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Phase 2 Roof Process – Phoenix Test Site

ALLSTATE INSURANCE COMPANY

Discussion document

November 6, 1997

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FOCUS OF PHOENIX ROOF TEST

Scope of test

- CSA-wide test – 4 states and 6 MCOs
- 6 adjusters – Phoenix (2), Tucson (1), Las Vegas (1), and Salt Lake/Ogden (2)
- 4 UCMs, 2 PCMs, a CPS, and a MCM

Test site focus

- Transferability across CSA with multiple claim reps
- Build support structure for sustainability
- Develop eventual rollout ability

Key design issues

- Management roles
- Process sustainability
- Productivity and resource implications

CHARACTERISTICS OF PHOENIX TEST

Geography

- 4 states – Arizona, New Mexico, Nevada, and Utah
- Urban, rural mix – most areas sparsely populated

Weather

- Extreme heat in southern half of CSA
- Snow in Utah
- Moderate wind/hail claim activity with occasional spikes

Construction

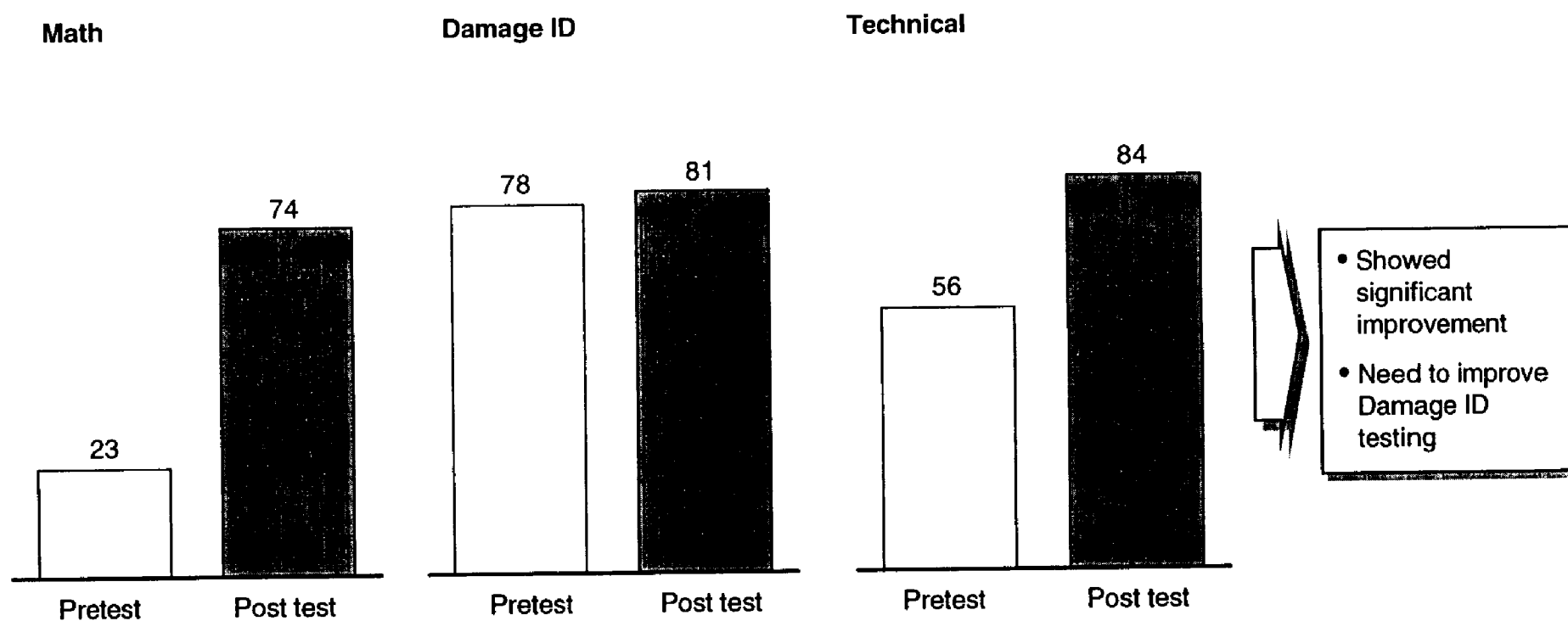
- Single story, lower pitch in Arizona, New Mexico, and Nevada
- Greater housing diversity/multistory in Utah

Organization

- New property MCO to open in December
- No office facilities for property reps; Metro adjusters work out of home
- Significant nonstaffed areas
- Waiver/fast track program

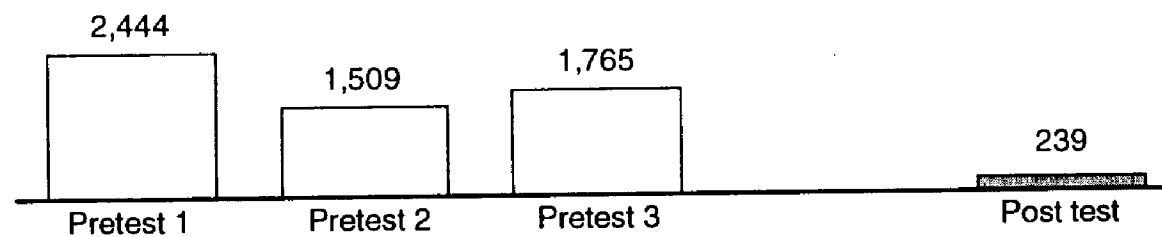
TECHNICAL SKILL IMPROVEMENT

Percent

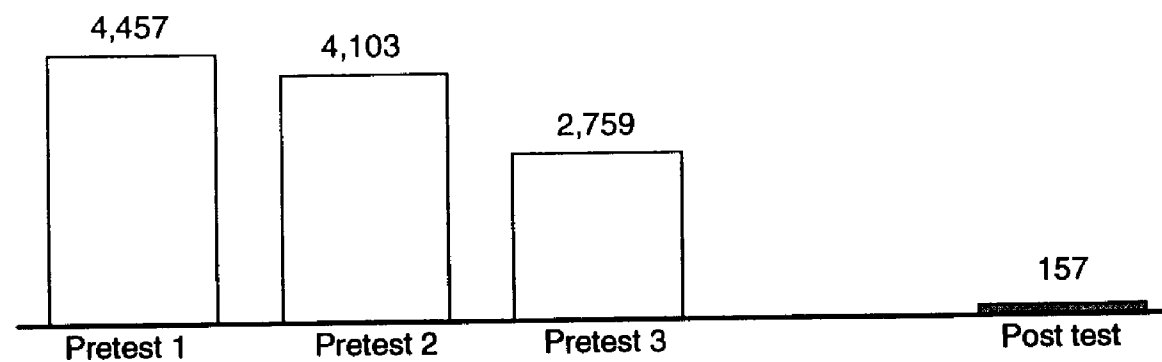


FIELD CALIBRATION EXERCISE RESULTS

Pretest vs. post test estimates
Square foot variance



Estimate
Dollar variance FRC



* Includes 2 adjusters with no field experience

PHOENIX CSA – BASELINE BY STATE

Dollars

	Wind		Hail	
	Average CWA	Average closed cost	Average CWA	Average closed cost
Arizona	1,230	839	2,077	1,483
Nevada	822	512	0	0
New Mexico	1,204	910	2,343	1,729
Utah	648	482	752	417
CSA	1,037	702	2,205	1,543



Economic opportunity potential varies by state

KEY PROCESS OUTPUT MEASURES – METRO PHOENIX ONLY

Percent

Wind – type of repair

No damage	24.7	50.0
Minimum repair	12.3	
Repair > minimum	47.9	
Full replacement	15.1	
	Baseline – 73 files	Test* – 6 files

Wind – roof severity

	Baseline	Test	Variance
Average severity	1,230.0	150.0	-87.8%
Closed cost	839.0	25.0	-97.0%
Percent CWP	9.0	83.3	

* Test files from spike on 10/7/97

Hail – type of repair

No damage	18.2	8.7
Minimum repair	9.0	13.0
Repair > minimum	45.5	52.2
Full replacement	27.3	26.1
	Baseline – 11 files	Test* – 23 files

Hail – roof severity

	Baseline	Test	Variance
Average severity	2,077.0	1,607.0	-22.6%
Closed cost	1,729.0	1,468.0	-72.9%
Percent CWP	33.0	33.3	

KEY DESIGN AREAS FOR PHOENIX TEST SITE

Design area	Key learnings	Potential issues
Management roles - Review auto roles/measures - Management workshop for process compliance, REIs, and coaching	Managers have special needs to become process experts	- Management involvement in process - Building management expertise in process
Process sustainability - Installation in Albuquerque and Phoenix - Develop mechanized system	Coaching rides have positive impact on process compliance	Tracking key measures specific to roof process

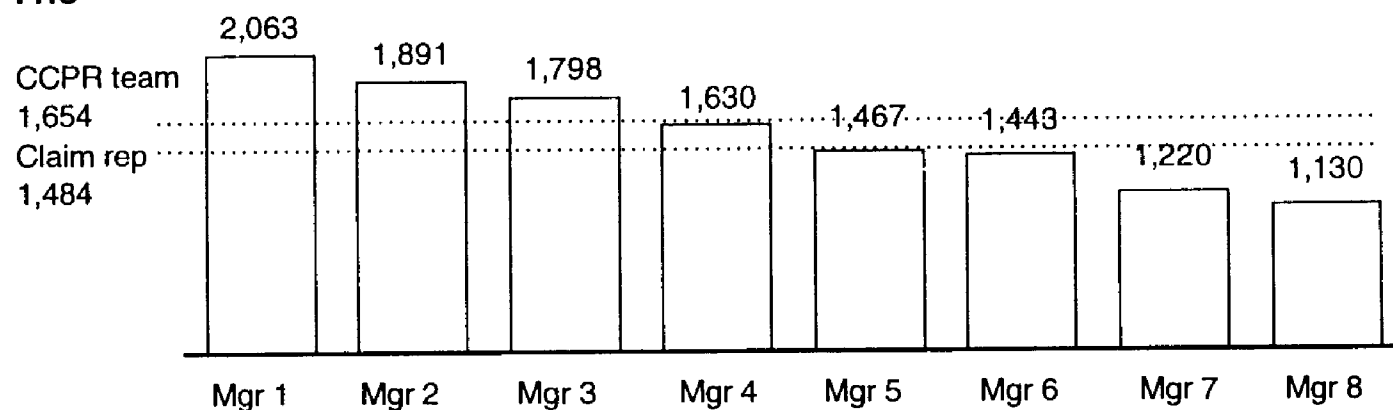
KEY DESIGN AREAS FOR PHOENIX TEST SITE (CONTINUED)

Design area	Key learnings	Potential issues
Transferability • Train claims reps and management • Training using 2 rides – 1 independent REI, 1 joint REI	• Size of class impacts learning, student performance and training time • Each team member needs to be a process expert • Size of hail put additional challenge	• Availability of trainers for large class • Finding roofs for field exercises • Destruction of roof due to large class and number of field exercises • Larger the hail, more the collateral damage
Productivity and resource implications • Establish baseline productivity and conduct process time study • Determine change in resource per market		• Need to integrate perils • Optimal resource allocation

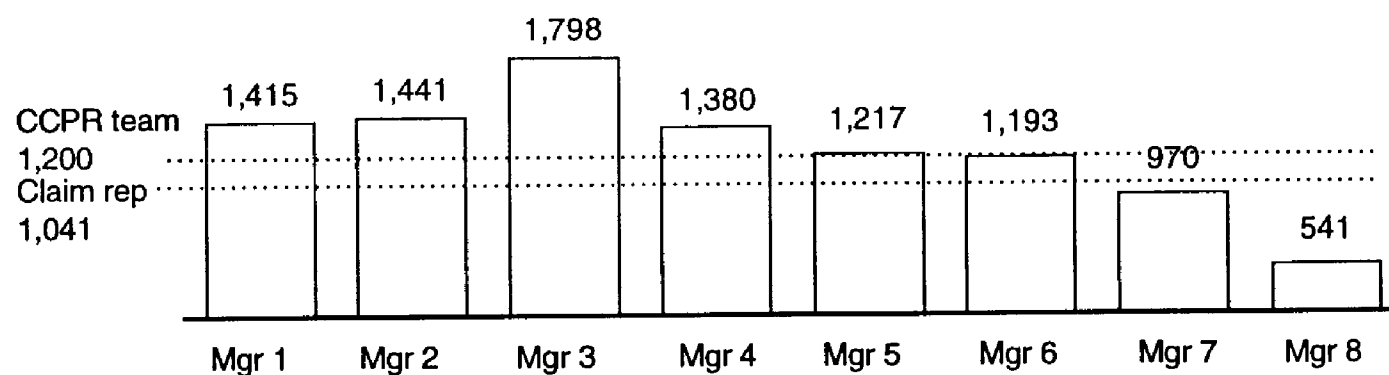
MANAGEMENT REINSPECTION SKILL ASSESSMENT

Dollars

FRC



ACV



* 1,798 there was no deduction for ACV and deductible

MANAGEMENT REINSPECTION SKILL ASSESSMENT

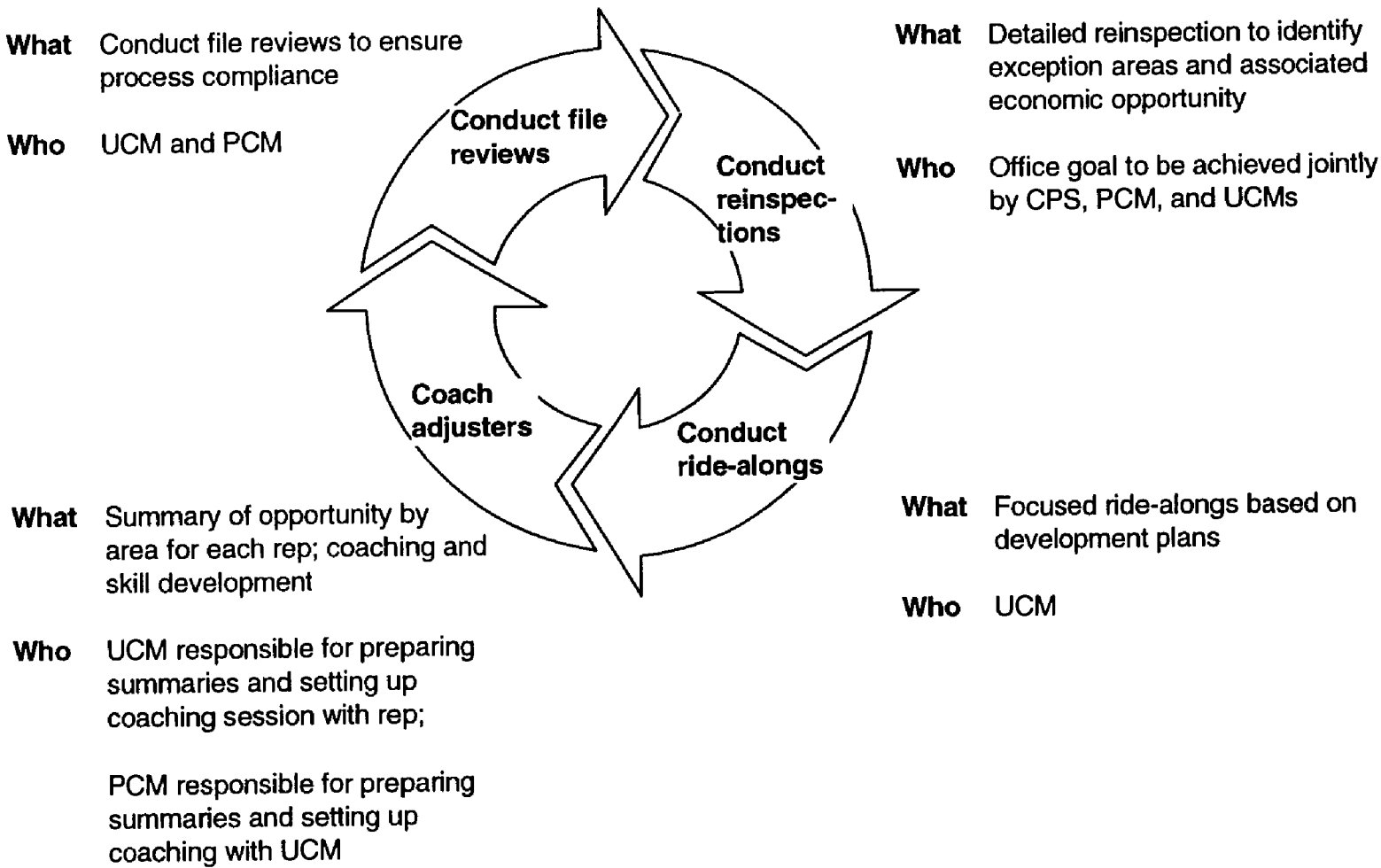
Dollars

Exception type	Amount difference*	Percent opportunity
Missed damage	\$265	46.0%
Measurement	119	20.6
Unnecessary labor operation	151	26.1
Tear out/debris removal	42	7.3
Total	577	32.1

Specific training required
for Managers to make
them experts in process

* Average of management test group

MANAGER ROLES AND RESPONSIBILITIES



DRIVERS OF SUCCESS IN IMPLEMENTING MANAGEMENT ROLE CHANGE

Set targets and provide tools

Targets

- Specific office and individual goals (integrated with PIC requirements)
- Strong link with annual performance
 - heavily weighed portion of performance management measures for managers

Tools

- Forms to calibrate managers and ensure that reinspection and ride-alongs translate into tangible actions. Key forms include
 - Reinspection form
 - Reinspection summary
 - Coaching summary
 - Claim rep ride report
 - Process compliance forms
- Predetermined field work schedule

Management
role change
success

Restructure current work activity

Specific recommendations

- Prioritize claims rep queries and address only high-priority issues
- Remove barriers to increasing field time
- More efficient time management
- Develop work plan
- Define rides and REI requirements
- Coaching based on performance evaluation
 - For exception areas
 - For recognition

PLAN TO MOVE FORWARD

- Validate transferability
- Additional rides by CCPR team with managers
- Develop training for specific needs of managers
- Use measurement tools for trend analysis
- Use rides and coaching by managers to assure process compliance
- Hand off process to CSA
- 30- to 45-day CCPR team follow-up reviews for each MCO

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Phase 2 Roof Process – Denver CAT Test Site

ALLSTATE INSURANCE COMPANY

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FOCUS OF DENVER ROOF TEST

Scope of test

- 3 Metro Allstate reps
- 2 Resident reps
- 1 Spike coordinator
- 2 Independent adjusters
- 4 Allstate managers
- 1 Roofer

Test site focus

- Sustainability and transferability
- Spike claim handling
- Use of independent adjusters
- High/steep roof process

Key design issues

- Triage system for spikes
- Spike coordinator role definition
- Spike coordination and handling
- I/A selection, training, and process
- Roofer/Contractor training and process

CHARACTERISTICS OF DENVER TEST

Geography

- Denver Metro area
- 2 Colorado resident territories

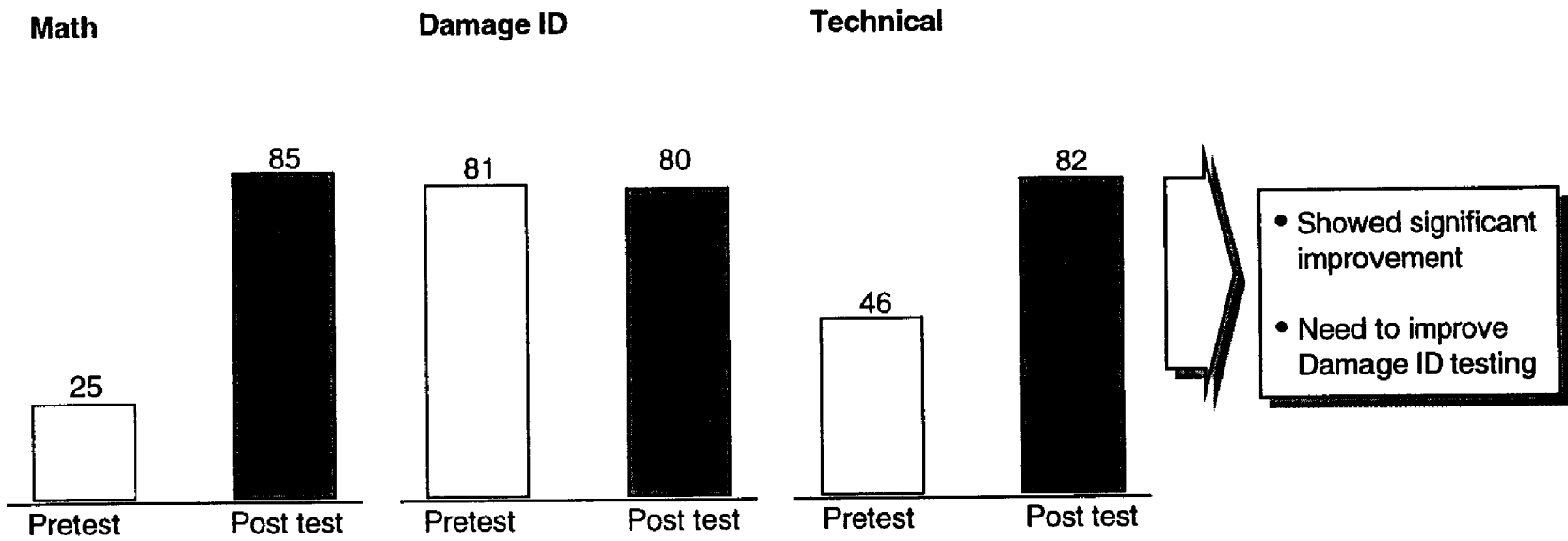
Market

- Frequent wind/hail spikes
- Customer awareness due to high loss frequency
- Recent deductible changes
- Presence of wood roofs

Claims reps

- I/As
- Residents
- Reps range in experience – 1-15 years

TECHNICAL SKILL IMPROVEMENT
Percent

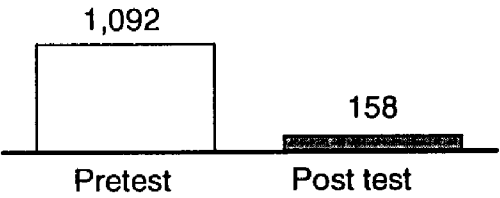


FIELD CALIBRATION EXERCISE RESULTS – DENVER

Pretest vs. post test accuracy

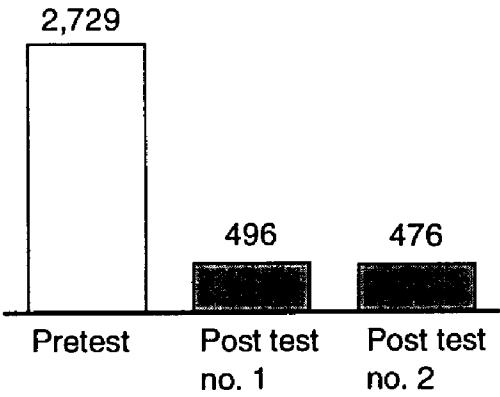
Measurement

Square foot variance



Estimate

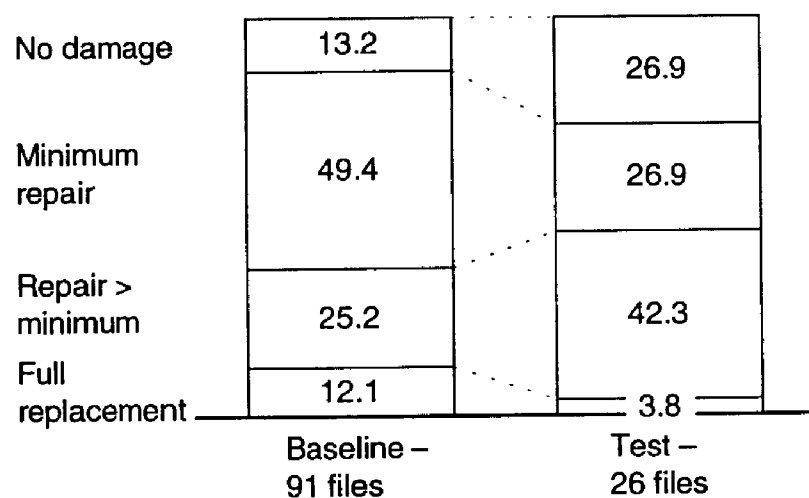
Dollar variance



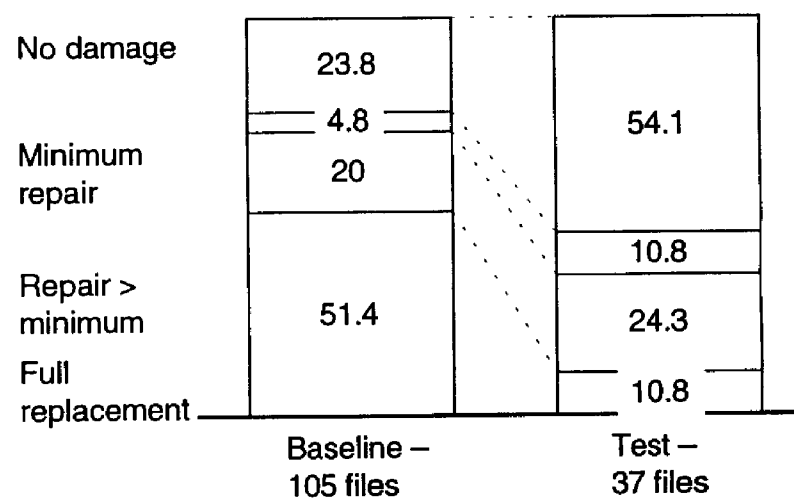
Reason for variance post test –
variance of hail count per test square

KEY PROCESS OUTPUT MEASURES

Percent

Wind – type of repair**Wind – roof severity**

	Baseline	Test	Variance
Average severity	784	504	-35.7%
Closed cost	469	233	-50.3%
Percent CWP	40.2	53.9	+34.1%

Hail – type of repair**Hail – roof severity**

	Baseline	Test	Variance
Average severity	3,269	793	-75.7%
Closed cost	2,422	300	-87.6%
Percent CWP	25.9	62.2	+140.2%

KEY DESIGN AREAS FOR DENVER TEST SITE

Design area	Key learnings	Potential issues
Spike claim handling • Develop triage design • Define spike coordinator role • Test on a spike • Regulate pending	• Need to regulate pending based on productivity • Weather can effect triage • Need to train optimum number to accommodate maximum spike	• Customer reaction • Efficient allocation of resources • Multiple spikes
Independent adjuster process • Selection and training • Ride-alongs and reinspections	• Need specialized training • Pricing/estimating consistency	• Process form alteration • Certification process • Oversight needs • Inside process
Roofer/contractor process • Selection and training • Follow-up	• Alteration of customer education	• Need to design the process

KEY DESIGN AREAS FOR DENVER TEST SITE

Design area	Key learnings	Potential issues
High/steep roofs - Developed measurement methods - By counting shingles - Measure from ground (rise and span) - With roofer from eave - Damage identification - From eave - With roofer	- Damage identification for high roofs - Cannot identify hail damage from ground - Can identify some wind damage from ground - Assignment to be made with roofer involvement - Damage identification for steep roofs - Can identify hail from eave - Can identify wind from eave	- Determine economic opportunities - Selection and training - Safety
Customer interaction (new issue) - Developed auxiliary process - Initial contact - Contact from site - Leave photos – not estimate - Recontact customer - Testing equipment needs	- Leaving estimate on site in absence of customer - Creates customer apprehension - Distorts education process	Customer reaction

CLAIM SPIKE TRIAGE

1. Could you please describe the damage to your roof?
 - a. Some shingles seen on the ground or on the roof
 - b. Shingles are lifted or blown back
 - c. Broken or marked shingles from hail
 - d. Tree upon or through the roof
 - e. Severe damage with large sections of the roof missing
2. Have you made any repairs to prevent further damage?
3. Is there water or other damage in addition to the damage on the roof?

