retention rates
- Better control over indemnity and expenses paid on claims, impacting loss ratios

Receiving information earlier allows you to work with policyholders to ensure their homes and businesses are protected from costly disasters. Accurate and customized weather information provides your agents and customer experience teams with timely updates to take action quickly.

Beyond hurricanes, hail and high winds cause the most damage and often occur without warning. Progressive technology provides earlier forecasts and increased accuracy for unpredictable weather events. This data can be used to forecast claim volumes, trigger business continuity plans, provide early notifications to agents and brokers, and secure temporary access permits for adjusters to enter damaged areas well in advance.

60% of businesses are underprepared for disasters and emergencies 40% of companies that experience a disaster go out of business within five years









One-Week Notice for Hail & High Winds

In early March of 2019, severe thunderstorms were heading into the Southern Plains, presenting a risk of severe thunderstorms, damaging wind gusts, frequent lightning, large hail, and tornadoes. StormGeo identified a surface low-pressure system pushing a cold front eastward across the region seven days before it impacted the area.

During this same period, the National Oceanic and Atmospheric Administration (NOAA) had not yet identified the system as a threat. Just five days before the thunderstorms arrived, the NOAA issued an Outlook stating, "severe weather is not expected in the eastern U.S." The storms brought hail, an EF-1 tornado and peak winds of 105 mph across North Texas, Arkansas, Mississippi and Tennessee.

Advanced warnings and exceptionally accurate area forecasts provided by StormGeo helped businesses along the storm's path brace for impending power outages, property damage, travel delays and business disruptions. Insurers can use this data to provide policyholders with ample notice, and therefore reducing the potential of claims. StormGeo's lead time for larger weather events is upwards of 7-10 days.



Tips for Policyholders

You can improve the customer experience by providing weather preparedness tips ahead of severe weather. The Insurance Institute for Business & Home Safety offers five ways companies can help protect their structure(s) and reduce the risk of interruptions due to flooding: **Evaluate Drainage Slope** – Check the property to make sure the ground slopes away from the building.

Seal Any Cracks – Use high-quality, urethane-based caulk to seal any cracks and utility pipe penetrations.

Sump Pump Backup – Connect sump pumps to a battery backup or generator.

Use Backflow Valves – Install backflow valves on main waste drain pipes that leave the structure.

Protect Openings – Have a supply of water-absorbent barriers to divert water away. Install watertight shields over all windows and doors at least 12 inches above the anticipated flood level.

// Step 3: Improved Coverage Suspensions

As a tropical storm or hurricane, is tracking toward an area, insurers race to declare coverage suspensions or underwriting moratoriums. There is a delicate balance between taking advantage of increased policy revenue driven by high demands and not issuing new policies or adjusting coverage limits for risks that immediately experience a loss.

Hurricane Matthew: Small Shift. Big Impact.

In 2016, Hurricane Matthew was forecasted to impact the entire eastern coast of Florida. **It did not happen.**

Instead, Matthew took a "wobble," pushing it 20 miles farther east, making landfall in the Carolinas. North Carolina endured massive flooring 100 miles inland.

Rob Galbraith, CPCU, CLU, ChFC, author of *The End of Insurance as We Know It*, recalls his experience leading a team responsible for actively monitoring hurricanes for a Top 10 P&C personal lines carrier to quickly respond to severe weather events. Before the "wobble" the carrier was strongly considering issuing a coverage suspension for the entire coastline from Miami to Jacksonville, which would have covered millions of people and prevented hundreds of new policies.

However, the carrier subscribed to StormGeo's TropicsWatch and received updates for Hurricane Matthew. Through information gleaned from these updates, they avoided suspending coverage in Florida. Instead, they focused on the Carolinas well before the National Hurricane Center acknowledged the change in forecasted track.



This level of support in coverage suspension decision-making brought in thousands in additional premiums in Florida while preventing losses in North Carolina by stopping new policies from being written. Equipped with advanced information also helped them quickly mobilize their catastrophe response vehicles to North Carolina to serve customers impacted by the storm.

// Step 4: Optimize Your Claims Response

First Notice of Loss (FNOL) is the best time to reinforce positive relationships with your policyholders. From fallen tree limbs to total loss of property, severe weather events are a traumatic experience. Those affected rely on their insurance company to help get their lives back on track.

Insurance claims processes can be quite reactionary. With weather intelligence data, several proactive steps can be taken to make the claims process more efficient:

Staff Call Centers

The claims process starts with the FNOL, which sets a precedent for how secure policyholders feel about the entire process. Early warning about the severity and arrival of storms gives insurers more time to ensure the call center is fully staffed and up to speed on wind and flood processes.

Optimize Adjuster Dispatch

Early warning allows insurance companies to send adjusters to deal with the most impacted areas . You can compare the forecast track with policy data well ahead of the storm to anticipate how many properties might be impacted and dispatch the most experienced adjusters to cover areas that are more difficult to inspect. StormGeo clients have shown significant reductions in wait times by notifying agents and brokers to prepare for claim handling and reporting. Advanced warnings and regular updates reduce the FNOL process lifecycle.

Longer lead times provide sufficient time to dispatch adjusters to impacted areas. During large catastrophic disasters or hurricane busy season, the demand for independent adjusters escalates. With advanced notice, insurers can reach out and secure vendors or train temporary staff – all working to streamline the claim handling process, which ultimately increases customer satisfaction and retention.

Inform Field Adjusters

Observed Storm Impact Reports from StormGeo ensure adjusters and claims managers have precise information about wind speeds and other important observations to analyze maximum impacts at each location in your portfolio. With accurate information in hand, field adjusters can cut processing time for handling claims and reduce the need for large loss adjusters or experts. This data also helps adjusters better estimate the number of claims, severity and possibility of total loss.



Right-Sizing Your Response is all About Efficiency

Knowing where, when, and how many resources are needed gives you an edge in responding to your customers' needs to quickly close out claims, which bolsters customer satisfaction and loyalty.

Take the guesswork out of trying to predict the weather by working with a team of experienced meteorologists. They provide decision guidance based on accurate weather data to help you minimize loss adjustment expenses and streamline your claims response.

Take the Next Step. Contact us today at info@stormgeo.com to learn more about how we can help your business.

// About StormGeo

StormGeo is a global provider of weather intelligence and decision support services, with leading solutions for insurance, finance, manufacturing, public and government entities, as well as shipping, oil and gas, and renewable energy. Our products and services help clients manage risk, optimize performance, reduce costs and increase revenue. The company has 27 offices in 15 countries, including six 24/7/365 global operations centers. As a participant in the UN Global Compact for Sustainable Ocean Business, our passion for weather and the protection of natural resources motivates us to support our clients in making informed, environmentally responsible business decisions.