Severity level and time to inspect



I/A or Allstate rep

1. Could you tell me the type of roofing material that is on your home?
 - a. Asphalt or composition shingles
 - b. Wood
 - c. Tile
 - d. Flat
 - e. Mobile home
 - f. Other
 - g. Do not know
2. Excluding the basement, how many stories is your home?
3. Would you know how steep the roof is on your home?
 - a. Low enough so that it can easily be climbed upon
 - b. Too steep to be easily climbed upon
 - c. Not sure if it can easily be climbed upon

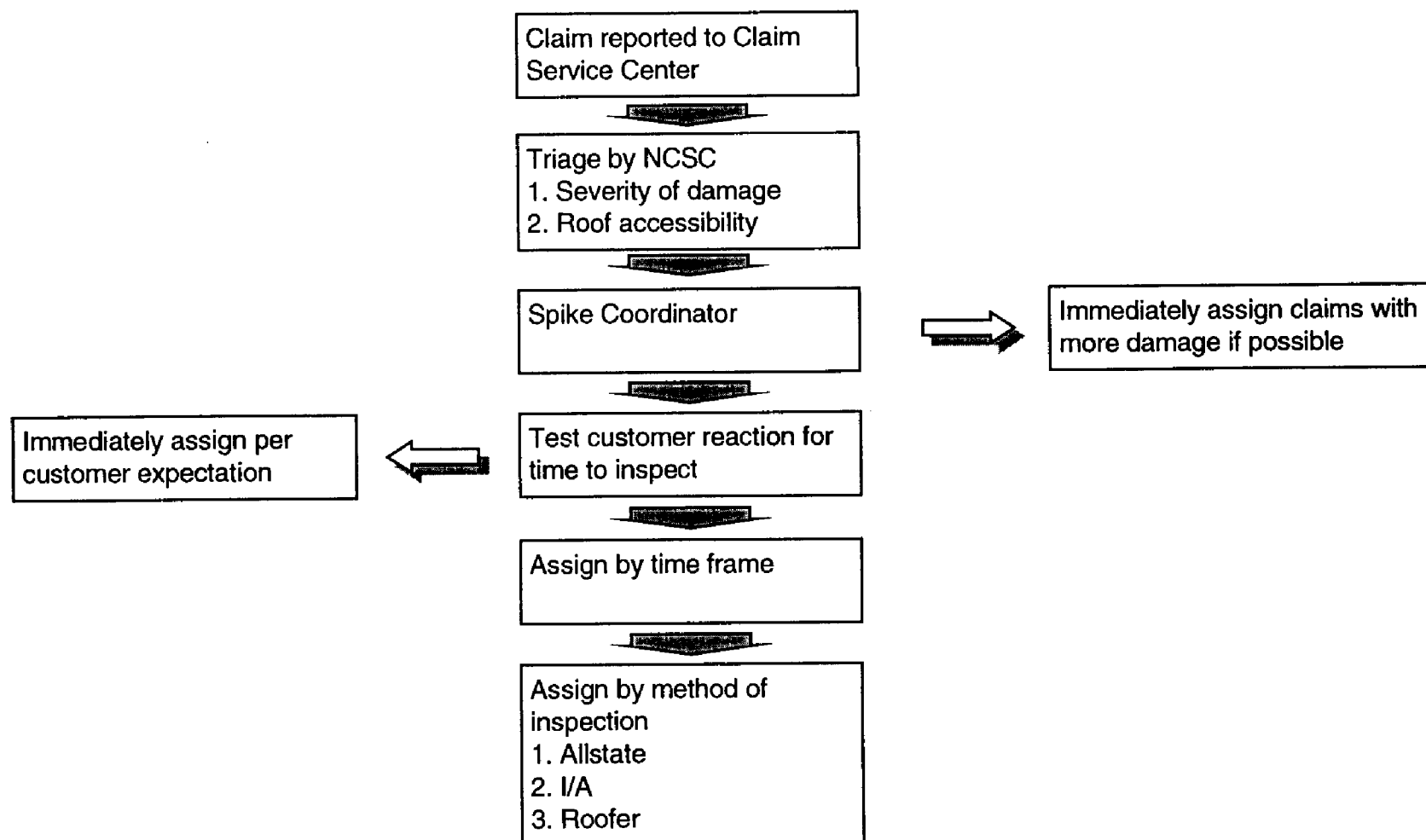
Accessibility



Roofer or Allstate rep

Final decision (circle one)

		<u>Now</u>	<u>Later</u>
Assign to Allstate rep		X	X
Assign to IA		X	X
Assign to roofer	X	X	X

CLAIM SPIKE TRIAGE PROCESS

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Homeowners CCPR Team Debrief – Research, Development, and Execution Team

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DISCUSSION OVERVIEW

- Staffing model
 - Overview of design
 - Data collected during first test phase
 - Next steps
- Performance maintenance
 - Process maintenance results from first test phase
 - Performance management vision
 - Next steps
- Customer satisfaction
 - Results from first test phase
 - Issues to be resolved going forward
 - Next steps

STAFFING MODEL SUMMARY

- The field staffing model is being designed to provide staffing scenarios from the bottom up using claim times and counts
- Data has been collected on model inputs such as travel times, claim handling times for wind, hail, fire, and CAT and management time allocations
- In order to develop an accurate staffing model, more data needs to be collected on the fire process, (including claim coordinator), management time allocations, and in-process CAT claims

FIELD STAFFING MODEL VISION

Inputs

Times ranges per claims

- Travel time – by market type
- Site time – by peril
- Back end time – by peril
- By CSA/MCO

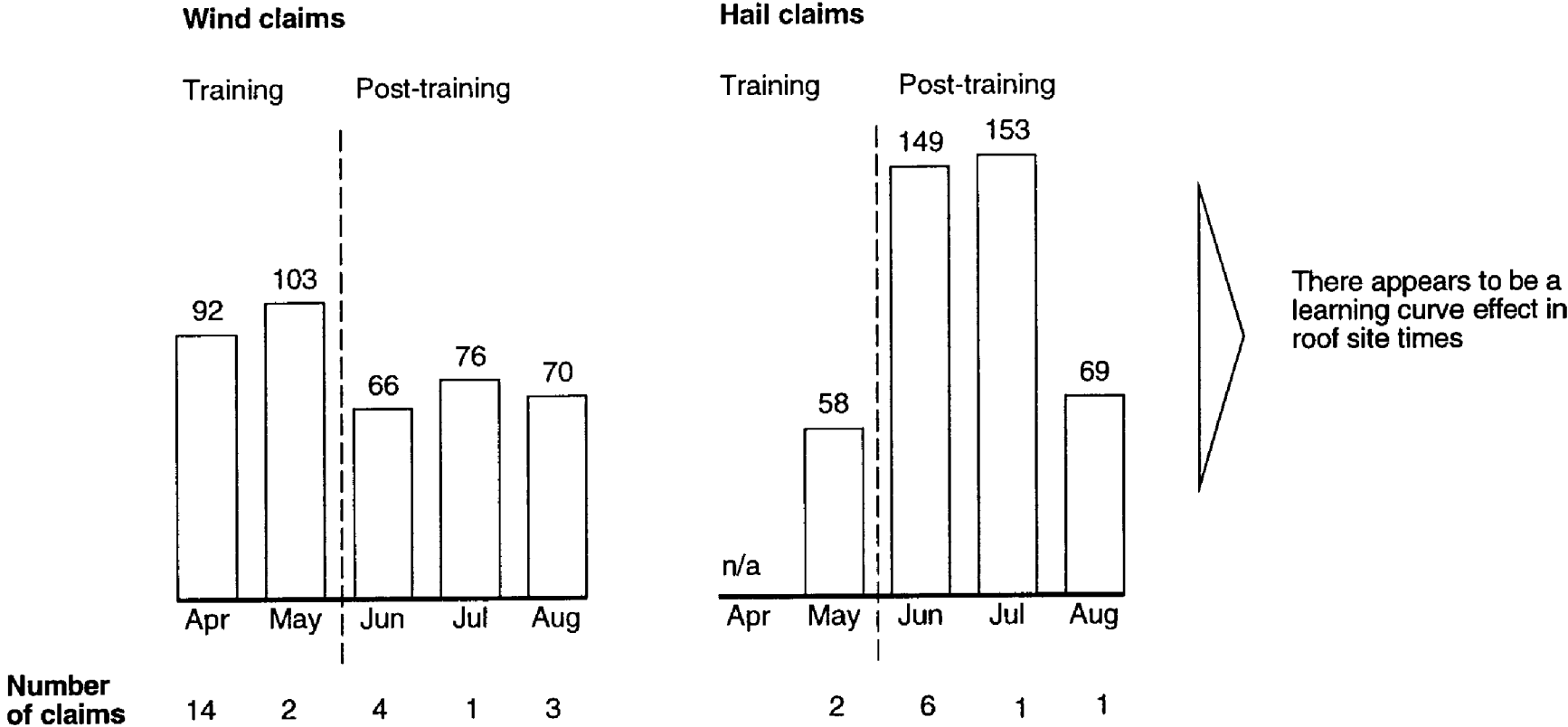


Outputs

Staffing scenarios

- By peril
- By CSA/MCO

ROOF SITE TIMES – ALBUQUERQUE
Minutes

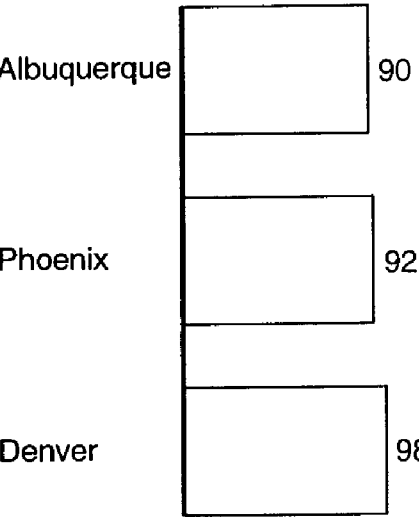


Source: Time studies

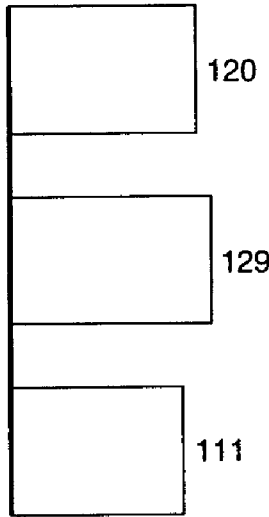
AVERAGE ROOF SITE TIMES – PHOENIX AND DENVER

Minutes

Wind*



Hail**



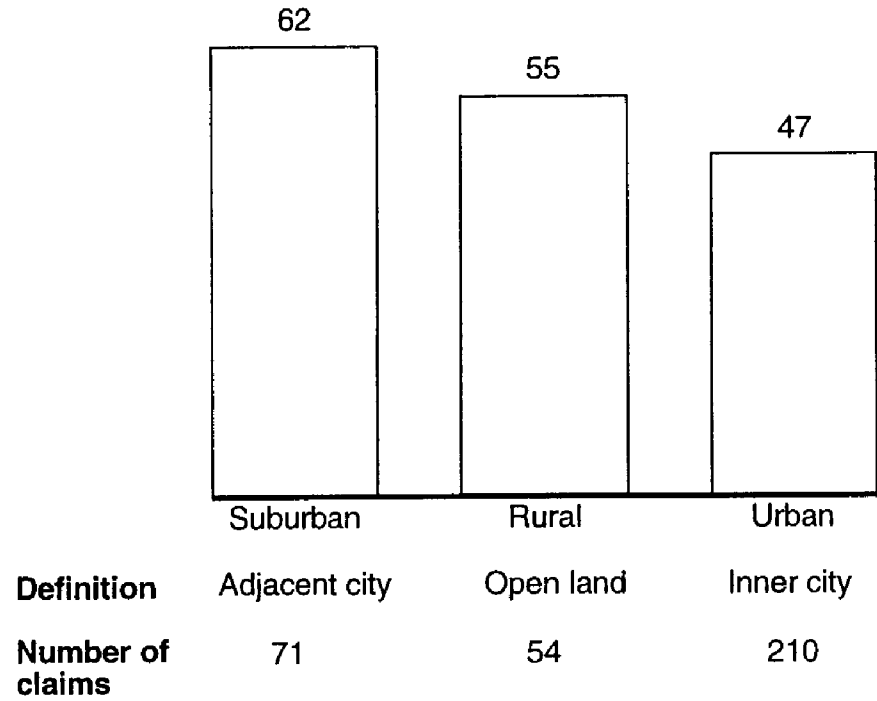
- Similar initial results to first phase testing
- Correlates with Albuquerque employee interviews

* Number of wind claims are 24 for Albuquerque and 10 for Phoenix and Denver combined

** Number of hail claims are 11 for Albuquerque and 9 for Phoenix and Denver combined

Source: Time studies

AVERAGE TRAVEL TIMES
Minutes

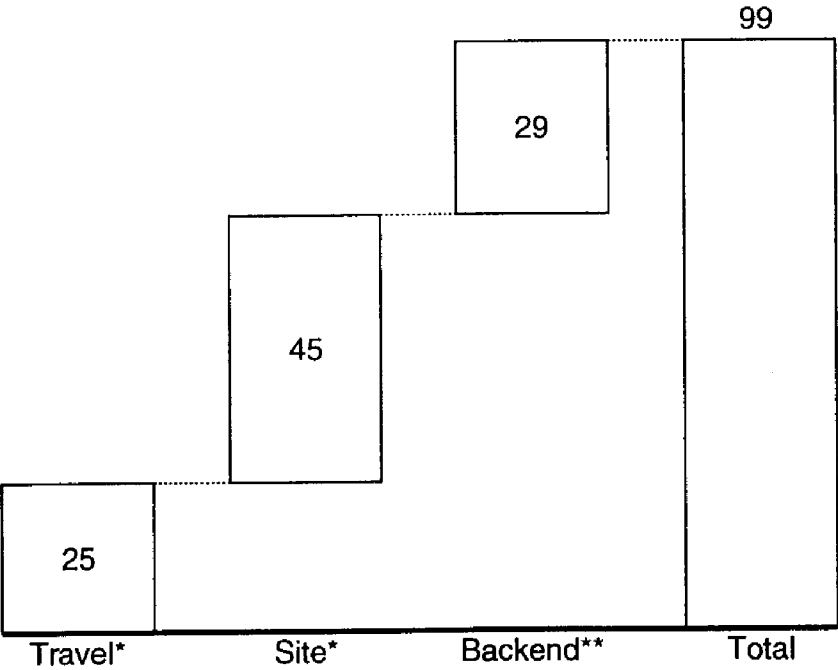


There appears to be differences in travel time between suburban, urban, and rural areas

Source: Time studies

AVERAGE NONPROCESS CAT TIMES

Minutes per claims



- Baseline established for CAT claims
- Plans to compare to CAT claims in process

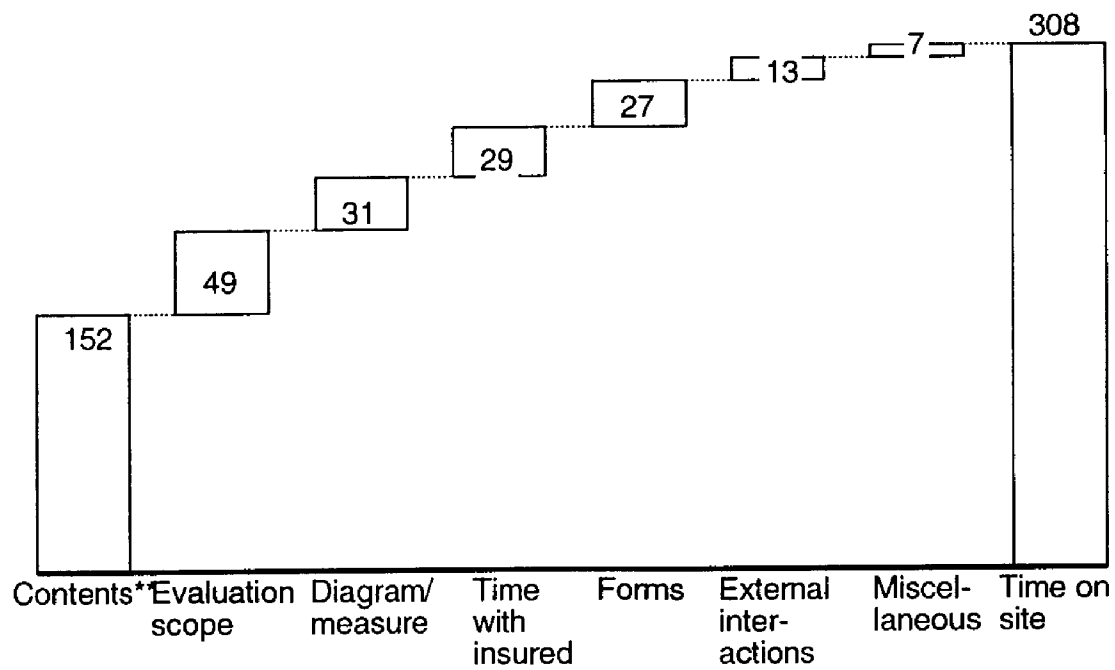
* Based on 128 claims

** Based on 61 claims

Source: Denver hail CAT

AVERAGE FIRE PROCESS TIMES – ROSEVILLE*

Minutes



Next steps

- Include differences based on size of loss
- Estimate impact of claims coordinator role
- Define FRC issues
- Establish backend time

* 19 claims (2 are contents only)

** Based on only 3 claims

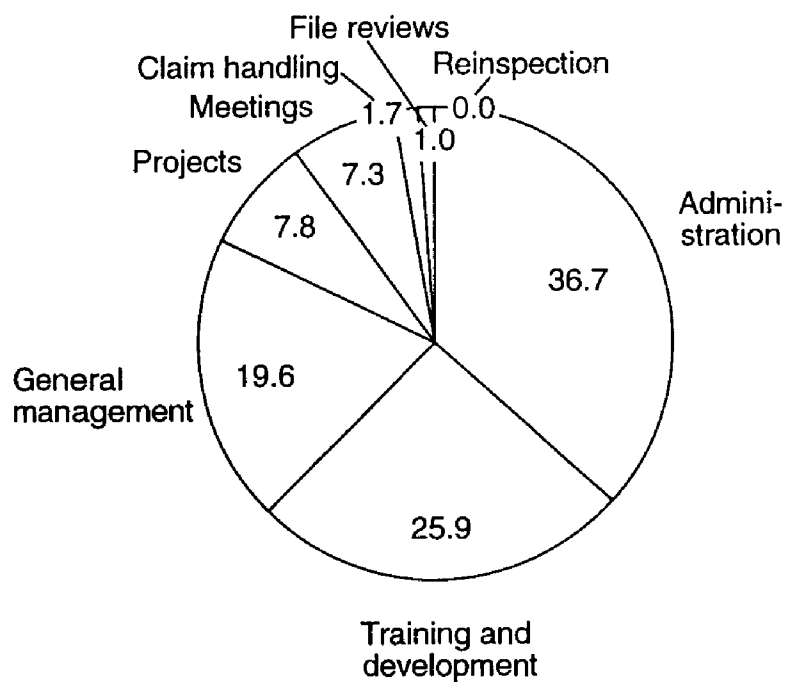
Source: Time studies

MANAGEMENT ACTIVITIES AND TIME ALLOCATIONS

Percent

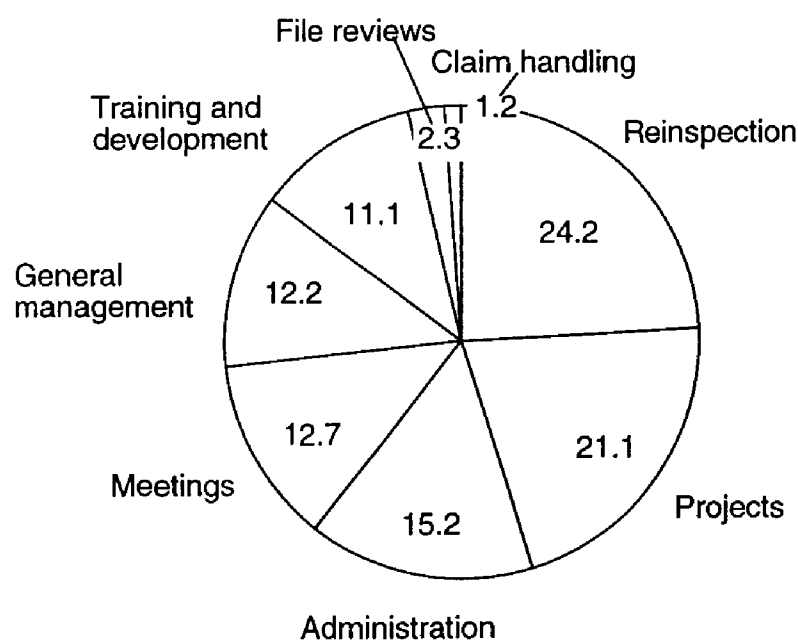
Albuquerque

100% = 61.8* hours



Roseville

100% = 42.2* hours



Need to further define the current role of the Homeowner Manager

* Houses collected varied over several weeks
Source: Time studies

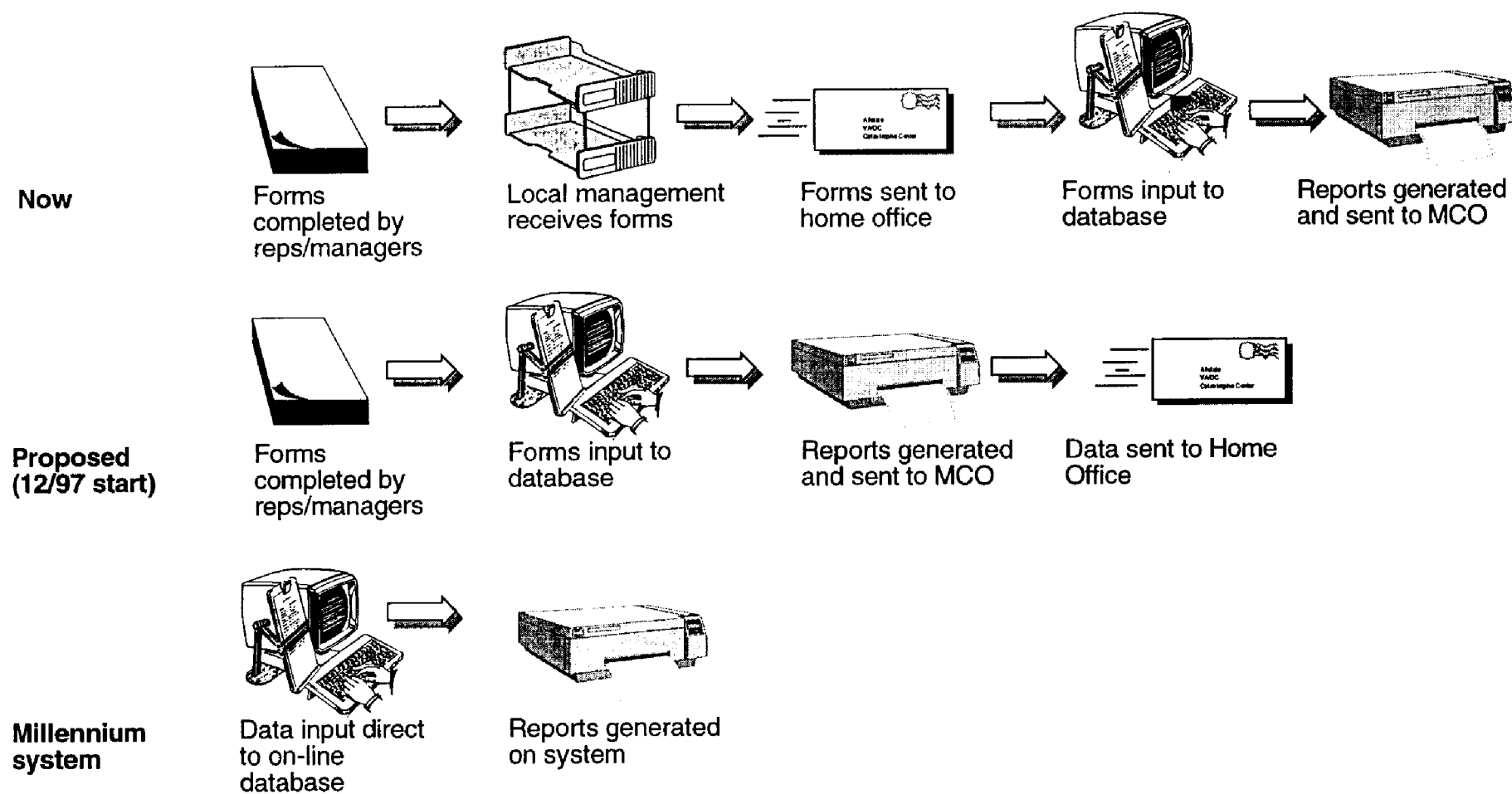
NEXT STEPS FOR DEVELOPING THE STAFFING MODEL

- Establish FRC/supplemental time measures
- Segment fire studies by loss size
- Build on existing data for management roles
- Develop time studies for the Claims Coordinator
- Capture in-process CAT handling for wind/hail

PROCESS MAINTENANCE/PERFORMANCE MANAGEMENT SUMMARY

- The vision is to transform the current paper-based process into an on-line process completed at the local office
- The process currently captures compliance and financial and reinspection results and has links to staff performance management measures
- The next steps include testing the new PC-based system and further designing the next generation of the process

PERFORMANCE MANAGEMENT VISION

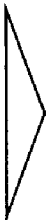


PROCESS DATA COLLECTION

Opportunity drivers

- Roof
- Damage identification
 - Repair vs. replace
 - Estimating skills

- Fire
- Subro identification
 - Clean vs. repair/replace
 - Contents



Data collection measures

- Number of 24-hour contacts
 - Number of roof replacements
 - Number of repair >min charge
 - Number of minimum charges
 - Close cost
 - File severity
-
- Percent files referred to subro
 - Structure cleaning dollars vs. total structure dollars
 - Close costs
 - File severity
 - Contents payout
 - Structure payout

PROCESS COMPLIANCE RESULTS
Percent

	Roof		Fire
Roof diagram	85	Subro	88
Repair vs. replace	100	Structure cleaning	91
Roof assessment (Sec. 1& 2)	100	Repair vs. replace	100
Roof assessment (Sec. 3 & 4)	100	Customer service	71
Estimate compliance	100	Contents	88
ACV and FRC	100	Vendor management	78
Total	95*		84**

* 41 potential processes

** 111 potential processes

Source: Process compliance forms

PERFORMANCE MANAGEMENT OVERVIEW

Position	Performance measure	Source
Claim rep and UCM	90% compliance with technical components of process	Reinspection, file reviews, compliance reviews
	90% compliance with customer interaction components of process	Management observation, ICSS, file compliance
PCM/CPS	90% compliance with technical components across CSA	Compliance reports
MCM	90% compliance with process customer interactions components	ICSS

NEXT STEPS ON PROCESS MAINTENANCE/PERFORMANCE MANAGEMENT

- Test PC-based design
- Introduce PC design to all test sites
- Validate proper use of PC design
- Define vision for Millennium system

CUSTOMER SATISFACTION SUMMARY

- Adjusters received thorough customer satisfaction training to increase their skills
- The results show that customer satisfaction is up in roof and fire and that the training is effective
- The next steps are to partner with ARPC to better understand customer satisfaction, work with Tech Cor to incorporate customer satisfaction modules into their training and to determine the effect of the claim coordinator on customer satisfaction in fire

CUSTOMER SATISFACTION TRAINING SEGMENTS

Module	Description
Introduction to customer satisfaction	• Objectives overview • Importance of achieving great results
Initial dialogue	• Meeting the customer • Expressing empathy • Explanation to create expectation
Estimate explanation	• Scope of damages • Measurements • Estimate content
Educating the customer	• What, why, when, and how of roof maintenance
Complaint resolution	• Resolving conflict • Answering questions • Customer interaction cycle

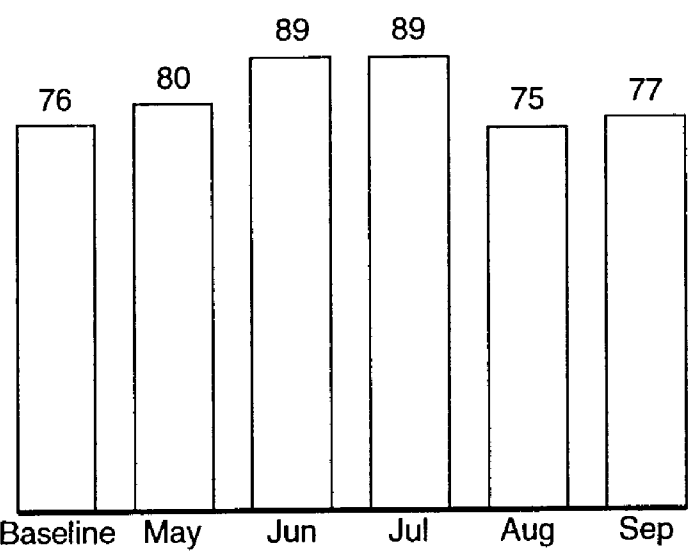


- Improve ICSS performance
- Develop skilled employees in customer interaction
- Refined transferable and sustainable training package.

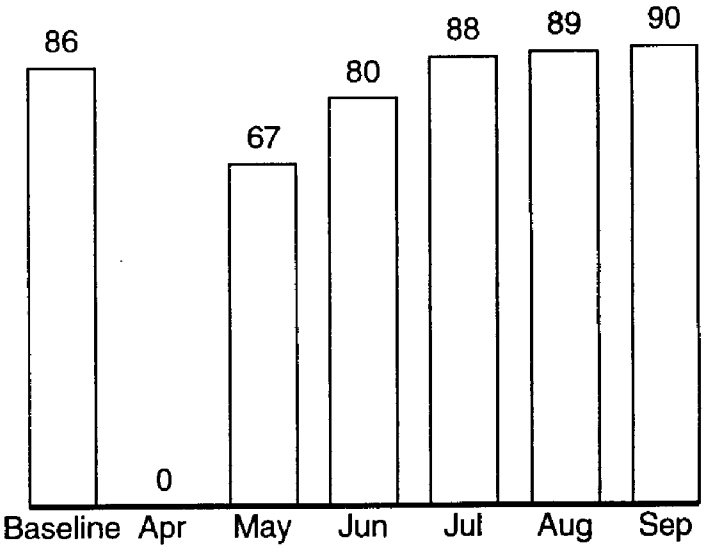
CUSTOMER SATISFACTION RESULTS

Cumulative average of percent completely satisfied

Roof



Fire



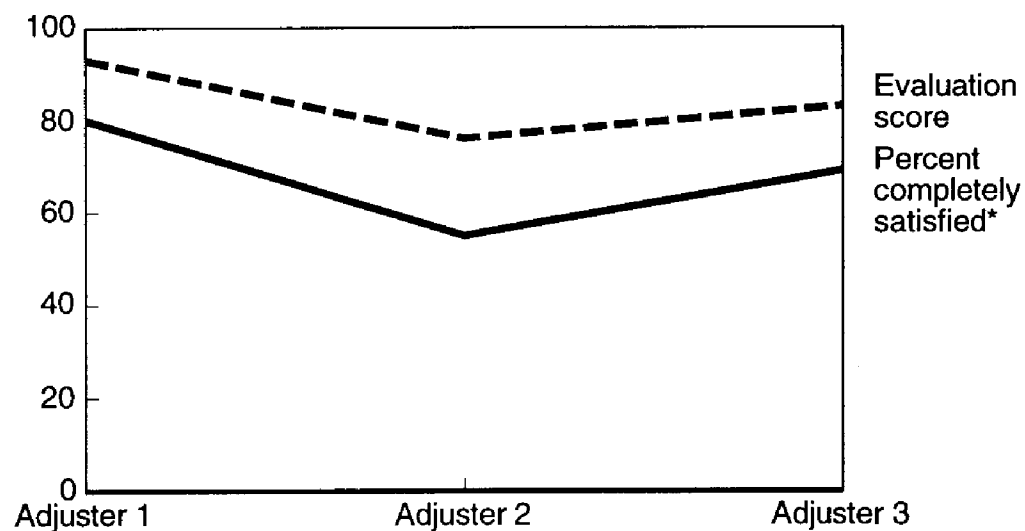
**Cumulative
files**

1 9 9 12 13

Source: ICCS report

CUSTOMER SATISFACTION EVALUATION RESULTS BY ADJUSTER

Percent



Reps that executed
the customer
satisfaction process
well had higher results

* Based on phone interviews with customers

Source: Team training exercises; customer phone interviews

CUSTOMER SATISFACTION NEXT STEPS

- ARPC to conduct ICSS surveys for roof, fire, and CAT with supplemental questions on process
- Perform ride-alongs track and to validate customer satisfaction performance
- Partner with Tech Cor to incorporate customer satisfaction modules in CPS II interactive series
- Determine effect of claim coordinator on customer satisfaction for fire claims

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Phase 2 Roof Process – Dallas CAT Test Site

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FOCUS OF DALLAS ROOF TEST

Scope of test

- 4 PILOT adjusters and a PILOT manager

Test site focus

- Roof process that accounts for CAT productivity needs
- Transferability of roof process to PILOT adjusters for use in a CAT environment

Key design issues

- CAT-specific roof process
- Oversight mechanisms
- Hand-off at transition
- Address customer satisfaction issues and use of independent adjusters
- PILOT and NCT training
- Develop key sustainability measures
- Continuity of estimating systems

CHARACTERISTICS OF DALLAS CSA

Geography

- 4 counties
- 80 miles driving radius

Market

- Large volume of claims for over 2 years
- 1-2% deductible
- Heavy regulated market

Claims reps

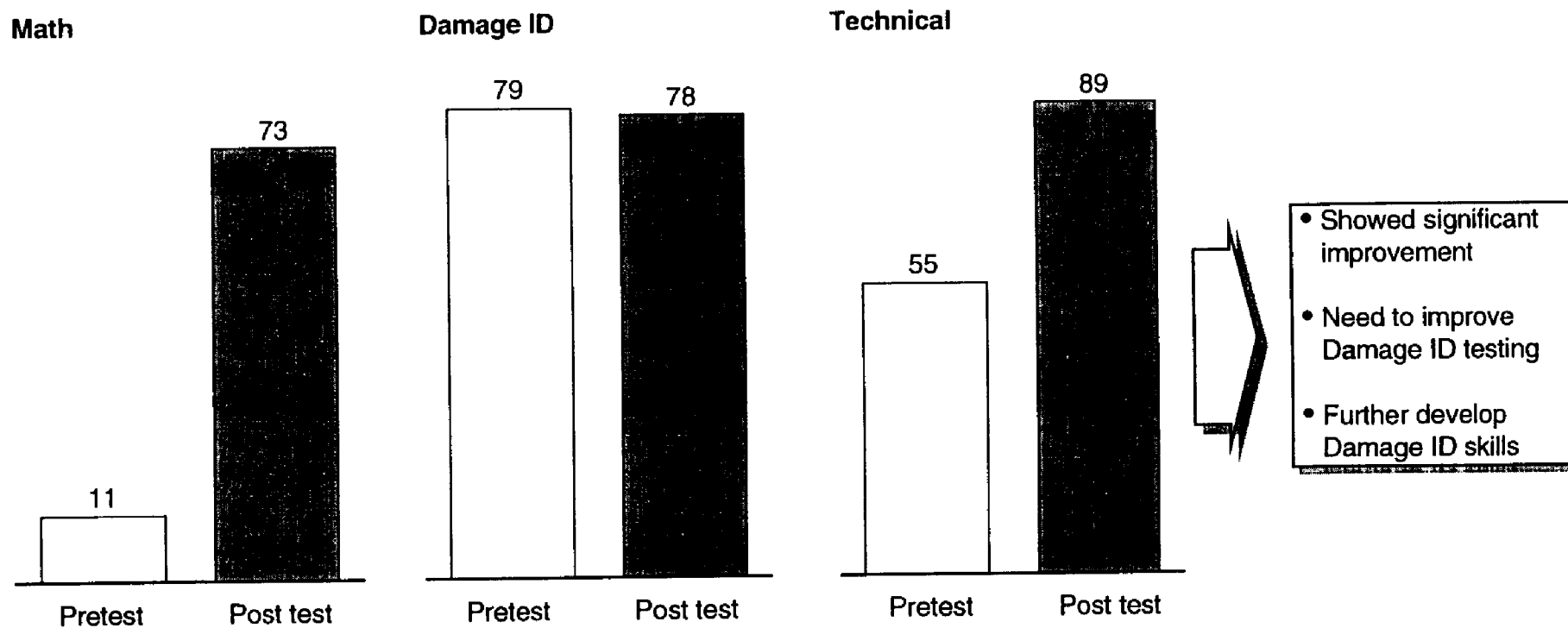
- Range of experience of PILOT adjusters

DALLAS SITE-SPECIFIC MODIFICATIONS

Area	Activity
Training	• 8 days including 3 calibration exercises – skill assessment, forms, and final calibration • Pricing calibration exercise using local market vs. ACCUPRO prices
Estimating	• 3 in-class exercises on CMS • Calibration on input for estimates • Develop function keys for definitions • Use of consistent pricing guides for CMS and ACCUPRO

TECHNICAL SKILL IMPROVEMENT

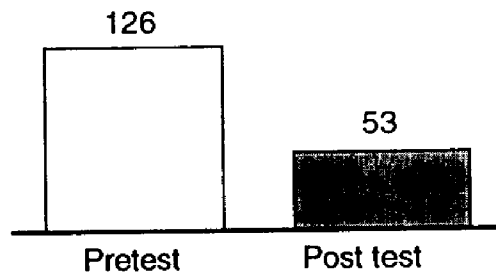
Percent



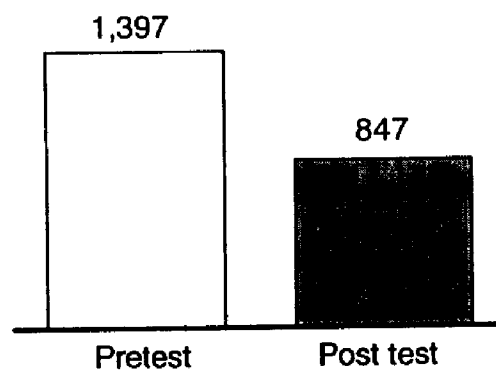
FIELD CALIBRATION EXERCISE RESULTS

Pretest vs. post test accuracy

Measurement
Square foot variance



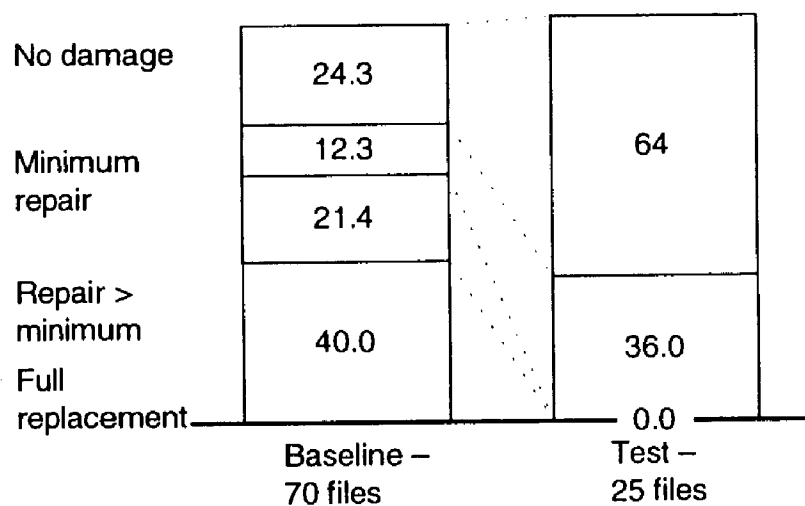
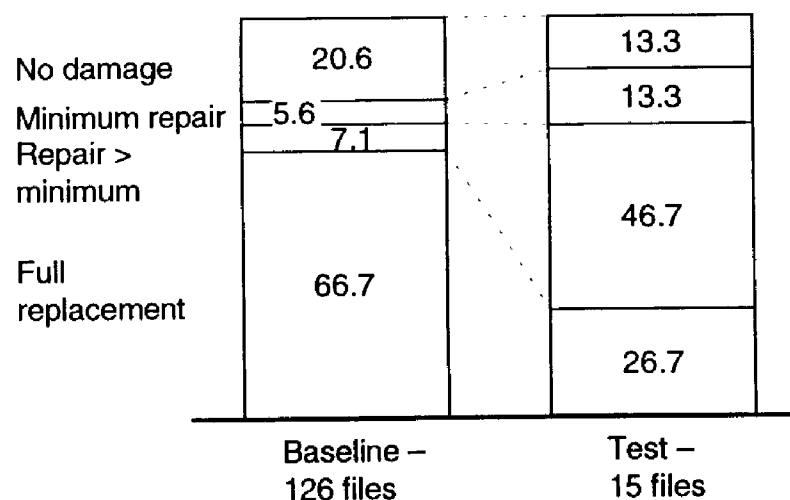
Estimate
Dollar variance



Reason for post test
variance – damage
identification due to hail

KEY PROCESS OUTPUT MEASURES – DALLAS

Percent

Wind – type of repair**Hail – type of repair****Wind – roof severity**

	Baseline	Test	Variance
Average severity	2,578	63	-97.5%
Closed cost	1,836	18	-99.0%
Percent CWP	23	72	213

Hail – roof severity

	Baseline	Test	Variance
Average severity	5,401	1,777	-67.1%
Closed cost	4,187	1,185	-71.7%
Percent CWP	19	33.3	75.3

KEY DESIGN ISSUES FOR CAT PROCESS

Design Area	Activities
PILOT training	• Use of ABQ roof process, calibration of PILOT adjusters • Time studies via ride-alongs • Reinspection for process accuracy and efficiency • Strengthening testing for damage identification
Sustainability	• Mechanized sustainability measurement system • Develop appropriate questions and forms for MQRS to replace existing CFR (paper version)
Support issues	• Automatic generation of client file information • Automated triage system for effective allocation of resources • New management role definition for roof process needs in CAT

KEY DESIGN ISSUES FOR CAT PROCESS

Design Area	Activities
Process refinement	• Develop a consistent evaluation methodology for CFR/REI/RAs • Draft changes based on CAT experience • Time studies via ride-alongs • Reinspection for process accuracy and efficiency • Process form redesign
Process design for CAT productivity	• Analysis of time and cost/benefit per adjuster • Development of vendor relationships • Streamline process for CAT-specific needs • Continuity of Estimating Systems- CMS vs. ACCUPRO
Measurement methods	• Comparative study of measurement methods- use of rectangles vs. other geometrical shapes • Develop a definition for a obvious total-wood and composition

PLAN TO MOVE FORWARD

- Close test in Dallas
 - Transfer files to MCO
 - Continue to monitor ACV, FRC supplements
- Test process in Denver on a hail CAT event from November 15
 - Use CAT-specific process and forms
 - Use nonprocess CAT files as control group
 - Collect data to validate findings
- 3rd-round testing
 - Validate process in a new event from Day 1
 - Address customer dynamics issuers
 - Integrate delivery issues with process

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Phase 1 Roof Process – Albuquerque Test Site

ALLSTATE INSURANCE COMPANY

Discussion document

November 6, 1997

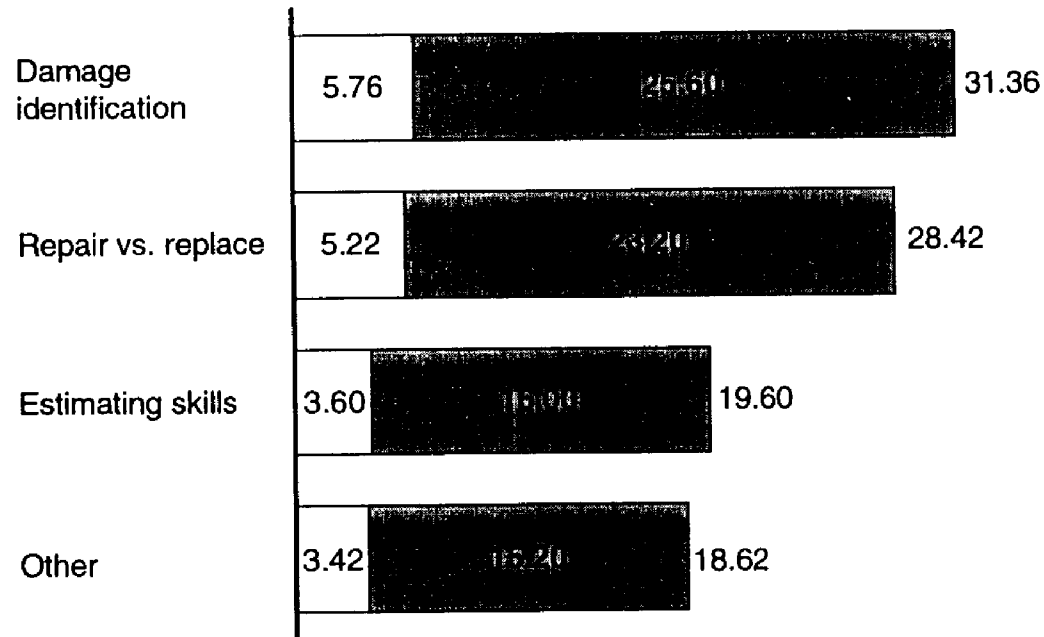
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DRIVERS OF ROOF OPPORTUNITY

\$ Millions

Non-CAT
CAT



Damage identification and repair-vs.-replace decisions are the largest areas of economic opportunity

ROOF PROCESS – CUSTOMER SATISFACTION**Communication**

- Explanation
- Expectation
- Education
- Empathy

Interaction workshops

- Scripting
- Role-playing
- Coaching

Claim resolution

- Agent notification
- Customer followup
- On-site settlement

FOCUS OF ALBUQUERQUE ROOF TEST

Scope of test

- Round one testing
- 3 Adjusters and 1 UCM

Test site focus

- Process development and refinement
- Sustainability and transferability
- Test site maintenance

Key design issues

- Process design and measurement of impact
- Technical training
- Process compliance
- Develop key sustainability measures
- Oversight mechanisms

CHARACTERISTICS OF ALBUQUERQUE TEST

Geography

- Moderate size metro area
- Controlled market
- Urban and rural mix

Market

- Moderate wind/hail claim activity
- Occasional claim spikes
- Claim type primarily non-CAT

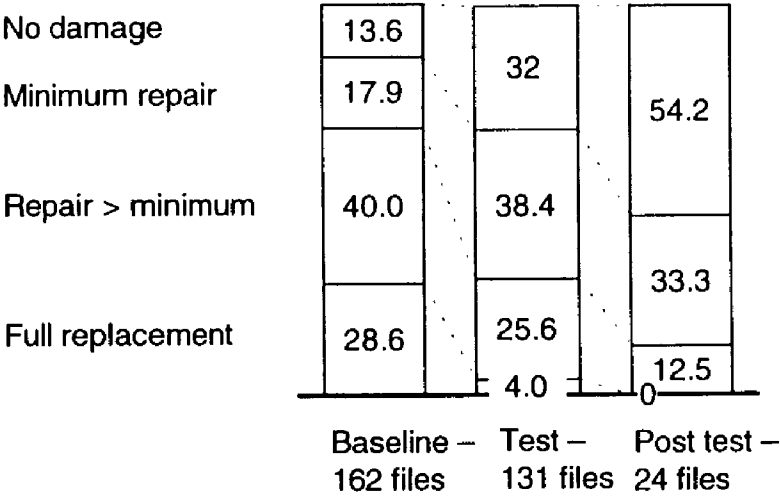
Claims reps

- 3 claim reps trained in process
- 2 claim reps maintaining the process

KEY SUSTAINABILITY MEASURES – ALBUQUERQUE

Percent

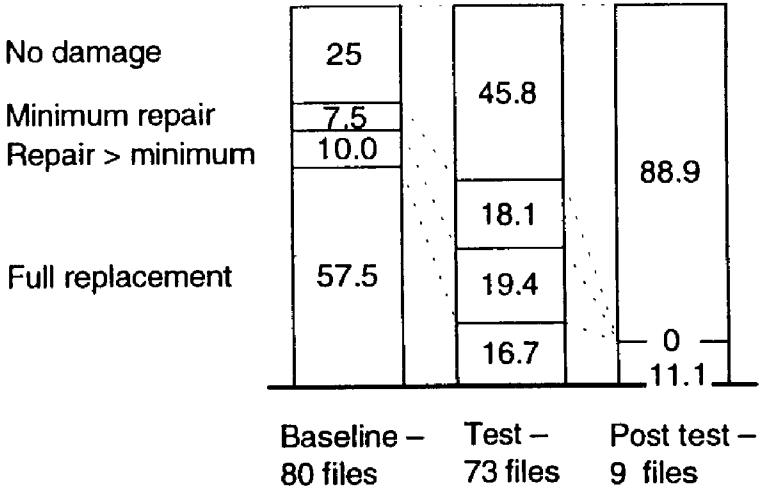
Wind – type of repair



Wind – roof severity

	Baseline	Test	Post Test
Average severity	1,204	513	209
Closed cost	862	239	61
Percent CWP	24.1	39.7	70.8

Hail – type of repair



Hail – roof severity

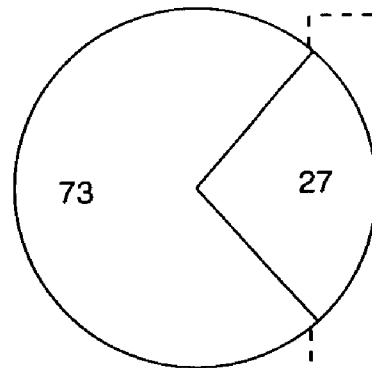
	Baseline	Test	Post Test
Average severity	2,343	1,160	2,793
Closed cost	1,709	509	310
Percent CWP	18.8	34.2	88.9

KEY SUSTAINABILITY MEASURES- REINSPECTION RESULTS

Percent

Phase 1

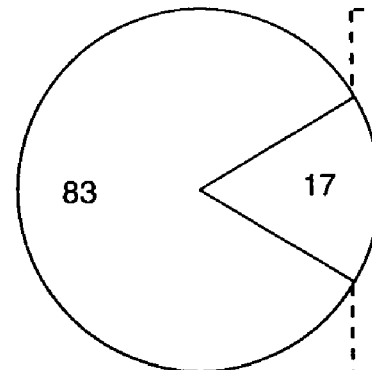
REIs – no
exceptions



Average Opportunity – \$275

Phase 2

REIs – no
exceptions

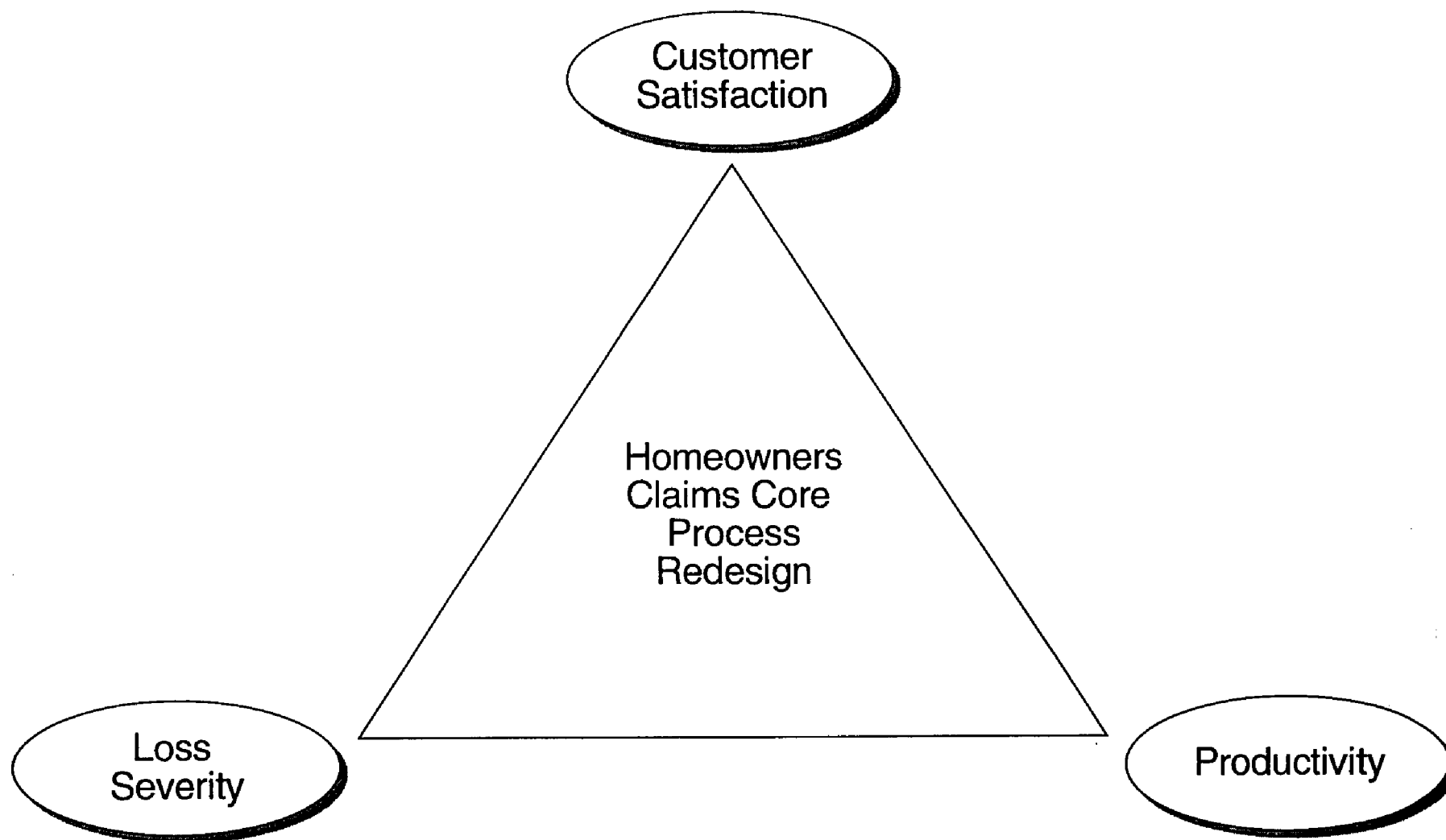


Average Opportunity \$16

Source: Test phase – 145 REIs; post test phase – 6 REIs

KEY DESIGN AREAS FOR ALBUQUERQUE TEST SITE

Design area	Activities
Sustainability	• Mechanized sustainability PC-based measurement system • Develop follow-up format based on data results
Measurement	• Develop and test data collection forms • Evaluate effectiveness



FIRE PROCESS SITE FOCUS

	Roseville	Virginia/D.C.
Phase I	• Process design • Training design and execution • Subro file submission	
Phase II	• Measurement • Process maintenance	• Process transferability • Claims coordinator position design
RD&E	• Drivers of customer satisfaction • Comprehensive performance management design • Staffing model development and testing • Site support • Communications	

ROOF PROCESS SITE FOCUS

	Albuquerque	Phoenix	Denver	CAT
Phase I	• Drivers of severity • Process development • Training design and execution			
Phase II	• Measurement • Process maintenance	• Process transferability • Performance sustainability • CSA-wide testing • Claim handling productivity • Compliance measures • Results tracking • Management role design	• Process transferability • Spike handling • Use of independent adjusters • Contractor training • High/steep roofs • ACV vs. FRC	• Process transferability • Adaptation of process to CATs • Alternative estimating systems • Use of PILOT adjusters • Handoff to NCT • Performance sustainability
RD&E	• Drivers of customer satisfaction • Comprehensive performance management design • Staffing model development and testing • Site support • Communications			

CONFIDENTIAL

Homeowners CCPR Team Management Debrief – Fire Process

ALLSTATE INSURANCE COMPANY

Discussion document

November 6, 1997

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DISCUSSION TOPICS

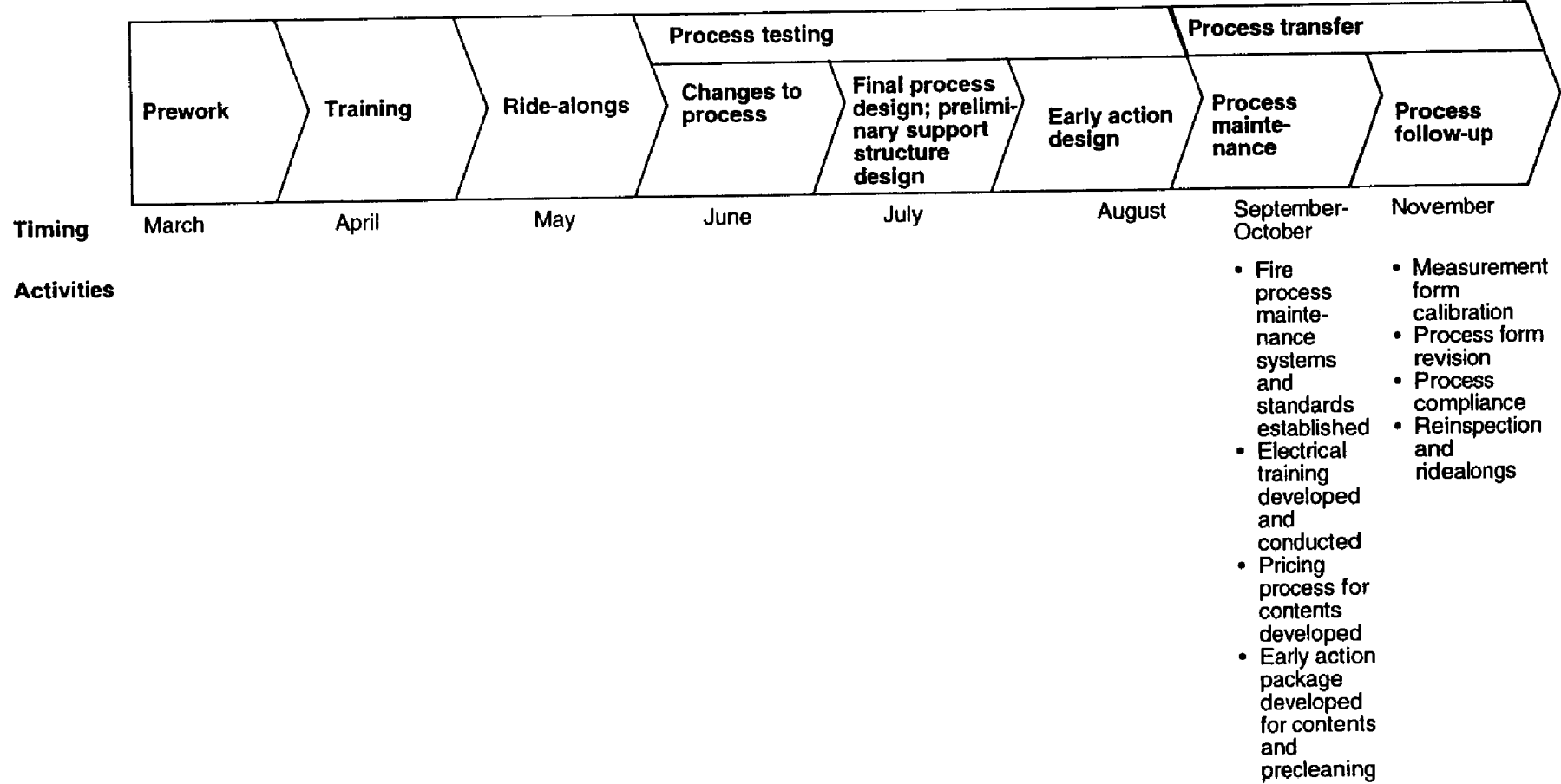
- Review of Roseville test
 - Key focus areas
 - Project time line
 - Results
 - Pricing process
- Discussion of work going forward
 - Key focus areas
 - NPSSC/CCPR partnership
 - VA/DC test
 - Results tracking
 - Claim coordinator

KEY FOCUS AREAS OF PROCESS

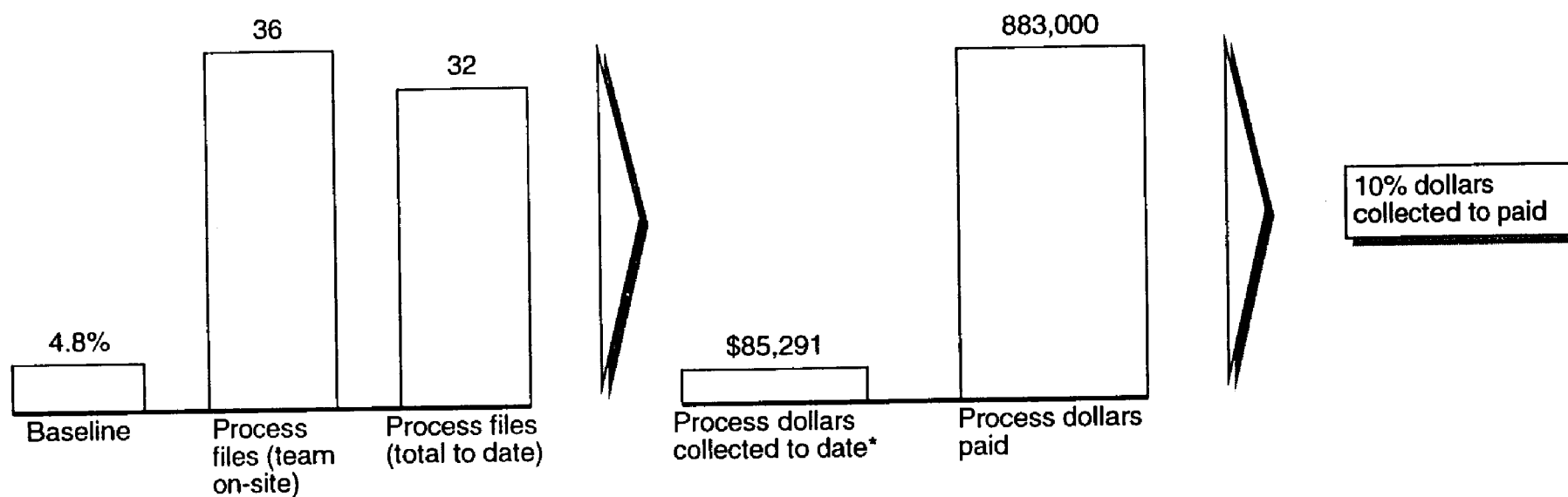
Area	Key elements	Estimated country-wide opportunity* \$ Millions
Subrogation	• Subrogation is identified upfront and methodically pursued on all claims • Any subrogation rule-outs take place with justification and manager approval	33
Structure evaluation	• Claim reps perform test clean to identify cleaning potential and thus control the scope of the loss • Focus on repairing, eliminating overlaps and eliminating lump sum bids	43
Contents evaluation	• Reps identify cleanable contents items, inventory all nonsalvageables on site, and confirm pricing from an appropriate source	26

* Based on closed file reviews

ROSEVILLE PROJECT TIME LINE



SUBROGATION SUBMISSIONS AND COLLECTIONS

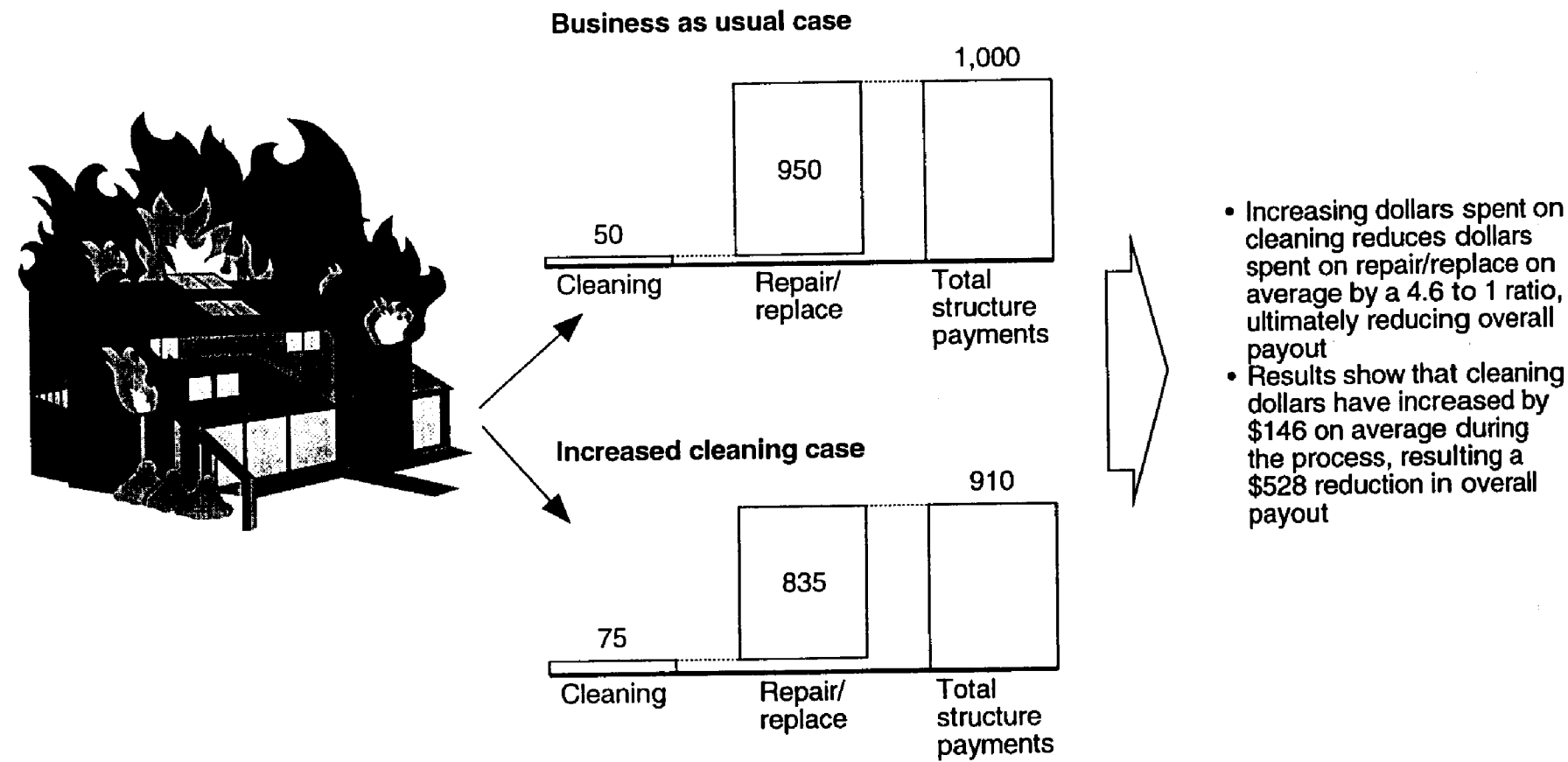


* Includes both collected amounts and files with agreement by third party carrier (TPC) to pay

Source: 132 closed files; team analysis

STRUCTURE INDICATOR OF PROCESS SUCCESS – EFFECTS OF INCREASED CLEANING

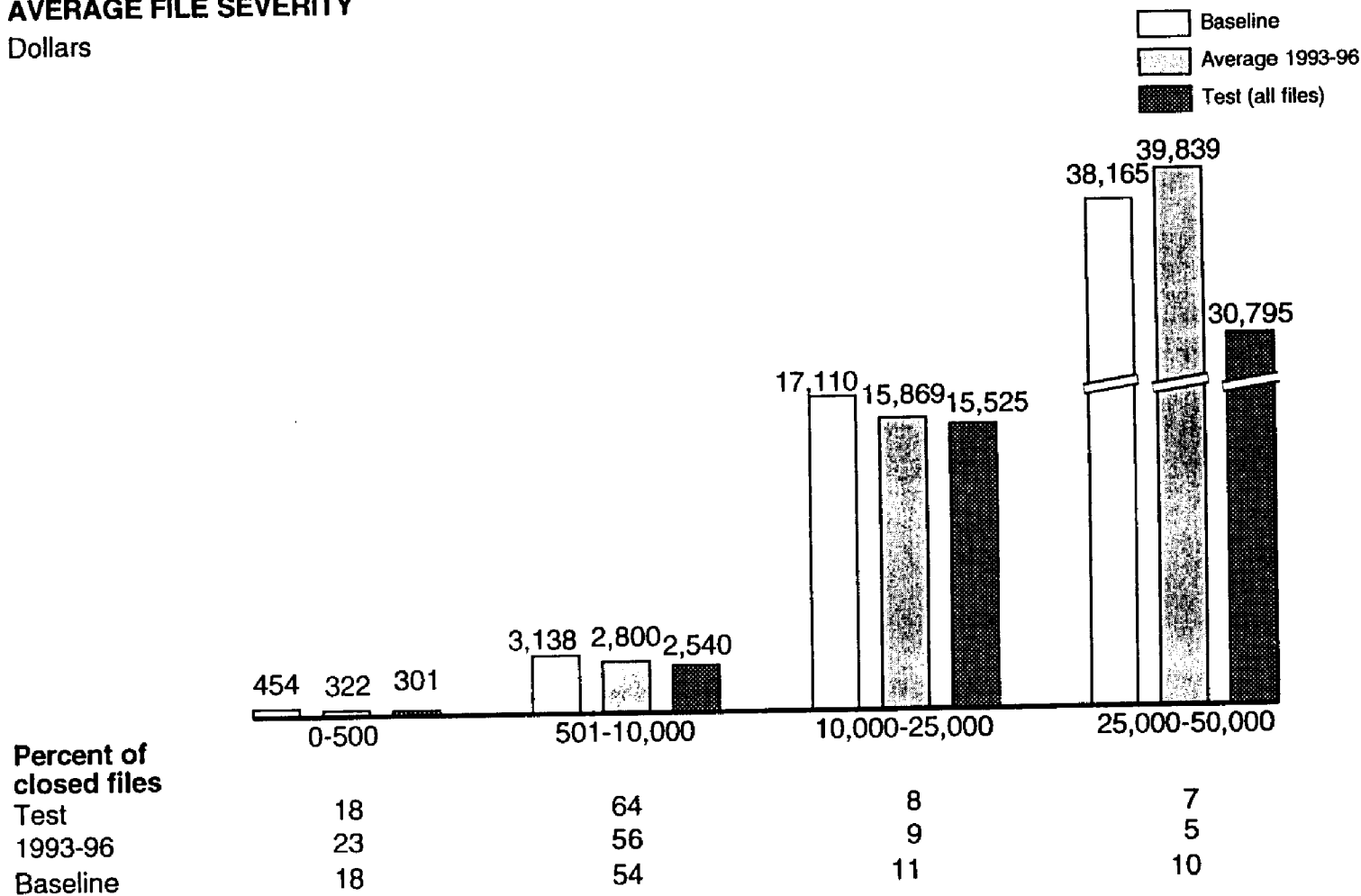
EXAMPLE



Source: Team analysis

AVERAGE FILE SEVERITY

Dollars

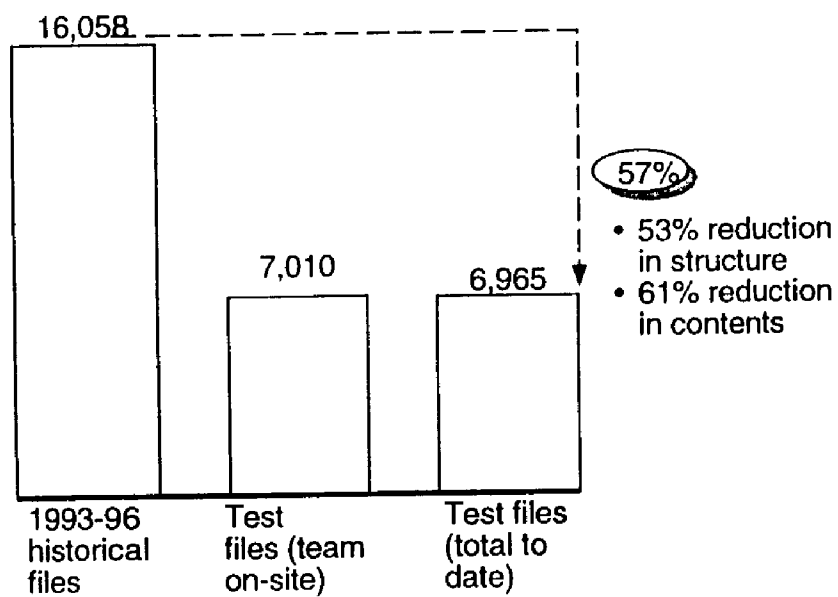


Source: Max system; test files; baseline files; team analysis

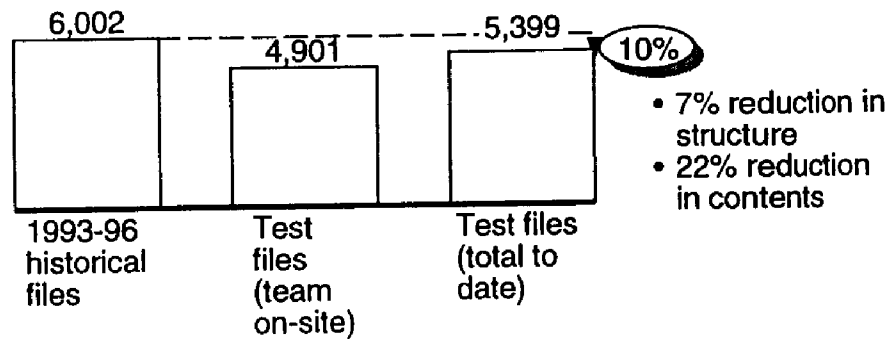
ROSEVILLE SEVERITY RESULTS

Dollars

Average file severity



Average file severity (files <\$50,000)

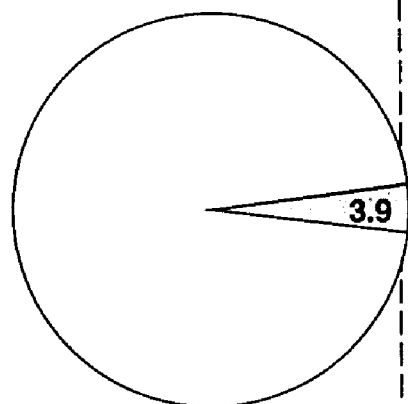


Source: Max system; test files; baseline files; team analysis

BREAKDOWN OF REINSPECTION OPPORTUNITY

Percent

Fire process reinspection opportunity
Percent of reinspected dollars
100% = \$225,092



Area	Opportunity Dollars
Measurements	2,214
Repair vs. replace	2,008
Missed damage	1,337
Clean vs. repair/replace	1,223

Main drivers are
• Cabinets
• Drywall

Source: 23 reinspections; team analysis

SUMMARY OF CONTENTS ANALYSIS

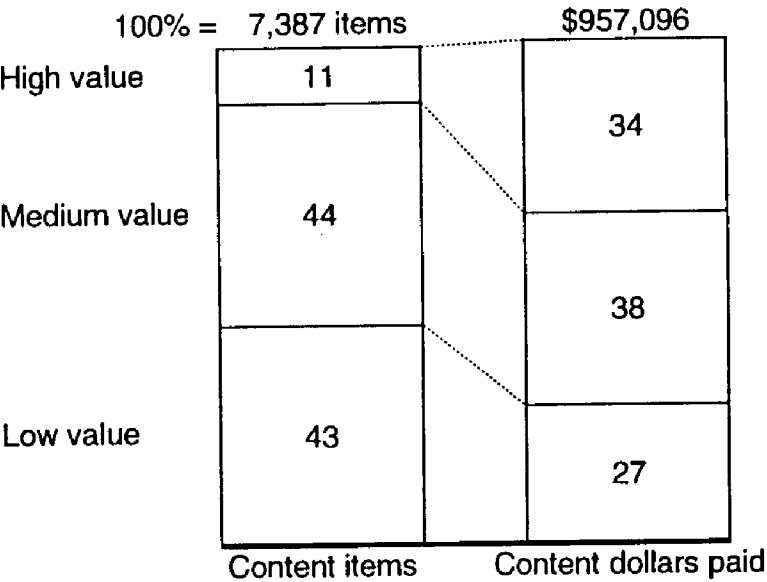
Overall objective

Develop process to inventory and price contents items on fire losses with **minimum** loss of productivity

Files analyzed	Contents paid Dollars	Number of content items
14 process files in Roseville	182,345	1,891
21 files from Roseville prior to process	260,053	1,691
30 files from VA/DC	504,698	3,805
Total 76 files	957,096	7,387

Contents process developed from fact base and analysis

SUMMARY OF CONTENTS ANALYSIS
Percent



By pricing only 55% of all contents items, it is possible to control 72% of the total dollars paid

Source: 76 contents files; team analysis

WORK GOING FORWARD – KEY ISSUES TO BE RESOLVED

Area	Issue	Action
Subrogation	• Identification of subro opportunity in files • Appropriate evidence needed for subro collection	• Enhance subro training component for identification • Determine appropriate evidence needed to support subrogation claims
Ongoing process refinement – VA/DC	• Capturing the remaining opportunity in files	• Strengthen on-site training to better transfer process application in all process areas • More thorough up-front calibration and coaching on initial claims to validate training • Involve local management team up front to drive compliance • Incorporate team ride-along training at strategic points to discover new process issues
Results tracking	• To accurately measure and compare the effects of nonprocess vs. process measurements	• Compare severity results from nontest sites in VA/DC area • Revise data collection forms to include more detailed information for analysis of process effectiveness
Claim coordinator	• Effect of presence on customer satisfaction • Staffing implications – Number of people needed – Skill level of people	• Determine file completion time with claim coordinator • Collect data of time allocation and workload limits for claim coordinator • Compare customer satisfaction on claim coordinator claims vs. others

SUBROGRATION – OVERVIEW OF FACT FINDING PARTNERSHIP

Key questions

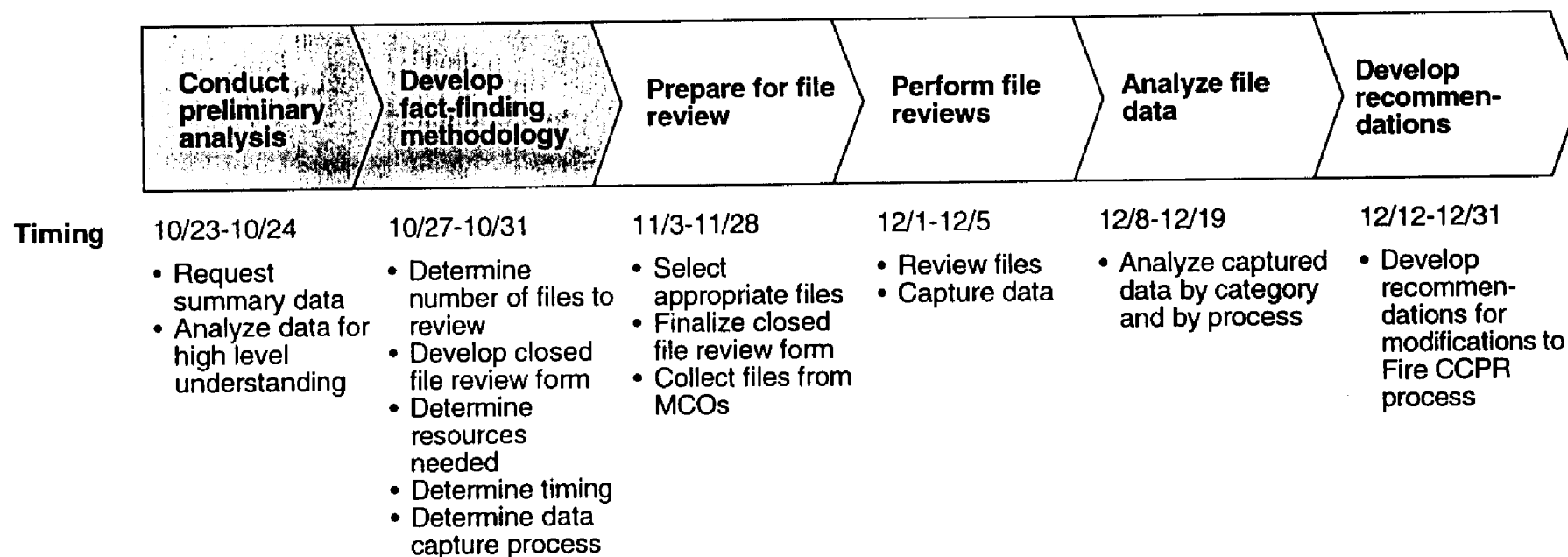
- How does each piece of investigative evidence/documentation affect the probability of collection success by type of file (e.g., liability category, resolution process, dollar potential)?
- How does each piece of investigative evidence/documentation affect the dollar amount of collection by type of file (e.g., liability category, resolution process, dollar potential)?



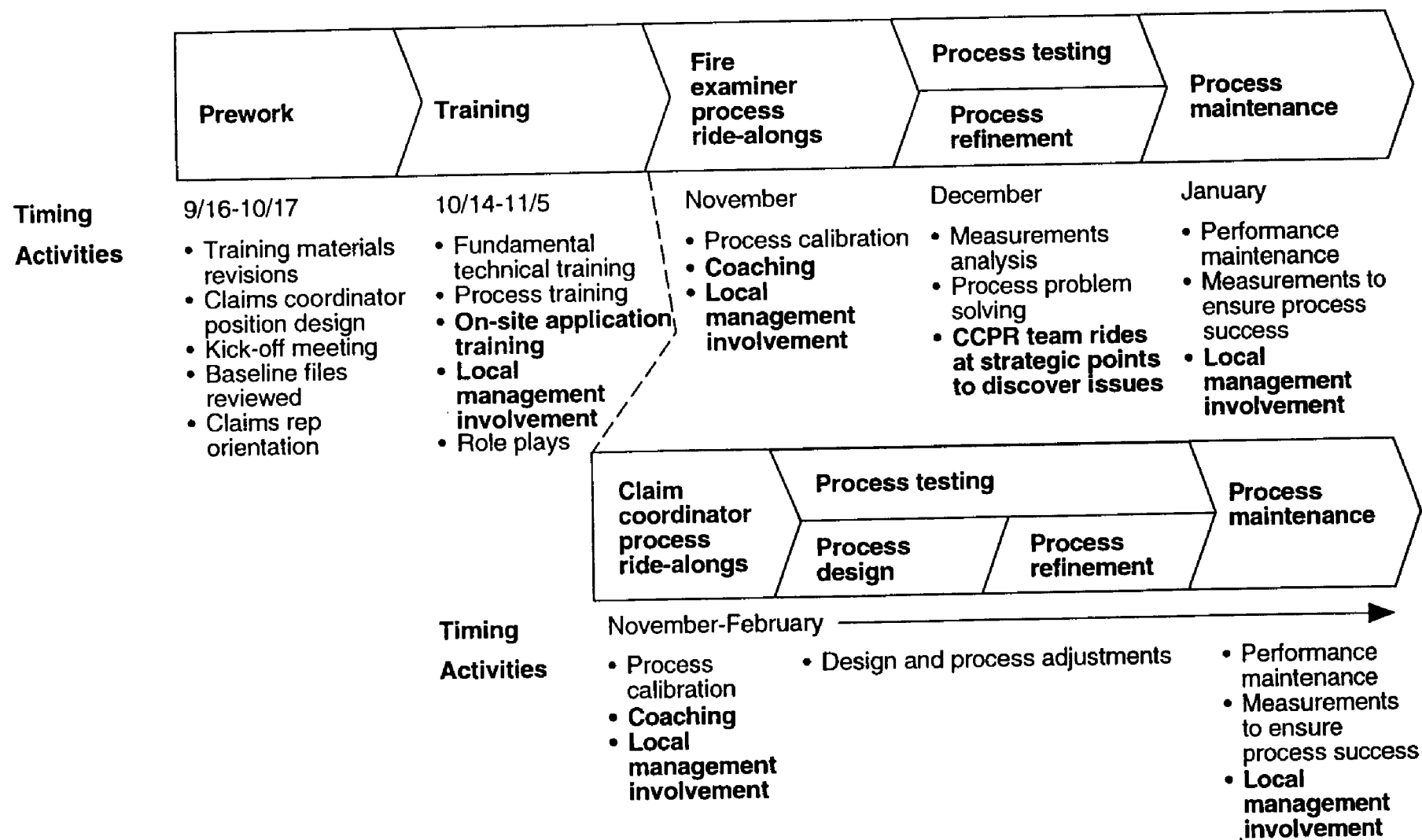
Outcome objectives

- To better understand what drives recovery for different types of files
- To recommend changes in the Fire CCPR process to increase subro recovery rates
- To develop processes that enhance coordination between the MCO and NPSSC

SUBROGATION – FACT-FINDING PROCESS OVERVIEW



ONGOING PROCESS REFINEMENT – VA/DC TIMELINE

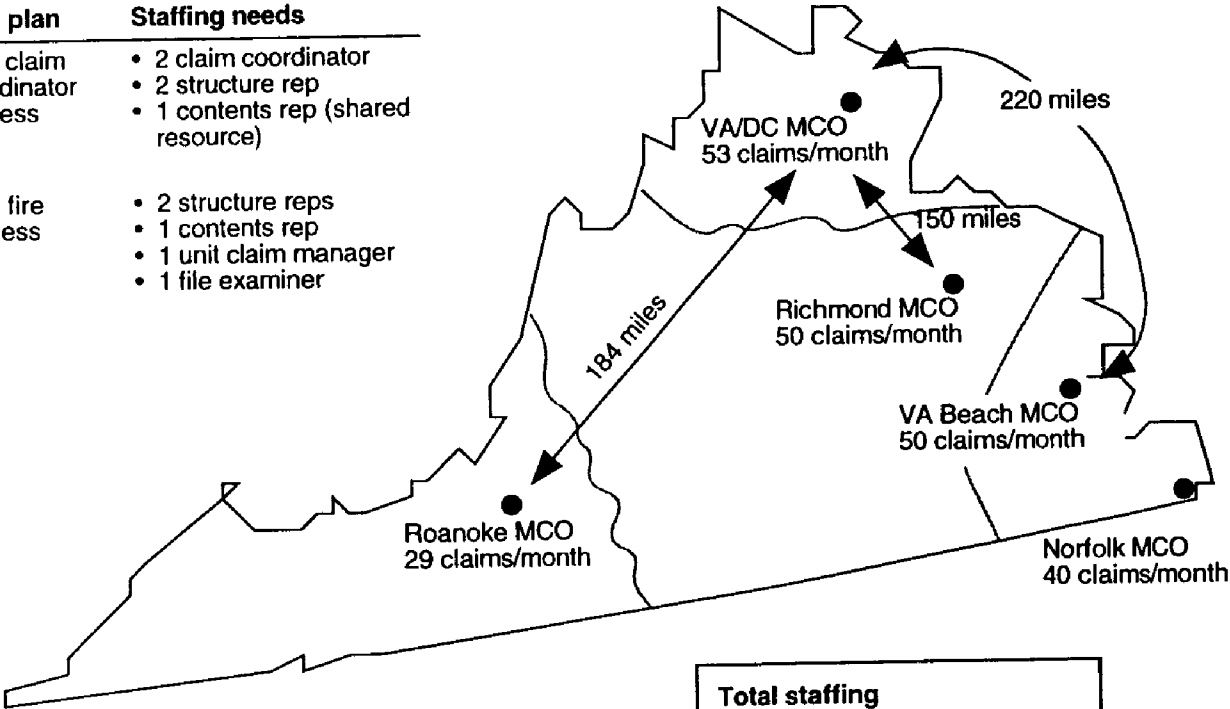


ONGOING PROCESS REFINEMENT – VA/DC TEST SITE PLAN

Test objectives

- Test process on large volume of claims (3X Roseville)
- Test process in urban markets
- Test claim coordinator position

MCO	Test plan	Staffing needs
VA/DC	Test claim coordinator process	• 2 claim coordinator • 2 structure rep • 1 contents rep (shared resource)
Richmond	Test fire process	• 2 structure reps • 1 contents rep • 1 unit claim manager • 1 file examiner



Total staffing

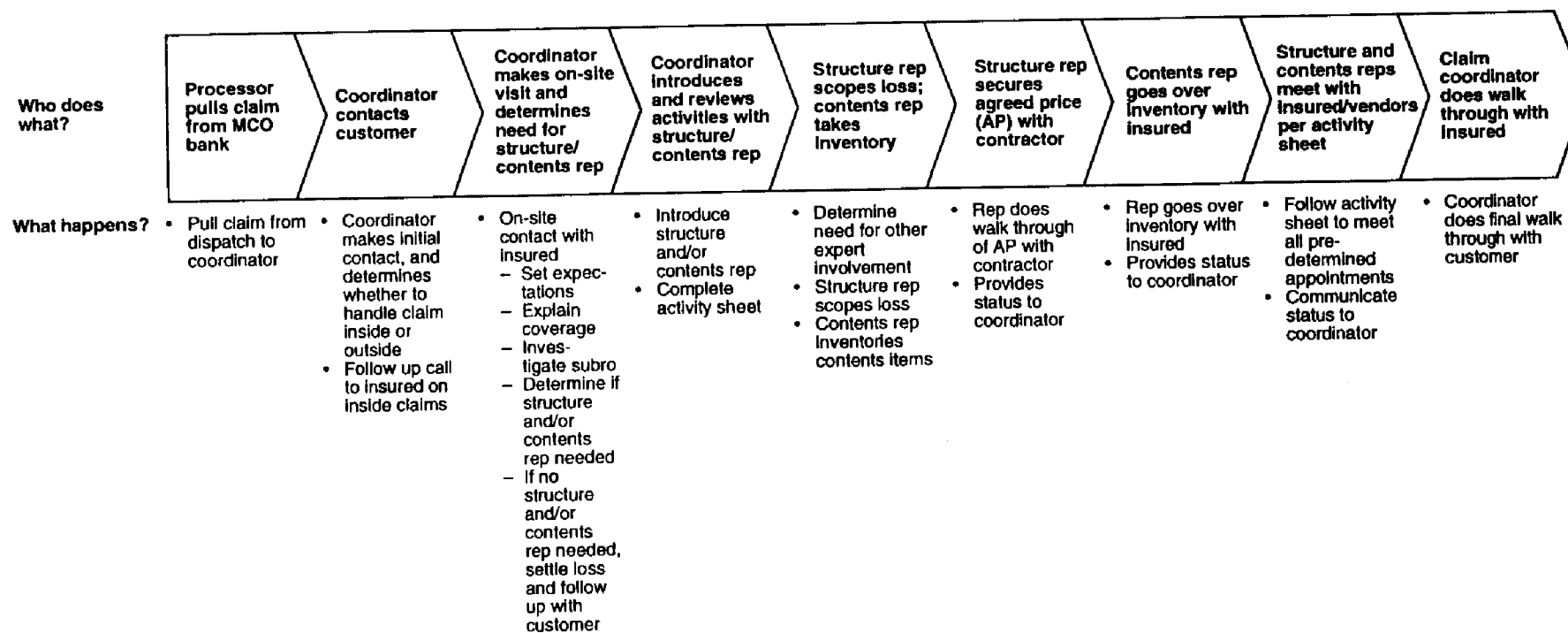
- 1 UCM
- 4 structure reps
- 2 contents reps
- 1 file examiner
- 2 claims coordinator

Source: CO74 audit – 19-month average for fire claims only

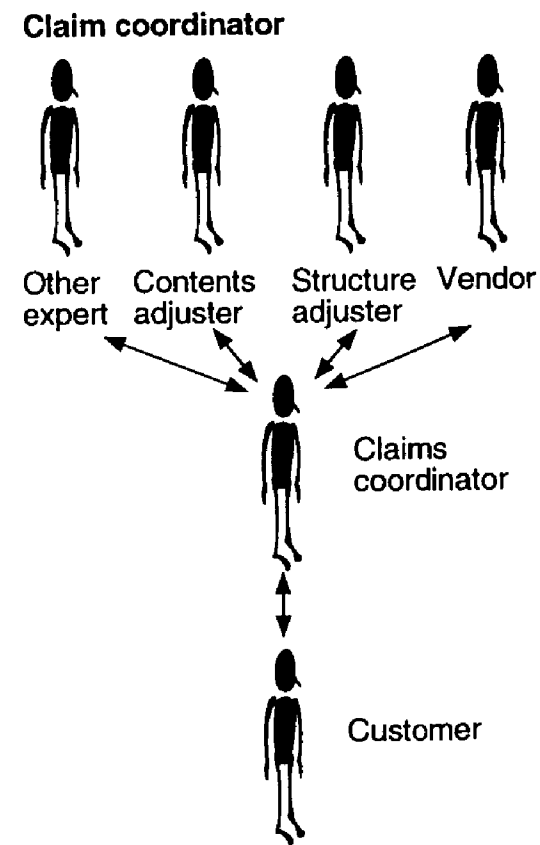
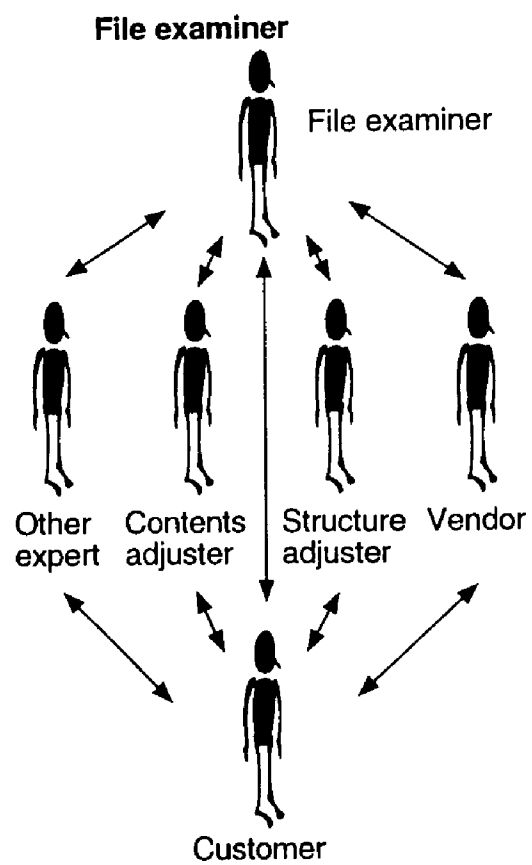
RESULTS TRACKING – EFFECTS OF PROCESS VS. NONPROCESS

Action	Rationale
• Capture more detailed information	• To compare results by grouping fires based on extent of damage (e.g., number of rooms, degree of smoke/fire impact)

CLAIM COORDINATOR – FIRE PROCESS



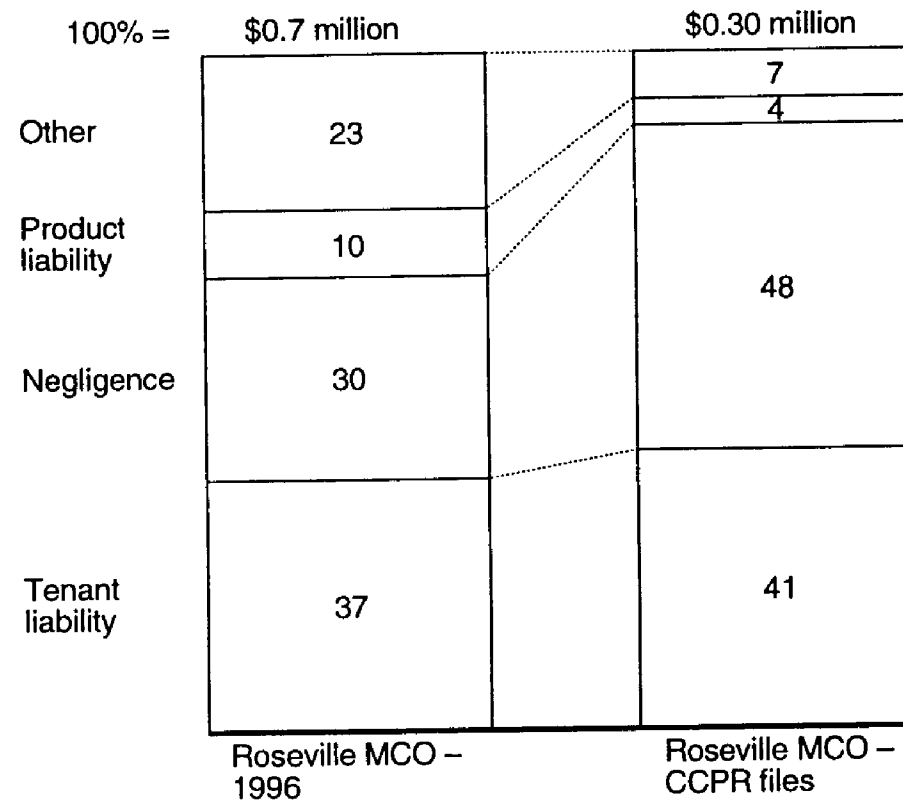
COMPARISON BETWEEN CLAIM COORDINATOR AND FILE EXAMINER PROCESSES



Appendix

BREAKDOWN OF FILES SUBMITTED FOR SUBROGATION

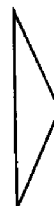
Percent of dollars submitted



Source: 100 closed files; National Property Subro; team analysis

A – 1

CCPR PRICING GUIDELINES

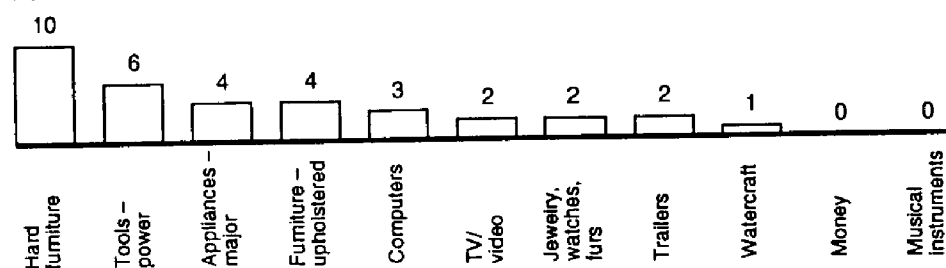
High-value items		Use CCPR defined guidelines for these items • Major appliances • Computers • Upholstered furniture • Hard furniture • Power tools • TV/video • Jewelry, watches, and furs	CCPR does not have pricing guidelines; but these items need to be priced • Trailers • Water craft • musical instruments
Medium value items		• Audio equipment accessories • Men's clothing • Women's clothing • Children's clothing • Audio equipment • Minor appliances • Yard and garden • Sports and recreation • Linen and bedding • Hand tools	• Guns • Silverware • Photographic • Fire china/crystal • Office furniture • Luggage
Low-value items		Obtain prices from insured (after on-site inventory) for these items • Business equipment • Office equipment • Accent furniture • TV/audio accessories • Photographic accessories • Housewares • Table appliances • Miscellaneous	

DETAILED ANALYSIS AND RECOMMENDATIONS

High-value Items

- Average cost per line item = \$380
- Share of total items = 11%
- Share of total contents dollars = 34%

Share of total dollars
Percent



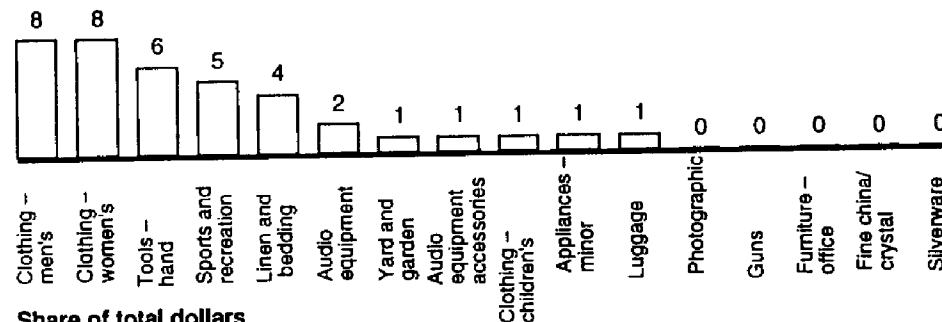
CCPR recommendations

- Obtain on-site inventory
- Price items using appropriate sources (other than insured)

Medium-value Items

- Average cost per line item = \$114
- Share of total items = 44%
- Share of total contents dollars = 38%

Share of total dollars
Percent

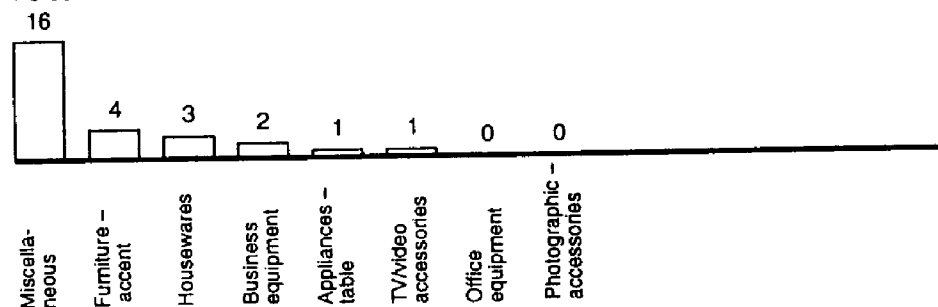


- Obtain on-site inventory
- Price items using appropriate sources
- If staffing inadequate, use insured's price

Low-value items

- Average cost per line item = \$78
- Share of total items = 43%
- Share of total contents dollars = 27%

Share of total dollars
Percent



- Obtain on-site inventory
- Get prices from insured

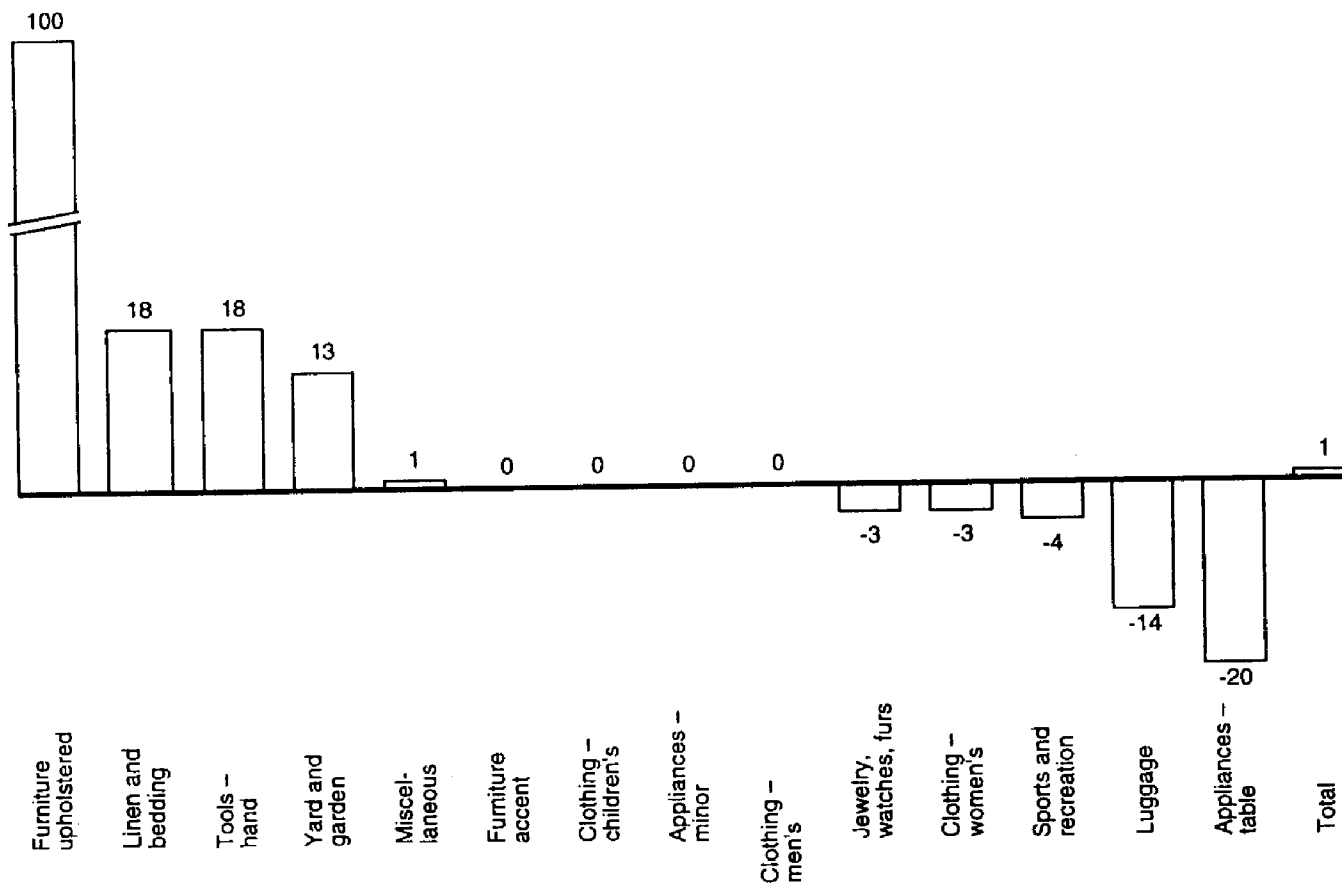
Source: 76 contents files; team analysis

A - 3

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PRELIMINARY**COMPARISON OF ALLSTATE'S PRICES WITH INSURED'S PRICES**

Percent difference between insured's and Allstate's prices

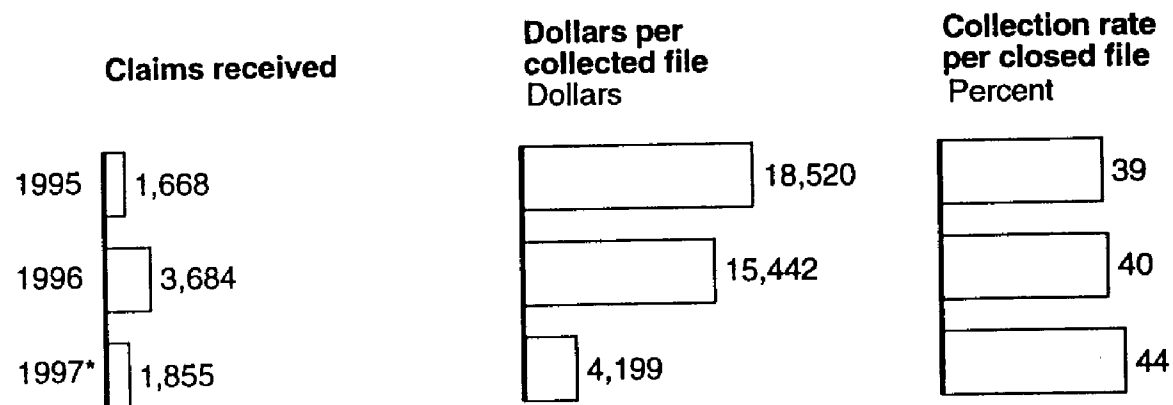


- When aggregated across all categories, differences between Allstate's and insured's prices (for items inventoried on-site) appear to cancel out
- Further research may, however, demonstrate that certain categories are consistently overpriced or underpriced

Source: 7 contents files from Roseville; team analysis

A - 4

SUBROGATION – HISTORICAL NPSSC FIRE CLAIMS



* Includes claims received through June 30 and dollars collected through June 1

Source: NPSSC database

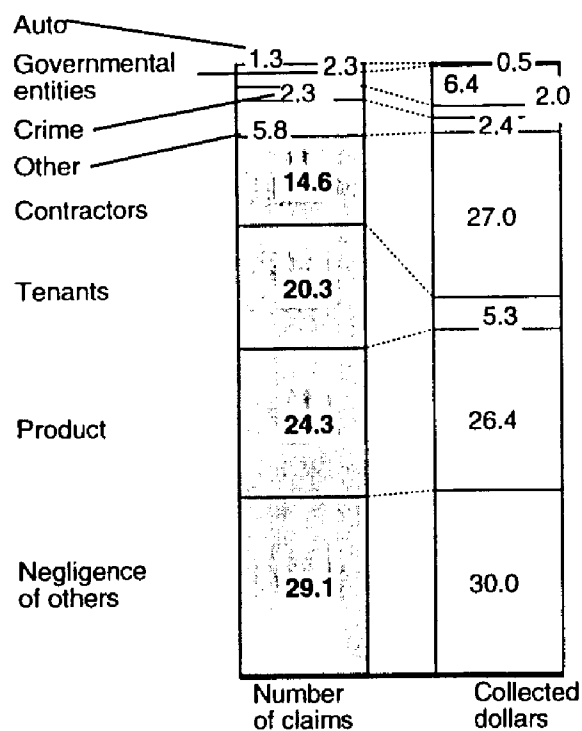
SUBROGRATION – BREAKDOWN OF FIRE CLAIM COUNTS AND COLLECTIONS* – 1995-97

Percent

 Areas to concentrate

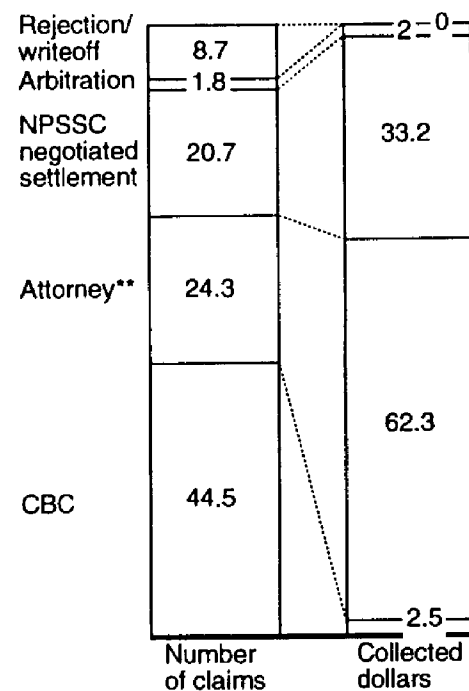
By liability category

100% = 7,205 19,413,016



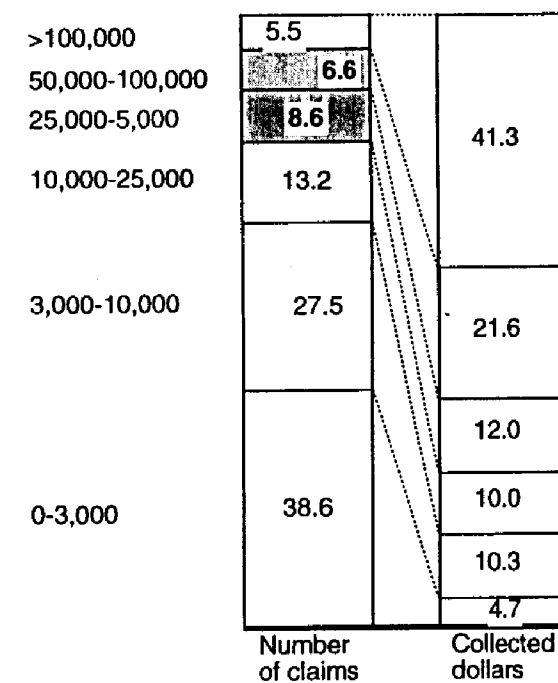
By resolution process

100% = 7,205 19,413,016



By dollar potential

100% = 7,205 19,413,016



* Not including CATS

** Includes all files sent to non-CBC attorneys

Source: NPSSC data base; team analysis

A - 6

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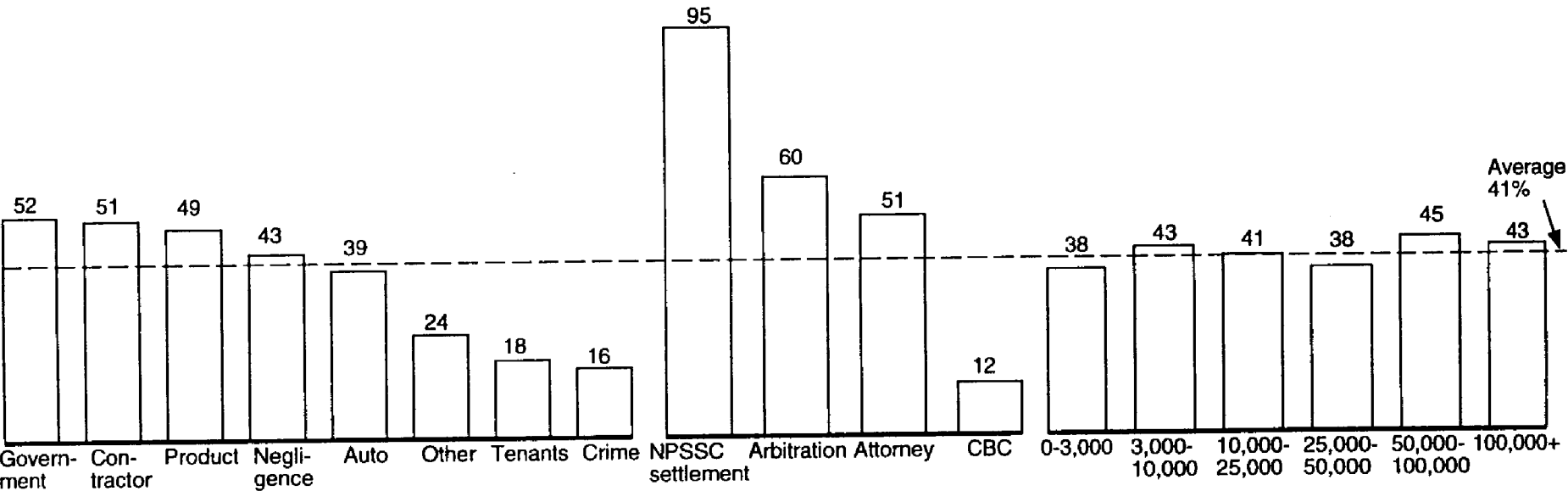
SUBROGRATION – COLLECTION SUCCESS RATE* COMPARISONS – 1995-97

Percent

By liability category

By resolution process

By dollar potential



* Includes only non-CAT closed files
Source: NPSSC database; team analysis

H.O. CCPR DEBRIEF
LEADERSHIP TEAM AGENDA

- I. Feedback on process work, direction, plans moving forward
- II. Discuss timelines for Round II tests
- III. Reach consensus on CAT plan
- IV. Discuss staffing needs
- V. Discuss pre-implementation plan

TIMELINES FOR ROUND II TESTS

TEST SITE	ANTICIPATED TEST COMPLETION DATE	RATIONALE
Phoenix	early - mid Jan 98	• additional mgr technical & process training needed • need to develop perf, mgt - rolls - process requirements - ridealongs, re-i, complian reviews - coaching - solutions to barriers • transfer process to mco.
Denver - non-cat	early - mid Jan 98	• need to design spike process • need to train roofer and water/fire reps • build process for high/steep roofs and test it • rigorous data capture
Denver - cat	late Nov 97 (spin-off to new CAT) with Wendy & Co. to integrate delivery & process	• test process refinements • identify/address new customer sat issues • data capture
Fire	late Feb 98	• design, refine claim Coordinator role • considerable design work still needed • subro data capture, process design, testing

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PRE-IMPLEMENTATION OPTIONS

	ACTIVITY	TIMING	# DAYS TO COMPLETE	TRAINING LOCATION	TRAINERS	TRAINEES
	<u>Early Actions</u>					
FIRE	• pre-cleaning • PEC training • contents process • train the trainer	2/98	2-3	Home office	Mike Smith/ Mike Evanoff	CSM's CPS's MCM's
ROOFS	• Math class • measurement • train the trainer	2/98	2-3	Home Office	Mike Smith/ Paul Block	CSM's CPS's MCM's
	<u>PRE-IMPLEMENTATION TRAINING</u>					
Fire/Roof	• Accupro training - proficiency - understanding - pricing - building custom database - how to develop templates	2/98 - 7/98	1-2 WKS	Home Office or CSA's	Mike Smith/ CCPR rep	CSM's CPS's MCO mgt MCO techs
Fire	• cause and origin training (CD ROM)	1 month prior to CSA implementation	2-3 hrs	CSA	CPS	MCO fire techs

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H.O. CCPR TEAM RESOURCES TDY STATUS

FIRE TEAM

		CSA	TDY EXPIRES
Team Leader	*Mike Evanoff	No Calif	3/98
Team members	Margie Bowman	NP SSC	7/98
	Chrissie Bower	Maryland	8/98
	Diane Collier	Nashville	8/98
	Vicki Lusby	No Texas	7/98

ROOF TEAM

(NON-CAT)			
Team Leaders	*Jim Tyson *Steve Rankin	Michigan Denver	12/97 7/98 12/97
Team members	*Sam Epley Dick Fisher Hugh Davis Dan Sherban Wayne Evans Paul Block	Michigan Valley Forge Nashville upstate NY Charlotte Chicago	4/98 7/98 7/98 7/98 7/98 8/98
(CAT)			
Team leader	*Joyce Washington	NCT	12/97
Team members	*Mike Bolts *Ren Mayo *Esther Simmons *Margie Issom	NCT NCT NCT NCT	12/97 12/97 12/97 12/97

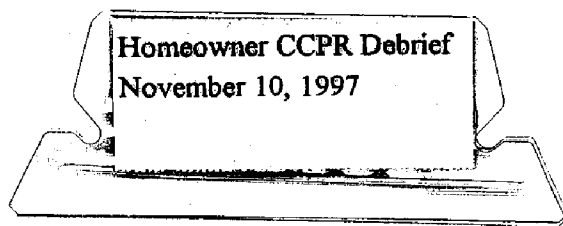
RDE TEAM

		C.S.A.	TDY EXPIRES
Team Leader	* Charlie Leo	NY Metro	4/98 12/97
Team Members	* Sheldon Wright	So Calif	2/98
	Penny Howell	Atlanta	7/98
	Jude Simpson	NY Metro	7/98
	Scott Sylwester	Seattle	7/98

* Indicates immediate staffing need

Immediate needs:

- 2 CPS Team Leaders for Roof Process
 - strong technical skill in Roof
 - No travel limitations
 - 1 Yr TDY
- 1 CPS or Property MCM Team Leader for process support issues
 - strong administrative skills
 - strong conceptual and strategic skills
 - strong people skills 1 yr TDY
- 1 CPS Team Leader for Fire Process
 - strong technical skill in Fire
 - No travel limitations
 - 1 Yr TDY
- Extension of TDY assignment for CAT Team, if necessary



Homeowner CCPR Debrief
November 10, 1997

*fill
admin files*

EMPLOYEE CLAIM HANDLING

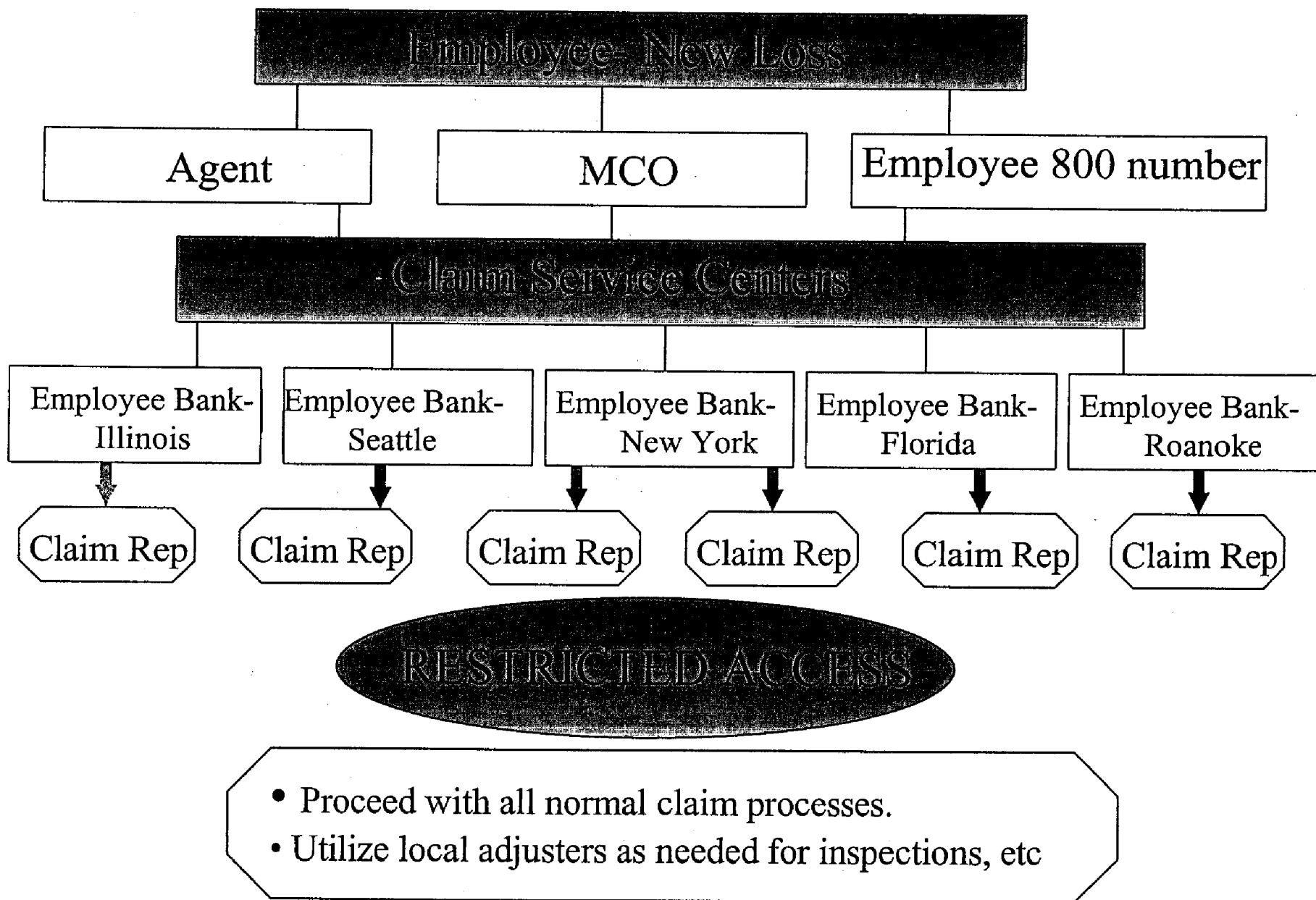
- Employee Focus Group Results
- Team Methodology
- Proposal
- Next Steps

Focus Group Results

- Employee telephone surveys conducted.
- Results indicated:
 - Willing to use Premiere Claim Services, with minor resistance.
 - More resistance to use of Payroll Deduction
 - Confidentiality concerns
 - Overwhelmingly, price is still the primary reason employees don't purchase Allstate policies.
 - 5 & 10% discounts about what employees expected.

Team Methodology

- Team established to evaluate the handling of employee claims with representatives from all P-CCSO disciplines, Law & Reg, and Auditing. (Jim Osborne, Donna Gresko, Donna Rosemeyer, Dave Silverman, Greg Gauvain, Rob Wholf, Peter King, Bill Vanderborg, Ted Hodgins, Nancy Papp, Paul Zigterman, Joe Bonk, Alice Byrne)
- Focus was to create an environment that **ensured confidentiality, equitable evaluation, security and quality service** in claim handling for our employee/customers.
- Gathered information from CSA's on current handling of employee claims.
- Identified Potential Solutions and assessed pros and cons of each.
- Agreed on overall approach.
- Defined specifics of the process.



Location Suggestions

- Illinois ROC: Chicagoland CSA, Casualty & Property
(IL,IN,MI,MN,ND,SD,WI)
- New York ROC: New York Metro CSA, Casualty & Property
(NY,PR)
- Seattle ROC: Multiline, Pacific Time Zone
Multiline, Eastern Time Zone
(AK,HI,OH,OR,WA,CO,ID,MT,UT,WY)
- Texas ROC: Multiline in Texas
Multiline in AZ, NM or NV
(TX,AZ,NM,NV)
- Roanoke ROC: Multiline- Valley Forge
Multiline- MD, VA
(DC,DE,MD,PA,VA,WV)
- California ROC: Southern California CSA, Casualty & Property
(CA)

Location Suggestions, Cont'd

Charlotte ROC: Multiline- New Jersey (or Casualty & Property)
Multiline- Charlotte CSA
(KY,NC,NJ,SC,TN)

Florida ROC: Multiline, New England CSA
Multiline, Florida East CSA
(FL,CT,ME,MA,NH,RI,VT)

Jackson ROC: Multiline, Baton Rouge CSA
Multiline, Atlanta CSA (or Heartland CSA)
(AL,AR,GA,LA,MS,IA,KS,MO,NB,OK)

Other Issues

- Conflict Resolution beyond Claim Rep: (Anonymous)
 - Level 1: CPS Involvement/Review
 - Level 2: Process Mastery Review
 - Level 3: Binding Arbitration (Non-coverage Issues)
- File Reviews:
 - No additional requirements.
 - Conducted by CPS or designated Manager
- Auditing:
 - No MCM signatures/review required.

Next Steps

- Approval from Senior Leadership Team
- Selection of MCO locations
- All Employee Communication
 - Allstate Now
 - ACCLAIM
- System Changes
- P-CCSOTraining/Communication

file

HOMEOWNER CCPR DEBRIEF

P-CCSO Sr. Leadership
November 10, 1997

H000001614

HOMEOWNER CCPR WORK STATUS PHASE II TESTING

	<u>FOCUS</u>	<u>KEY LEARNINGS</u>
ROOFS - PHOENIX (9/97-1/98)	• Test process transferability across CSA • Cross-peril analysis of process productivity and resource implications • Build performance management to sustain process	• Need to integrate perils to improve efficiency • Managers need longer training period to become process experts
ROOFS - DENVER (9/97-1/98)	• Test process transferability in broader scope • Design process for spikes • Build process for high/steep roofs	• Process must be modified when customers not at home at inspection • Spike management is achievable with highly structured triage, and proper staffing and resource allocation
ROOFS - CAT DENVER (11/97-12/97)	• Identify critical process components that capture opportunity • Refine process to address CAT productivity needs • Identify unique customer satisfaction issues	• Significant severity reduction and repair vs replace shift seen in first test site • Productivity at first test site averaged 2.5 day vs 4.5 pre-test • Customer satisfaction training is effective on older CAT losses, but need to test process on newer events

HOMEOWNER CCPR WORK STATUS PHASE II TESTING

FOCUS

FIRE - VA/DC (10/97-2/98)

- Test process transferability in broader scope
- Strengthen subro ID training
- Identify key evidence needed for subro collection by file type
- Design Claim Coordinator position

PROCESS SUPPORT ISSUES (ONGOING)

- Conduct time studies for Claim Coordinator, Pilot, new test sites, supps
- Build staffing model
- Fully develop financial/operational measures and prototype of mechanized measurement
- Partner with Agent Desk Top team
- Develop training module to address safety issues
- Identify new customer satisfaction issues in Phase II test sites
- Design position for process oversight

KEY LEARNINGS

- Additional technical training is needed for proper repair/refinish/replace decisions on cabinets and drywall
- Claim rep ride-alongs must be done at key points in the claim handling to discover new training issues and improper process application
- Management must be involved up-front to drive compliance

OTHER KEY LEARNINGS

- **Complexity of implementation**
- **Claim coordinator concept/perception**
- **RVP/Sales support of Homeowner CCPR work**
- **Unique financial measurement challenges**

*** EARLY FINANCIAL RESULTS ***

ROOF PROCESS

	WIND SEVERITY		HAIL SEVERITY		WIND CWP		HAIL CWP	
	Baseline	Test	Baseline	Test	Baseline	Test	Baseline	Test
Albuquerque	\$1204	\$513	\$2343	\$1160	24%	40%	19%	34%
Phoenix	\$1230	\$150	\$2077	\$1607	9%	83%	33%	33%
Denver	\$ 784	\$504	\$3269	\$ 793	40%	54%	26%	62%
Dallas - CAT	\$2578	\$ 63	\$5401	\$1777	23%	72%	19%	33%

FIRE PROCESS

	AVG PD SEVERITY (TOTAL)		TEST PD SEVERITY (<50K)	
	93 - 96	Test	93 - 96	Test
Roseville	\$16058	\$6965	\$6002	\$5399
			- 7% Reduction - AA - 22% Reduction - CC	

*** These are early results based on a small number of claims in a controlled test environment.**

ICSS CUSTOMER SATISFACTION RESULTS

ROOF

	<u>% Completely Satisfied</u>	<u># Surveys</u>
Baseline	76%	--
May	80%	5
June	89%	9
July	89%	9
August	75%	12
September	77%	13

FIRE

	<u>% Completely Satisfied</u>	<u># Surveys</u>
Baseline	86%	--
May	67%	3
June	80%	5
July	88%	8
August	89%	9
September	90%	10

IMPLEMENTATION PLAN - ROOF

	<u>EARLY ACTIONS</u>	<u>PRE-IMPLEMENTATION TRAINING</u>	<u>IMPLEMENTATION</u>
Activities	Math Measurement Train-the-trainer	Accupro Training - Understanding - Proficiency - Pricing - Custom Database - Templates	Technical Training Process Training Safety Training Customer Interaction Field Exercises Measurement Performance Management
Timing	January, 1998	Pre-Implementation	April, 1998 - January, 2000
Trainer	Property PIC	Property PIC	CCPR Team
Trainees	CPS MCM	CPS MCM UCM Technicians	CPS MCM UCM Technicians

IMPLEMENTATION PLAN - FIRE

	<u>EARLY ACTIONS</u>	<u>PRE-IMPLEMENTATION TRAINING</u>	<u>IMPLEMENTATION</u>
Activities	Pre-Cleaning PEC Training Contents Process Train-the-trainer	Accupro Training - Understanding - Proficiency - Pricing - Custom Database - Templates	Technical Training Process Training Safety Training Customer Interaction Field Exercises Measurement Performance Management
Timing	January, 1998	Pre-Implementation	September, 1998 - June, 2000
Trainer	Property PIC	Property PIC	CCPR Team
Trainees	CPS MCM	CPS MCM UCM Technicians	CPS MCM UCM Technicians

H.O. CCPR SAVINGS PROJECTIONS

	<u>ROOF</u>	<u>FIRE</u>
Opportunity Identified	\$18,000,000	\$102,000,000
Capture Rate	2/3 Opportunity	3% Per Year Severity Reduction
Anticipated Savings		
1998	\$ 2,565,000	\$ 643,000
1999	\$ 8,678,000	\$ 6,144,000
2000	\$ 757,000	\$ 14,205,000
Total	\$12,000,000	\$ 20,992,000

H.O. CCPR TEAM RESOURCES - TDY STATUS

FIRE TEAM

		<u>CSA</u>	<u>TDY Expires</u>
Team Leader	* Mike Evanoff	No. California	3/98
TeamMembers	Margie Bowman	NP SSC	7/98
	Chrisse Bowers	Maryland	8/98
	Diane Collier	Nashville	8/98
	Vicky Lusby	No. Texas	7/98

ROOF TEAM

(Non-CAT)

Team Leader	* Jim Tyson	Michigan	12/97
	* Steve Rankin	Denver	12/97
Team Members	* Sam Epley	Michigan	4/98
	Dick Fisher	Valley Forge	7/98
	Hugh Davis	Nashville	7/98
	Dan Sherban	Upstate NY	7/98
	Wayne Evans	Charlotte	7/98
	Paul Block	Chicago	8/98

(CAT)

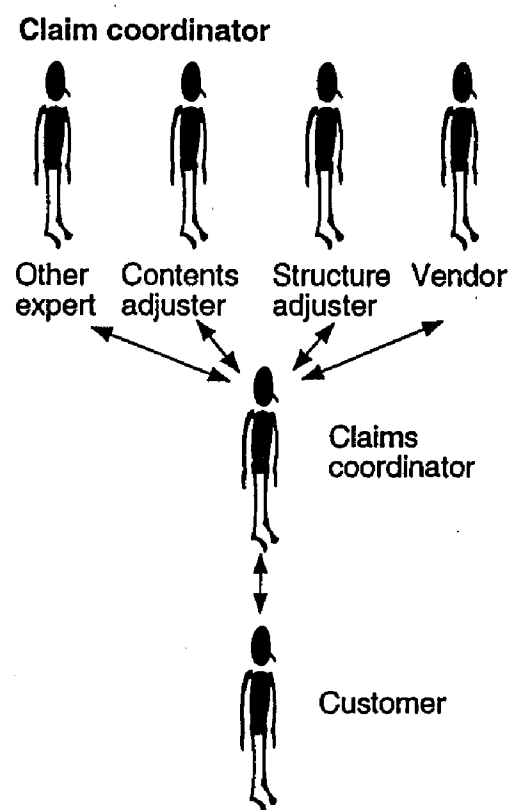
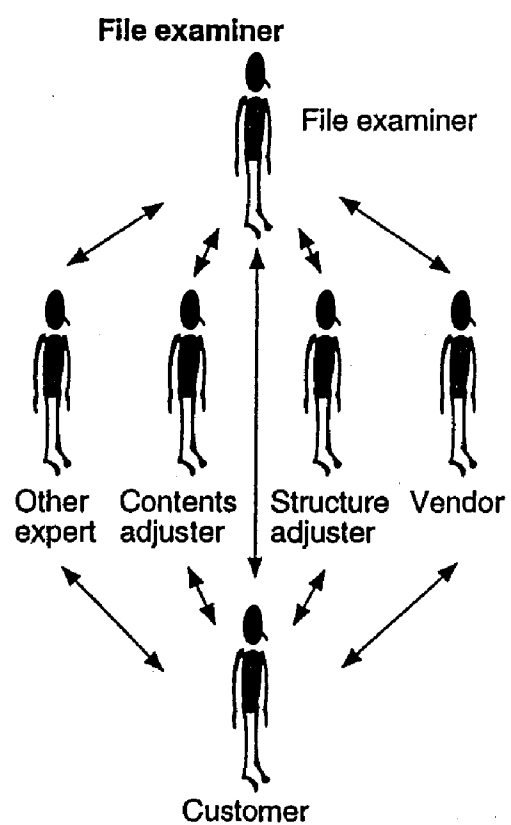
Team Leader	* Joyce Washington	Nat'l CAT Team	12/97
Team Members	* Mike Bolts	Nat'l CAT Team	12/97
	* Ken Mauro	Nat'l CAT Team	12/97
	* Esther Simmons	Nat'l CAT Team	12/97
	* Margie Ison	Nat'l CAT Team	12/97

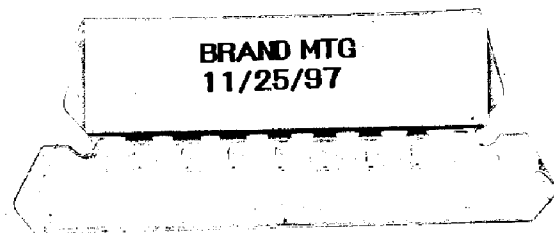
RD&E TEAM

Team Leader	* Charlie Leo	NY Metro	12/97
Team Members	* Sheldon Wright	So. California	2/98
	Penny Howell	Atlanta	7/98
	Jude Samson	NY Metro	7/98
	Scott Sylwester	Seattle	7/98

* Indicates immediate staffing need

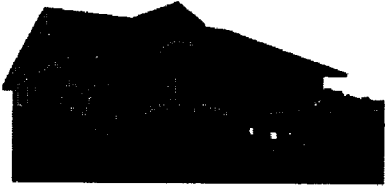
COMPARISON BETWEEN CLAIM COORDINATOR AND FILE EXAMINER PROCESSES





BRAND MTG
11/25/97

H000001626



Allstate Brand - P-CCSO

BRAND MEETING
November 25, 1997

HOMEOWNER CCPR

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Allstate Brand - P-CCSO

BRAND MEETING
November 25, 1997

HOMEOWNER CCPR

ROOF PROCESS

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Allstate Brand - P-CCSO

BRAND MEETING
November 25, 1997

ROOF PROCESS: PAST

September '96 - December '96

Fact Finding

January '97 - March '97

Analysis & Design

April '97 - September '97

Test Process Design in
Albuquerque MCO

DESIGN COMPONENTS: ROOF PROCESS

- Accurate Measurements
- Repair vs Replace
- Coverage Identification

RESULTS

Wind Avg. Paid Severity

Baseline	Test
\$1204	\$513

Hail Avg. Paid Severity

Baseline	Test
\$2343	\$1160

Wind CWP

Baseline	Test
24%	40%

Hail CWP

Baseline	Test
19%	34%

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ROOF PROCESS: PRESENT

Phase Two Testing of Process: Denver Property MCO and Phoenix CSA

- Test Process in Markets with Differing Building Structures and Customer Bases
- Design & Test Process for "Spikes" in Claim Volume
- Adapt Process for Catastrophes
- Test Process Transferability to an Entire CSA (Phoenix)
- Test a Performance Management Prototype for Roof Process Employees

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Allstate Brand - P-CCSO

BRAND MEETING
November 25, 1997

ROOF PROCESS: FUTURE

January '98

Conclude Denver / Phoenix Tests

February - March '98

Debrief - Design Implementation Process

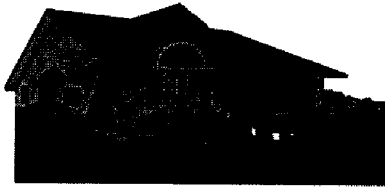
April - June '98

Test Implementation Process

July '98

Begin Countrywide Implementation

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Allstate Brand - P-CCSO

BRAND MEETING
November 25, 1997

HOMEOWNER CCPR FIRE PROCESS

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Allstate Brand - P-CCSO

BRAND MEETING
November 25, 1997

FIRE PROCESS: PAST

September '96 - December '96	Fact Finding
January '97 - April '97	Analysis & Design
May '97 - October '97	Test Process Design in Roseville MCO

DESIGN COMPONENTS: FIRE PROCESS

- Accurate Measurements
- Clean vs Refinish or Replace
- Repair vs Replace
- On Site Inventories

RESULTS

Average Paid Severity (1)

Baseline	Test
\$6002	\$5399

(1) Losses to \$50,000.00

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FIRE PROCESS: PRESENT

Phase Two Testing of Process in VA / DC MCO

- Test Process in Markets with Differing Structure Types and Customer Base
- Large MCO with Corresponding Volume Indications
- Design and Test Subro Process
- Design and Test Claim Coordinator Position

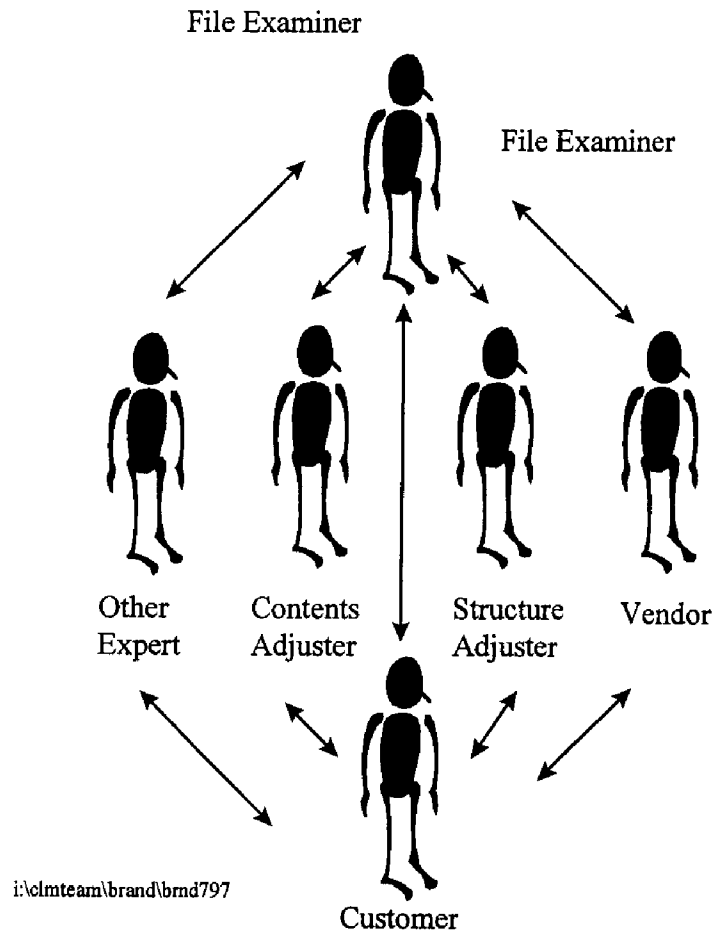
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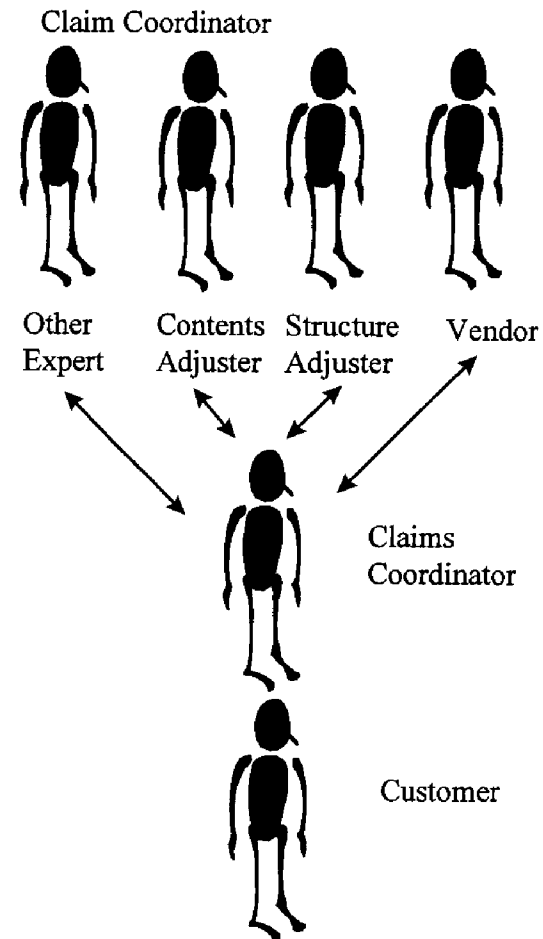
Allstate Brand - P-CCSO

BRAND MEETING
November 25, 1997

CURRENT PROCESS



CLAIM COORDINATOR TEST





Allstate Brand - P-CCSO

BRAND MEETING
November 25, 1997

FIRE PROCESS: FUTURE

January - March '98	Continued Design & Testing in VA / DC
April - July '98	Phase Three Testing: Sites TBD
August - September '98	Debrief - Design Implementation
October - November '98	Test Implementation Process
December '98	Begin Countrywide Implementation

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HOMEOWNER CCPR: KEY LEARNINGS

- Complexity of Implementation
- Financial Measurement Challenges
- RVP / Sales Communication and Support is Critical

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HO TEAM DEBRIEF
2/14/97

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HO TEAM DEBRIEF
2/14/97

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CONFIDENTIAL

Homeowner's CCPR Design Review

ALLSTATE INSURANCE COMPANY

Team debrief

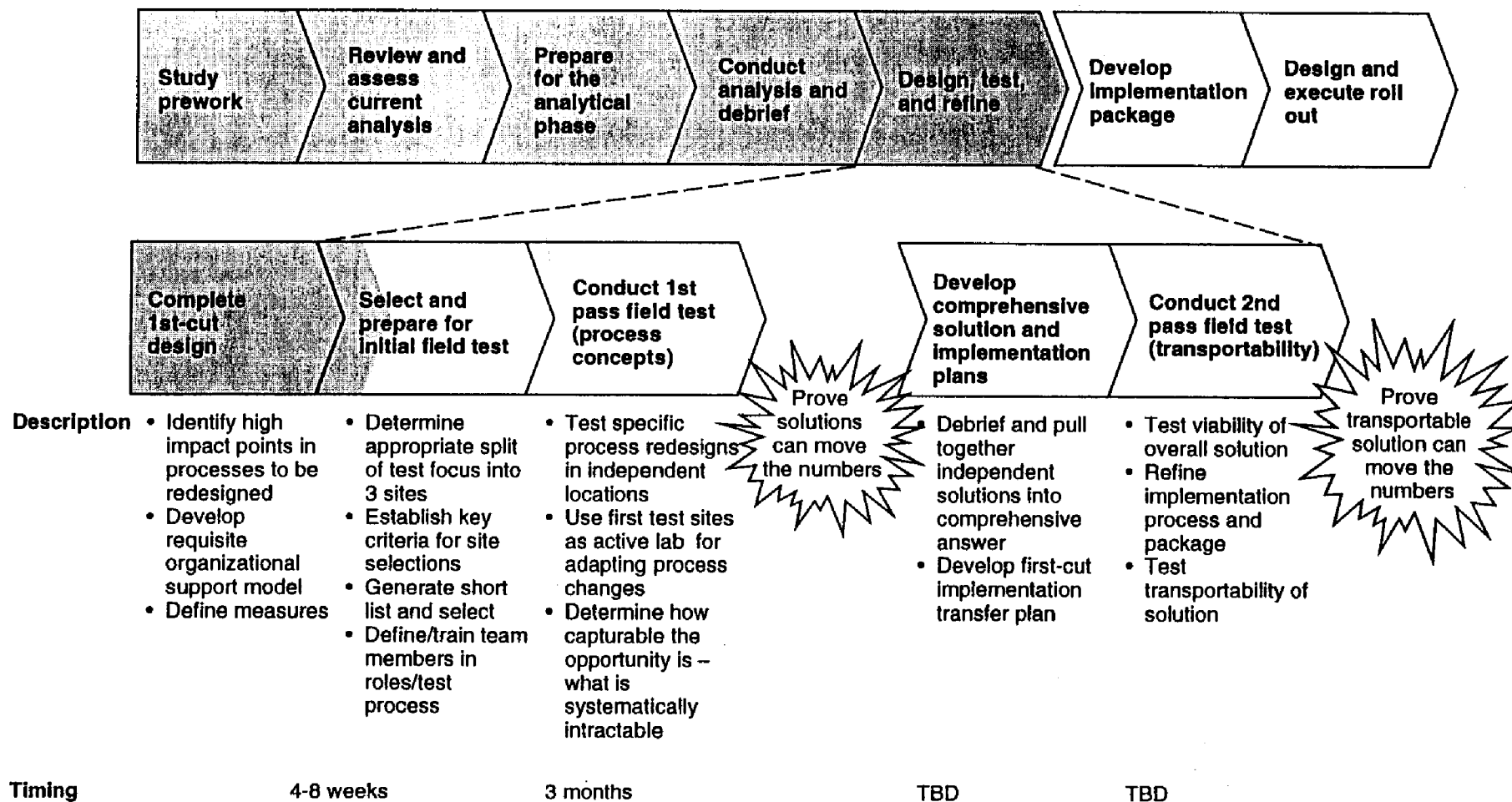
February 14, 1997

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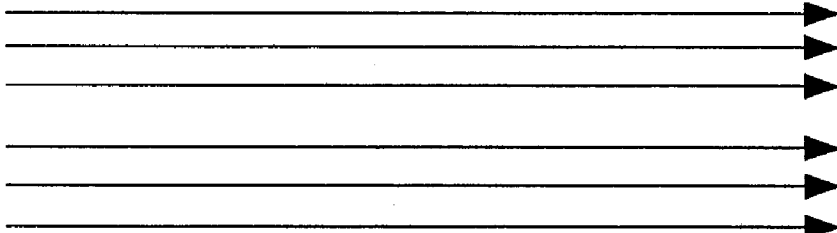
This material was used by McKinsey & Company during an
oral presentation; it is not a complete record of the discussion.

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HOMEOWNER'S CCPR GAME PLAN



SUMMARY OF POTENTIAL SOLUTIONS

	Noncat			
	Fire	Theft	Wind/hail	Cat
Specific process	• Contents • Vendor/independent management • Cause and origin • Scoping	• Contents	• Roofs/exterior dwelling • Vendor/independent management	• Roofs/exterior dwelling • Vendor/independent management
Percent of opportunity	85%	88	70	77
Dollar opportunity	\$114 million	37	32*	119**
Support structures	• Skill levels • Measurements • Management time/focus • Staffing • Training • Incentives			

* Based on reinspection opportunity

** Since wind/hail opportunity constitutes 56% of total Cat opportunity

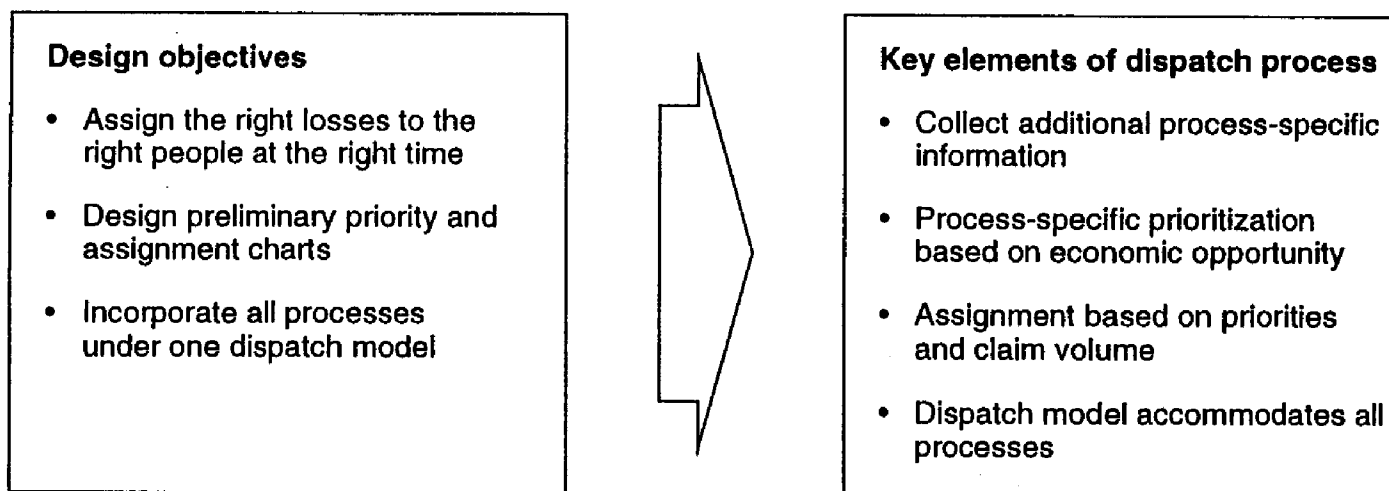
AGENDA

- Dispatch
- Roofs
- Fire
- Contents

AGENDA

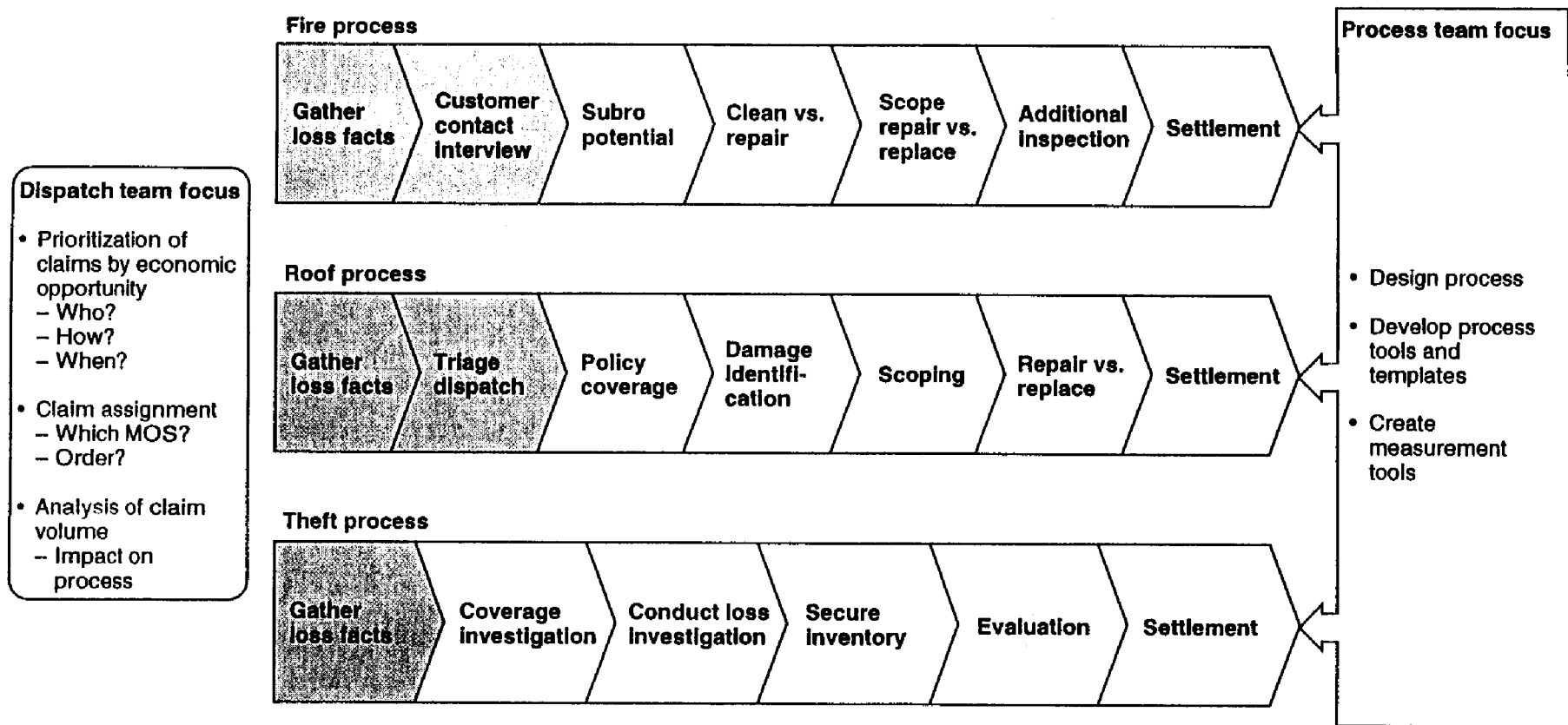


- Dispatch
- Roofs
- Fire
- Contents

DISPATCH PROCESS – DESIGN OBJECTIVES AND KEY ELEMENTS

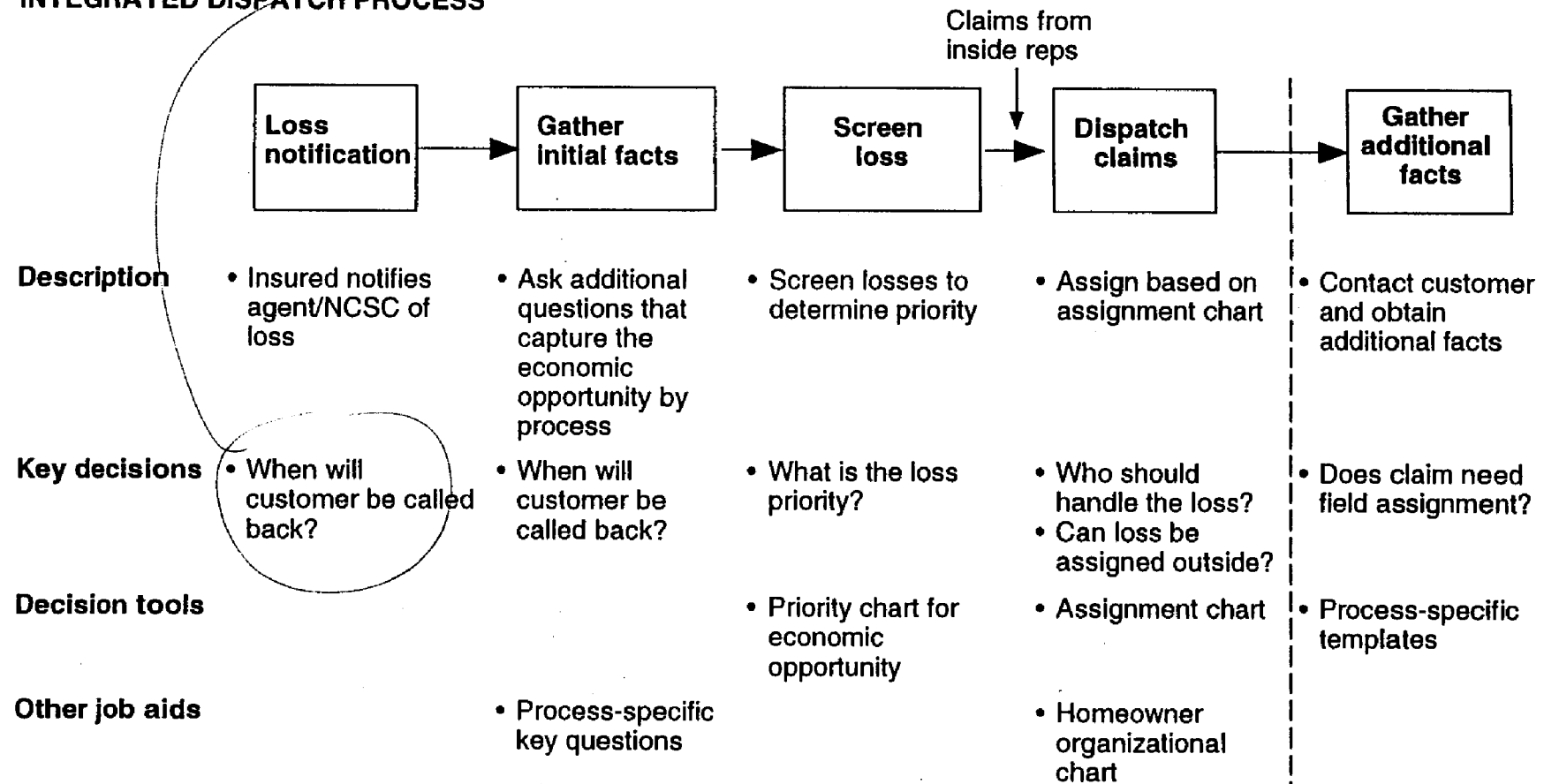
Add Water

TEAM FOCUS OVERVIEW



*We need to know
when to contact*

INTEGRATED DISPATCH PROCESS



NCSC – ADDITIONAL QUESTIONS

PRELIMINARY

Fire

- Is more than 1 room burned?
- Do more than 4 rooms have smoke damage?
- Are utilities presently not working?
- Is there a hole in the roof?

Roof

- Is there any other major damage to your home besides the roof, such as gutters, fencing, siding, awnings/canopies?
- Do you have an estimate or paid bill?
 - If so, for how much?

Theft

- How many items were stolen?
- What is the approximate total value of all items stolen?
- Are there damages to the home or vehicle?



Objectives of questions –
obtain information to assist
in the prioritization process

FIRE PRIORITY CHART

Priority	Criteria	Percent opportunity	<u>PRELIMINARY</u> Average opportunity \$ per claim
A.	Large loss > \$15,000 • Roof collapsed • Multiple rooms gutted • ALE involvement • Heavy smoke (4 or more rooms) • Multiple rooms burned	26	9,197
B.	Medium losses \$2,500-15,000 (with subrogation potential) • Moderate damage – 1 room with multiple repairs and clean, seal, paint • Minor/moderate smoke in less than 4 rooms	24	1,412
C.	Medium losses \$2,500-15,000 (no subrogation potential) • Moderate damage – 1 room with multiple repairs and clean, seal, paint • Minor/moderate smoke in less than 4 rooms	19	1,286
D.	Small losses <\$2,500 • Single trade – countertop, flooring • Minor damage – 1 room repair plus clean, paint	27	337

ROOF PRIORITY CHART

PRELIMINARY

Priority	Criteria	Percent opportunity	Average opportunity \$ per claim
A.	• Spot/partial roof damage • Repair estimate obtained • Paid bill over \$750	 To be determined in test	Average for all is \$472; individual buckets need to be determined during test
B.	Full roof replacements		
C.	Roof damage with other major damage to the home, e.g., gutters, fencing, siding, awnings, canopies		
D.	• Paid bill – under \$750		

CONTENTS DISPATCH

- Theft claim volume does not vary significantly
- All claims directed to inside claim representative
- Outside investigation directed by inside rep



Prioritization and assignment
at dispatch not needed

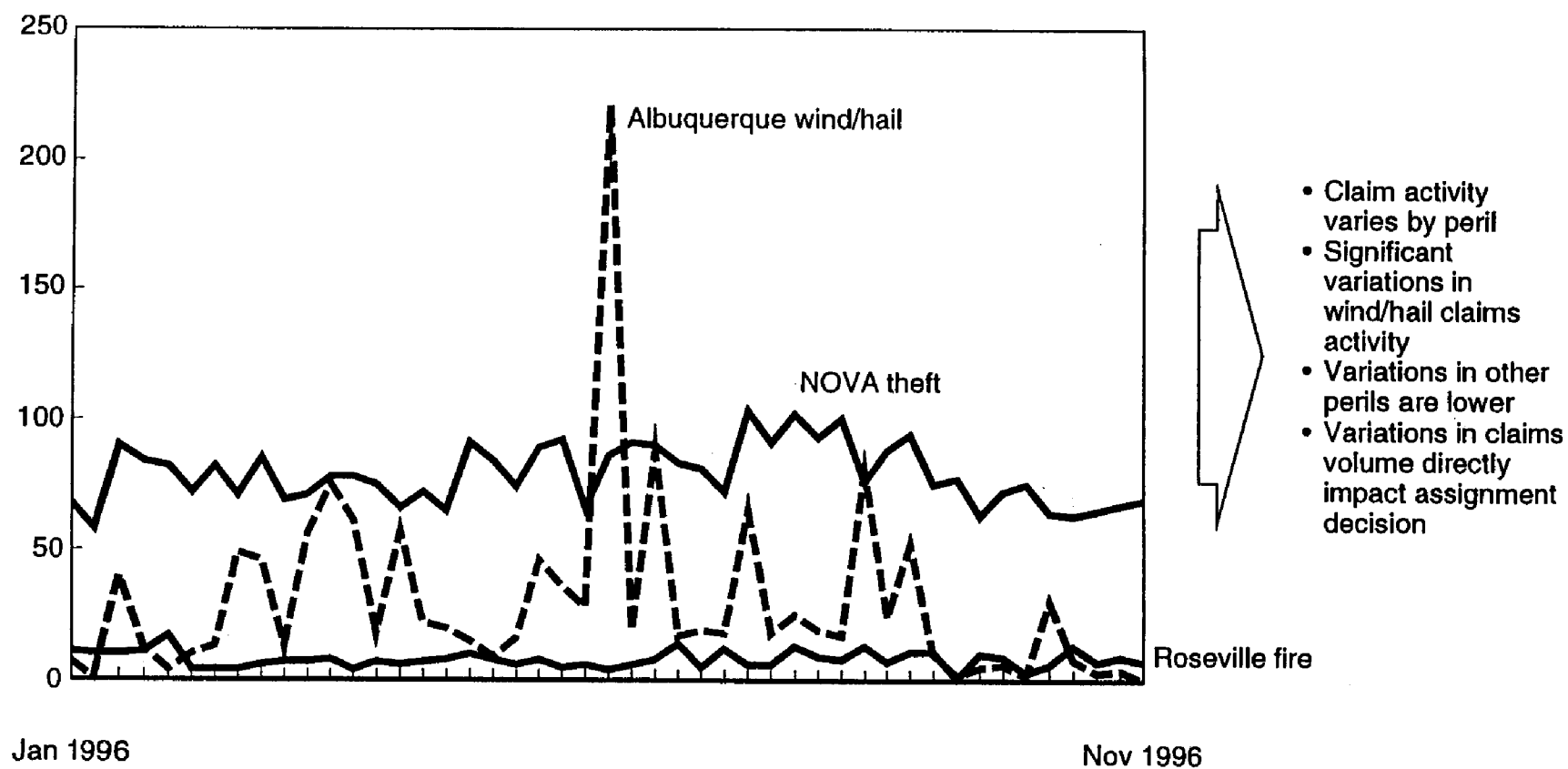
FIRE ASSIGNMENT CHART

Priority level	Allstate fire specialist	Allstate fire claim rep	Independent	Fast track	Vendor	Allstate multiperil rep
A	1	X	2	X	X	X
B	2	1	4	X	X	3
C	X	1	3 • \$5,000-15,000 add unstaffed only	X	4 • All other resources exhausted	2 • \$5,000-15,000 – Staffed area
D	X	1 • With subro	2 • Unstaffed with subro	2 • Uncontested – Paid bill – No subro	2 • No subro • Customer requests for contractor	2 • Subro potential only

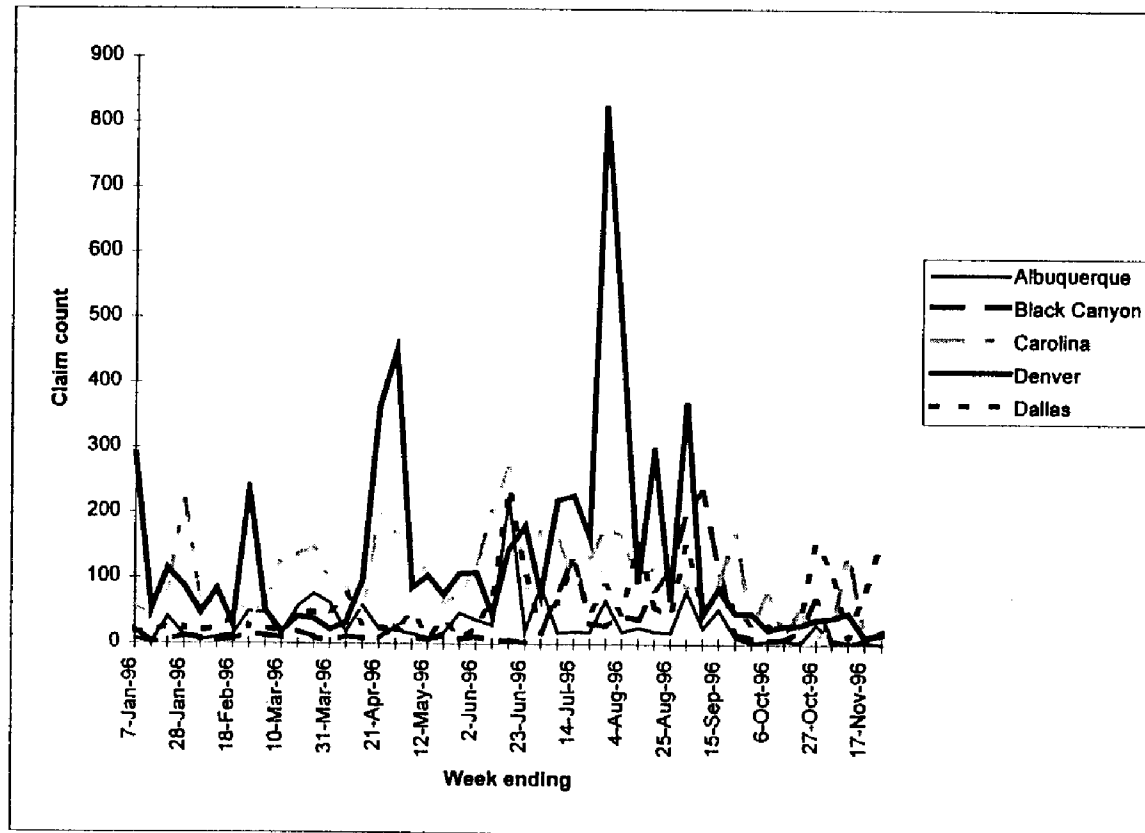
ROOF ASSIGNMENT CHART

Priority level	Allstate roof specialist	Allstate structure claim rep	Independent	Fast track	Vendor	Waiver
A	1	2	3	X	X	X
B	1	2	3	X	X	X
C	1	2	3	X	4	X
D	X	X	X	1	X	2

WEEKLY CLAIM COUNT BY PERIL



WEEKLY WIND/HAIL CLAIM COUNTS



Variation in
wind/hail claims
consistent across
multiple sites

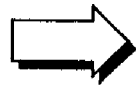
TEST SITE ACTIVITIES

Issues	Proposed tests
Effectiveness of NCSC questions	Measure whether the NCSC questions provide the information necessary to accurately prioritize claims by economic opportunity
Accuracy of priority chart	Measure whether the categories capture the correct order of prioritization
Accuracy of assignment chart	Measure the percent opportunity captured by method of settlement and priority classification
Adjuster effectiveness	Measure customer service and process compliance at increased volume levels
System to manage claim to volume variation	Test different options to see which is best
Technology enhancements	After establishing accuracy of NCSC questions, priority, and assignment charts, determine how mech. dispatch and LRS can be used to automate the dispatch process

TEST SITE DETAILED ACTIVITIES

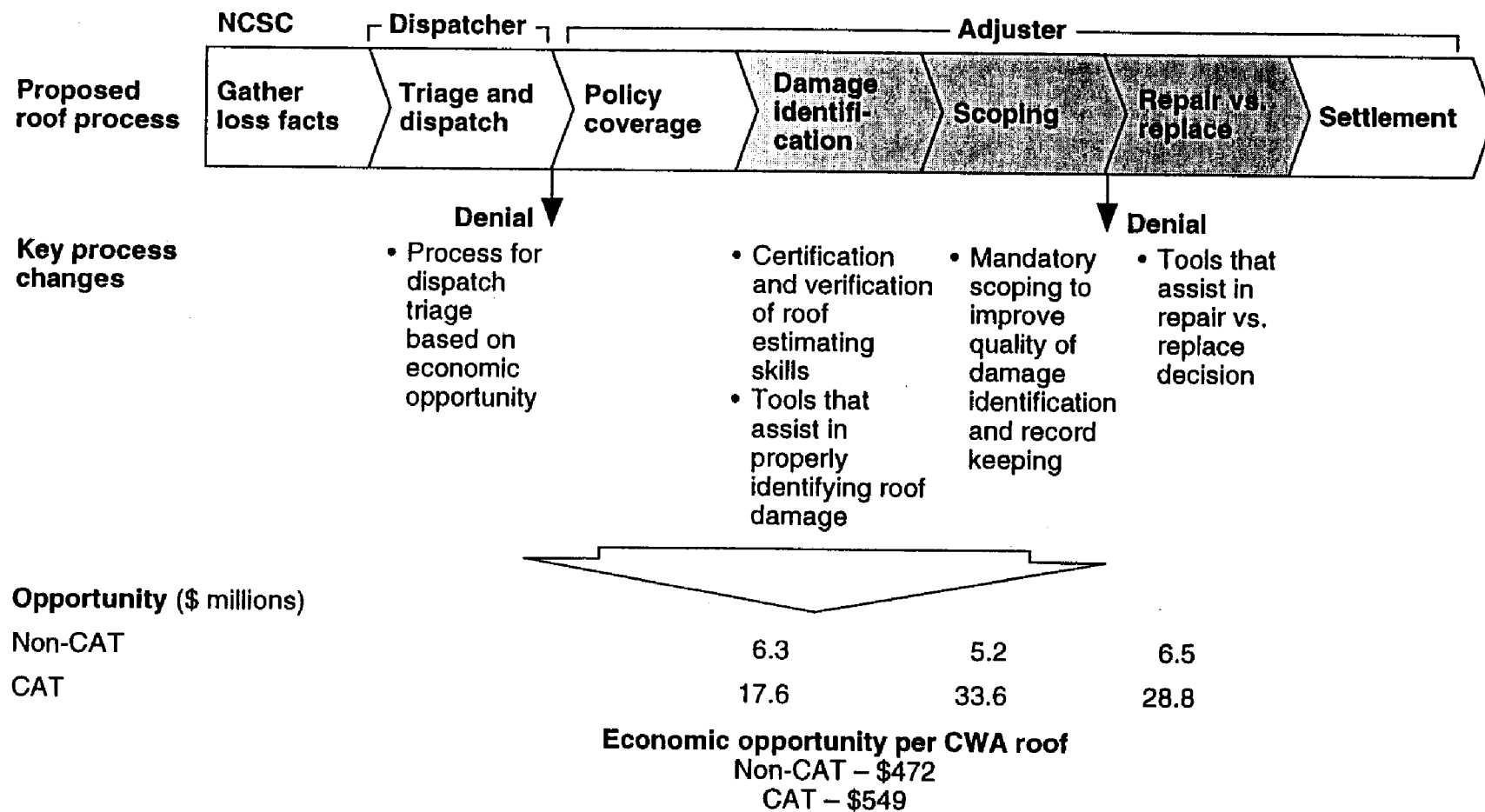
Issue	Timing	Sources	Method
Effectiveness of NCSC questions	In parallel with process tests	• Dispatch review sheet • Dispatch interview	• Interview dispatcher to capture qualitative data • Setup NCSC test and dispatch review • Track results from dispatch review to measure accuracy of responses and establish direct link between questions and priority chart • Determine percent of time priority chart could not be used due to information received from NCSC • Change questions and retest
Accuracy of priority chart	In parallel with process tests	• Closed file reviews and reinspection results • Dispatch review sheet	• Determine if correct level was assigned • Determine if levels assigned are capturing economic opportunity • Determine if order of priority is correct
Accuracy of assignment chart	In parallel with process tests	• Closed file review and reinspection results	• Conduct closed file review and field reinspections to determine opportunity by method of settlement • Rank method of settlement options in descending order of opportunity captured • If results of test differ from current assignment chart, adjust assignment chart accordingly
Adjuster effectiveness	Start after process compliance in place	• Mech. dispatch • CFR • Customer service survey	• Track assignments, pending and closures at specified intervals throughout dispatch – increase assignments at specified intervals • Measure results of customer service, process compliance, and opportunity during same intervals • Compare the above results to find if there are levels at which adjuster effectiveness starts to deteriorate and measure economic impact
System to manage claim volume variation	When claim volume increases	• Priority chart • Assignment chart	• Test various methods of personnel deployment
Technology enhancements	Before initiation of 2nd phase of testing	• Mech. dispatch • LRS	• To be determined

AGENDA



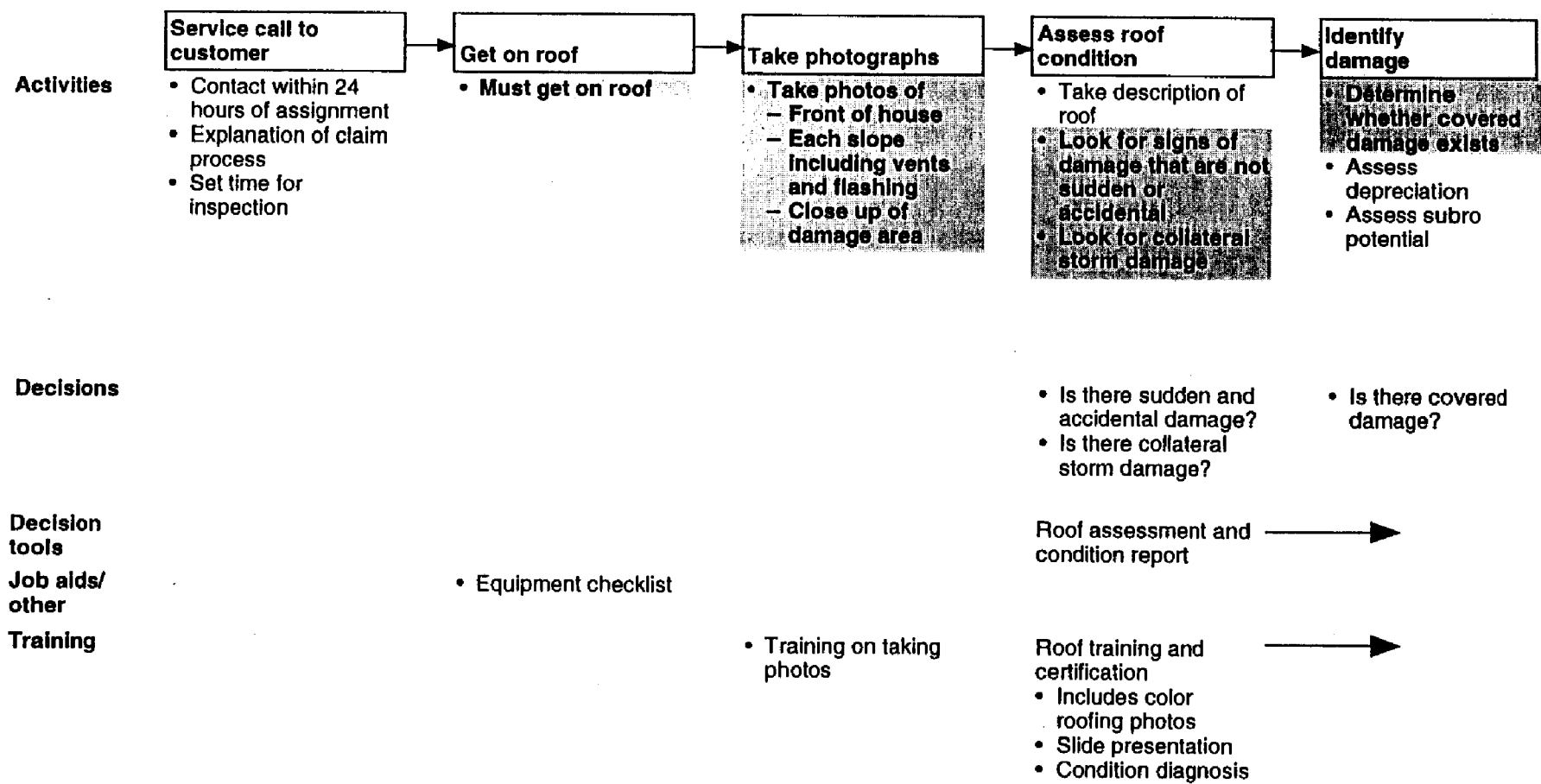
- Dispatch
- **Roofs**
- Fire
- Contents

PROPOSED ROOF PROCESS



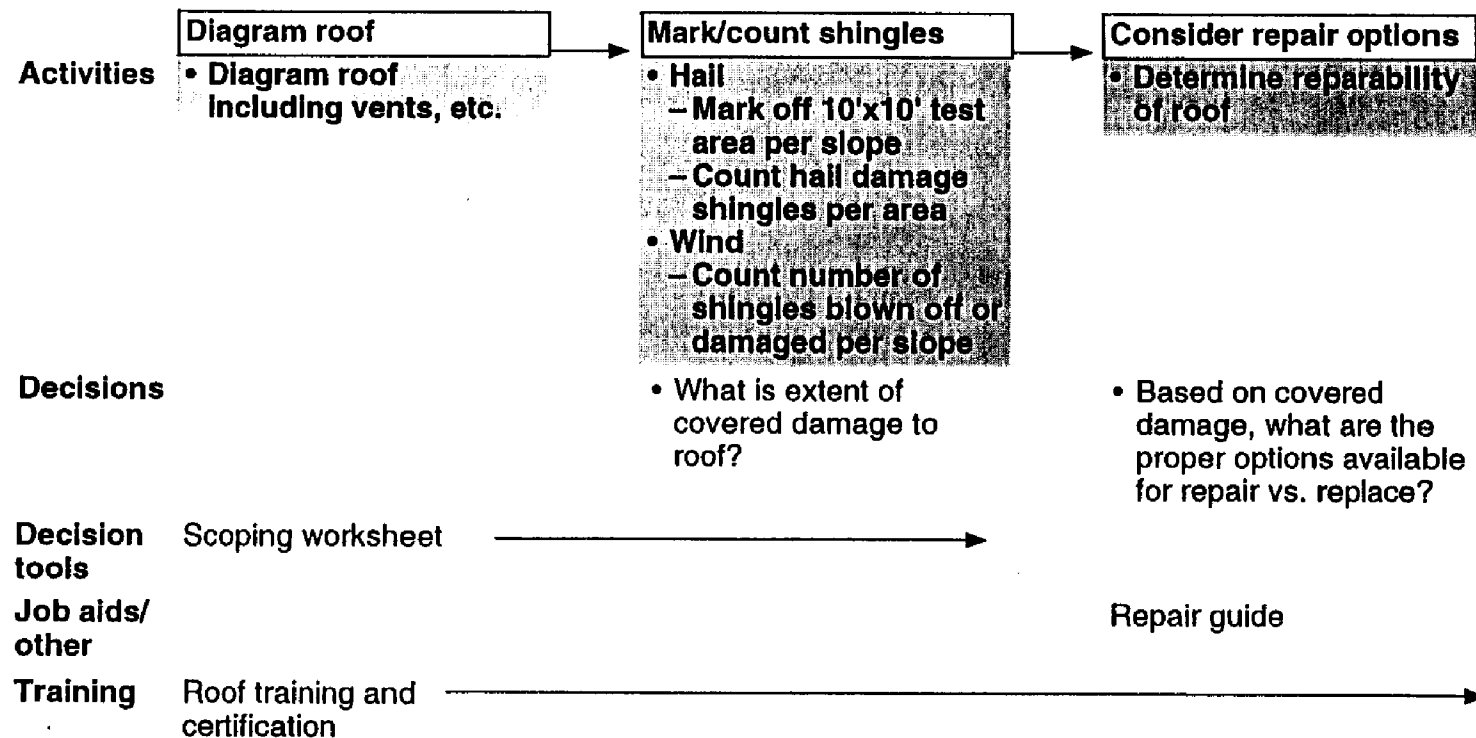


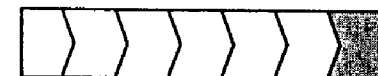
DAMAGE INSPECTION PROCESS



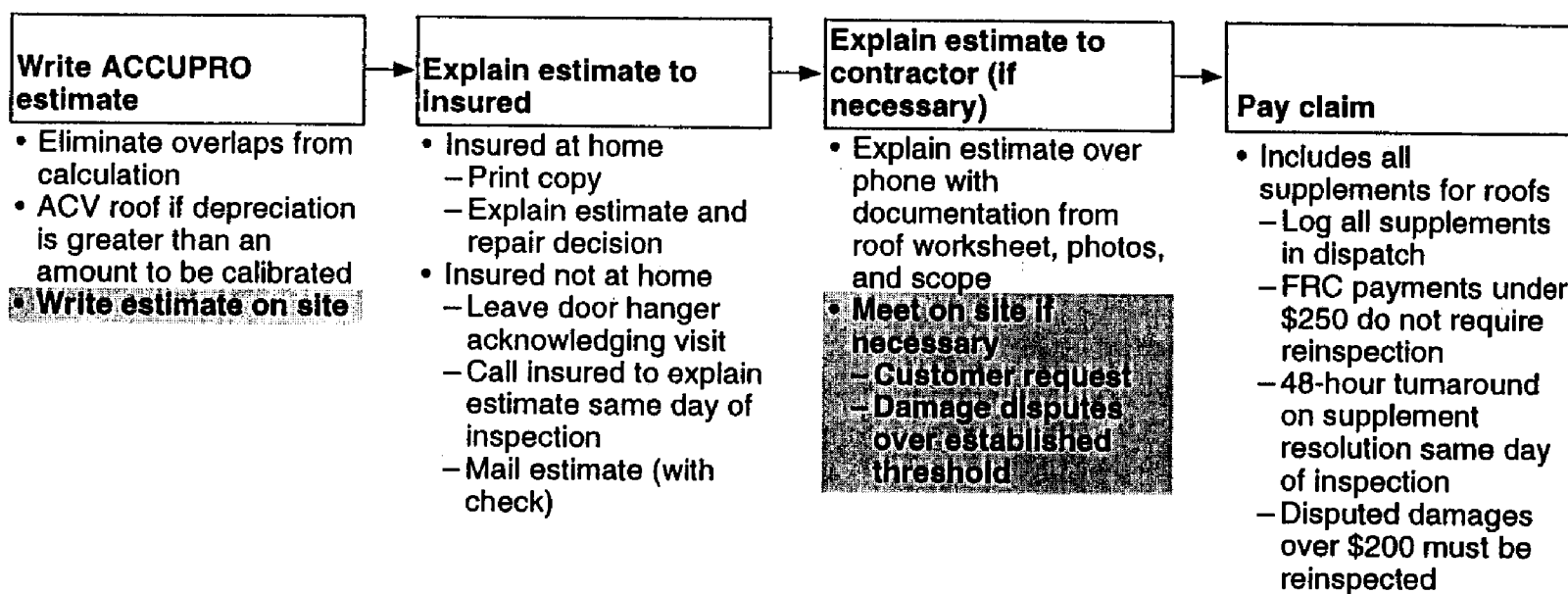


ROOF SCOPING AND REPAIR VS. REPLACE





ROOF SETTLEMENT PROCESS



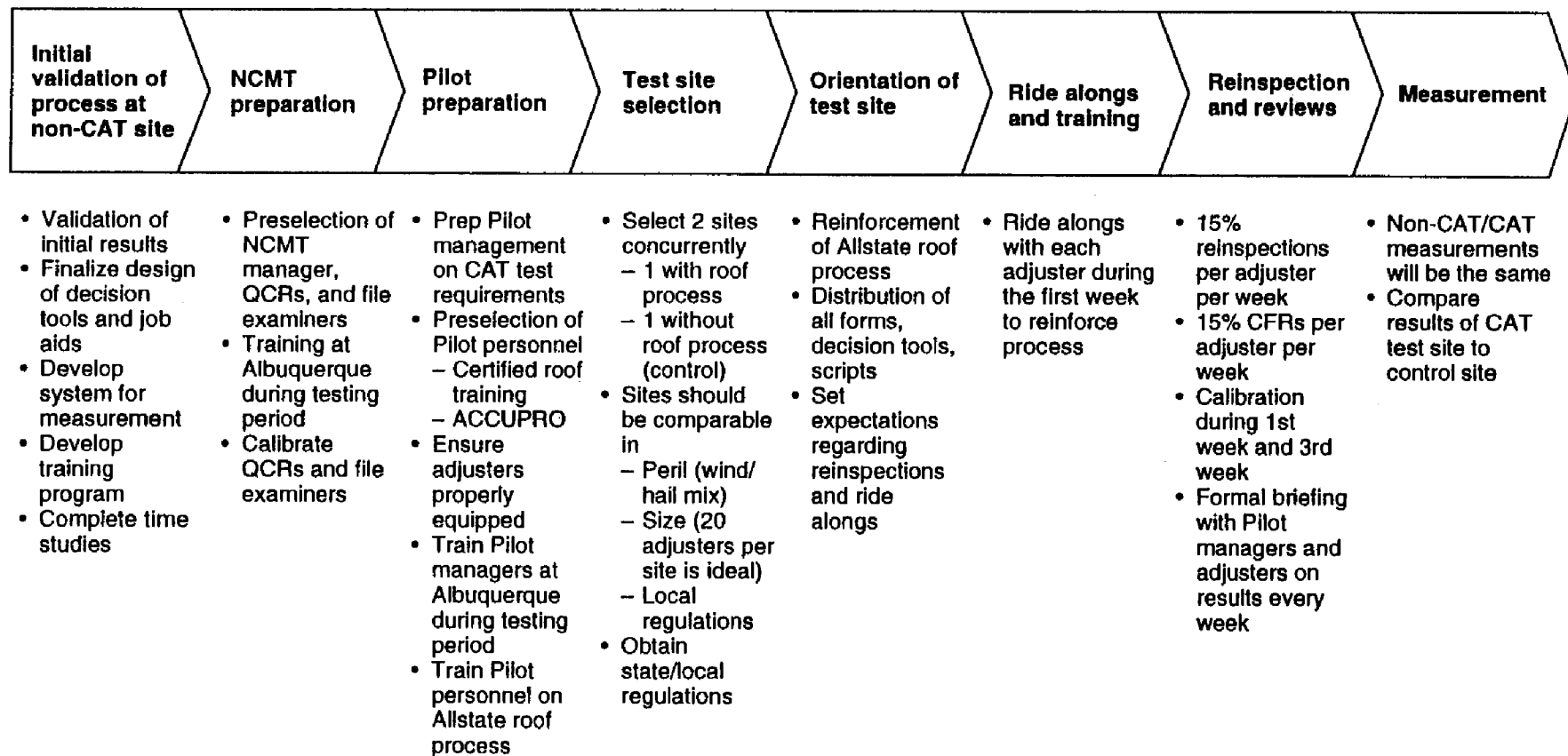
Decision ACCUPRO 2.0
tools

**Job aids/
other**

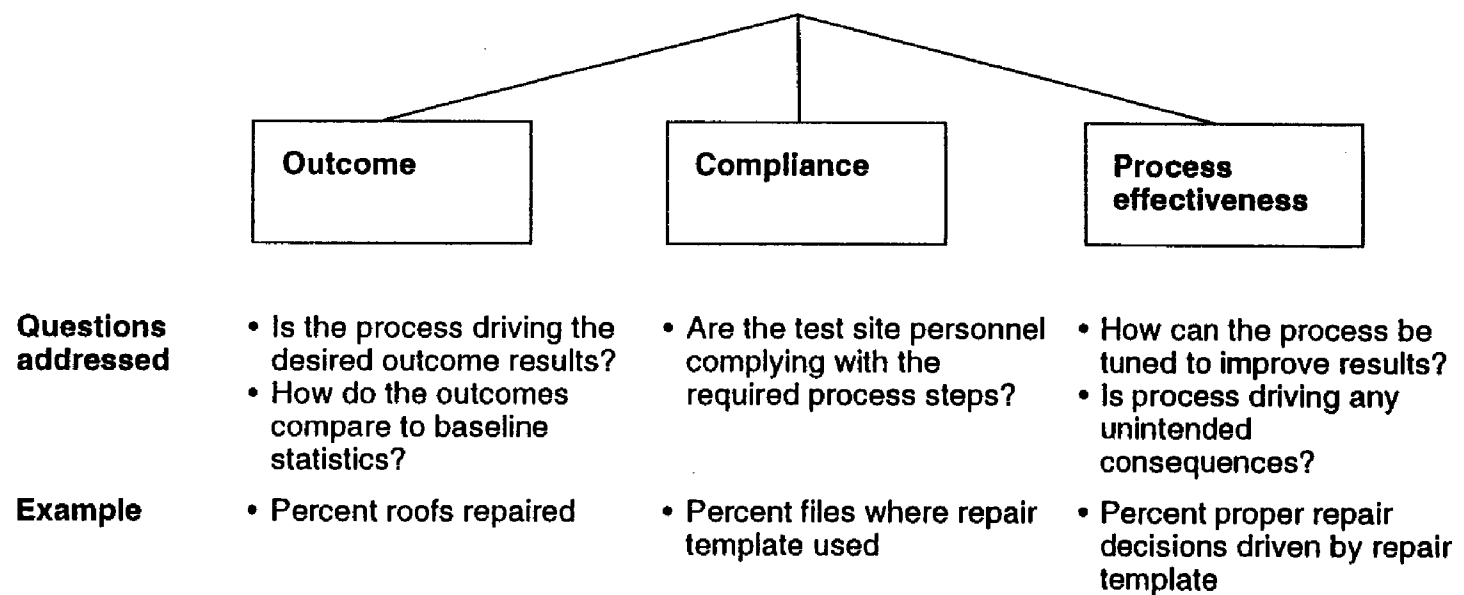
Scripts on explaining

- Estimate
- Denials
- Alternate repairs
- ACV payment

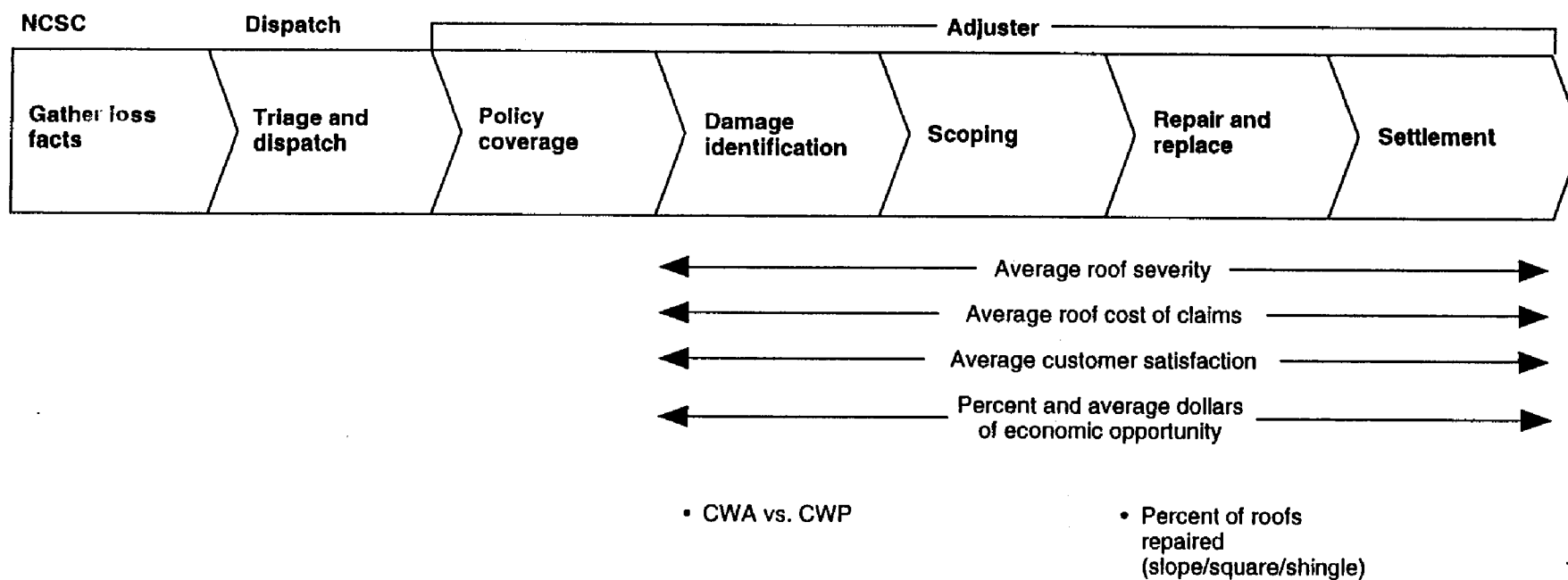
PREPARING FOR A CAT ROOF TEST SITE



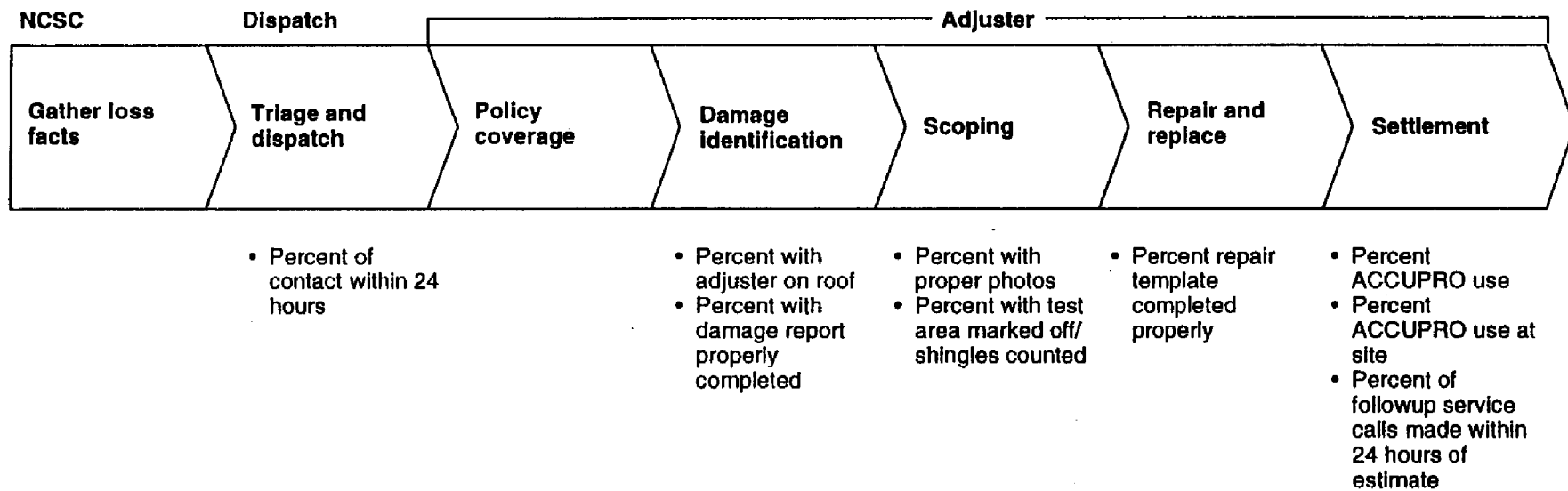
PROCESS MEASUREMENTS



ROOF PROCESS OUTCOME MEASUREMENTS



ROOF PROCESS COMPLIANCE MEASUREMENTS



NCSC **Dispatch** **Adjuster**

Gather loss facts **Triage and dispatch** **Policy coverage** **Damage identification** **Scoping** **Repair and replace** **Settlement**

- Contact time vs. customer satisfaction
- Inspection time vs. customer satisfaction

← Average time to complete roof process →

← Performance of Allstate adjusters vs. independents →

- Severity
- Customer satisfaction
- Other outcome measures

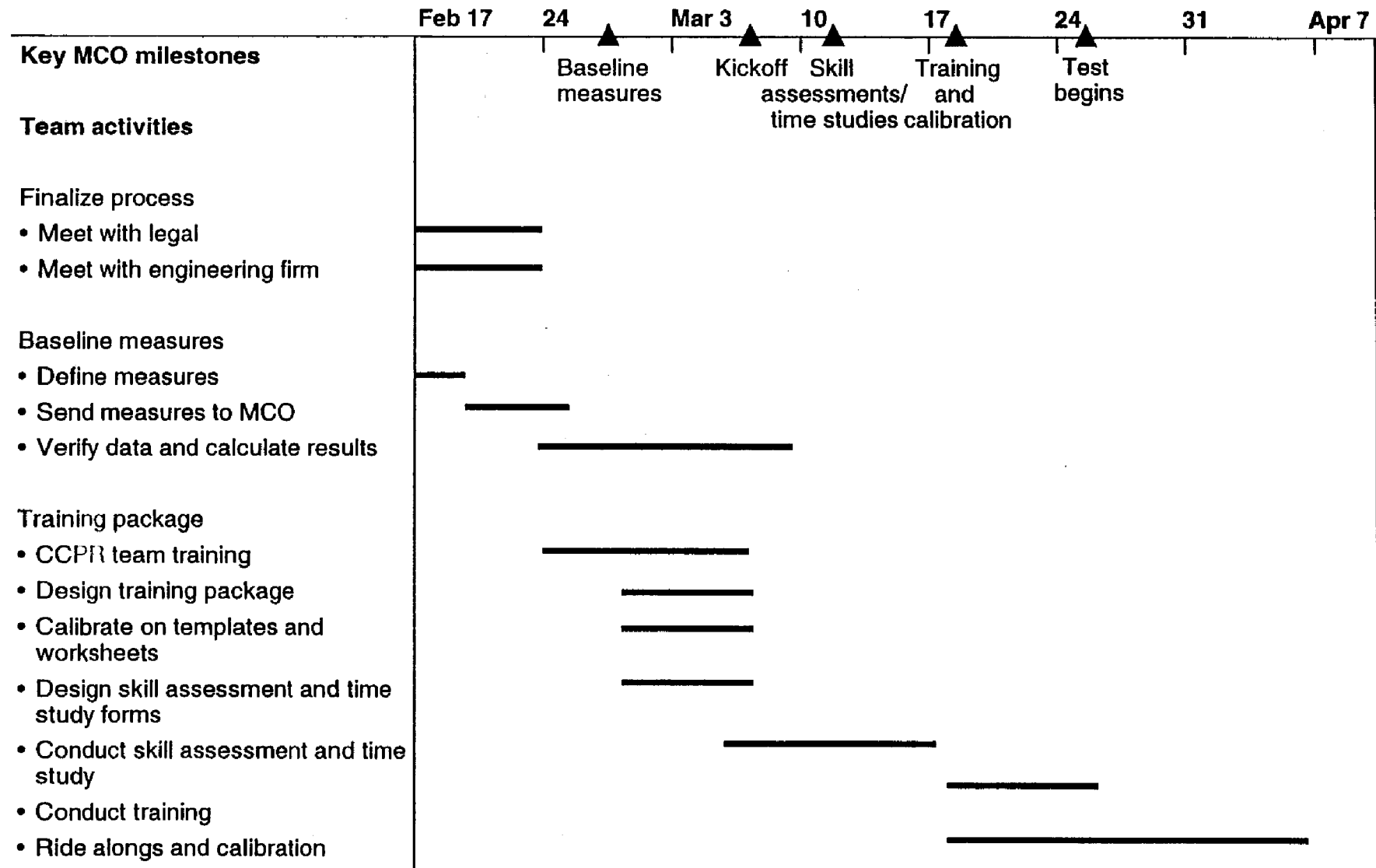
← Scoring on calibration exercises →

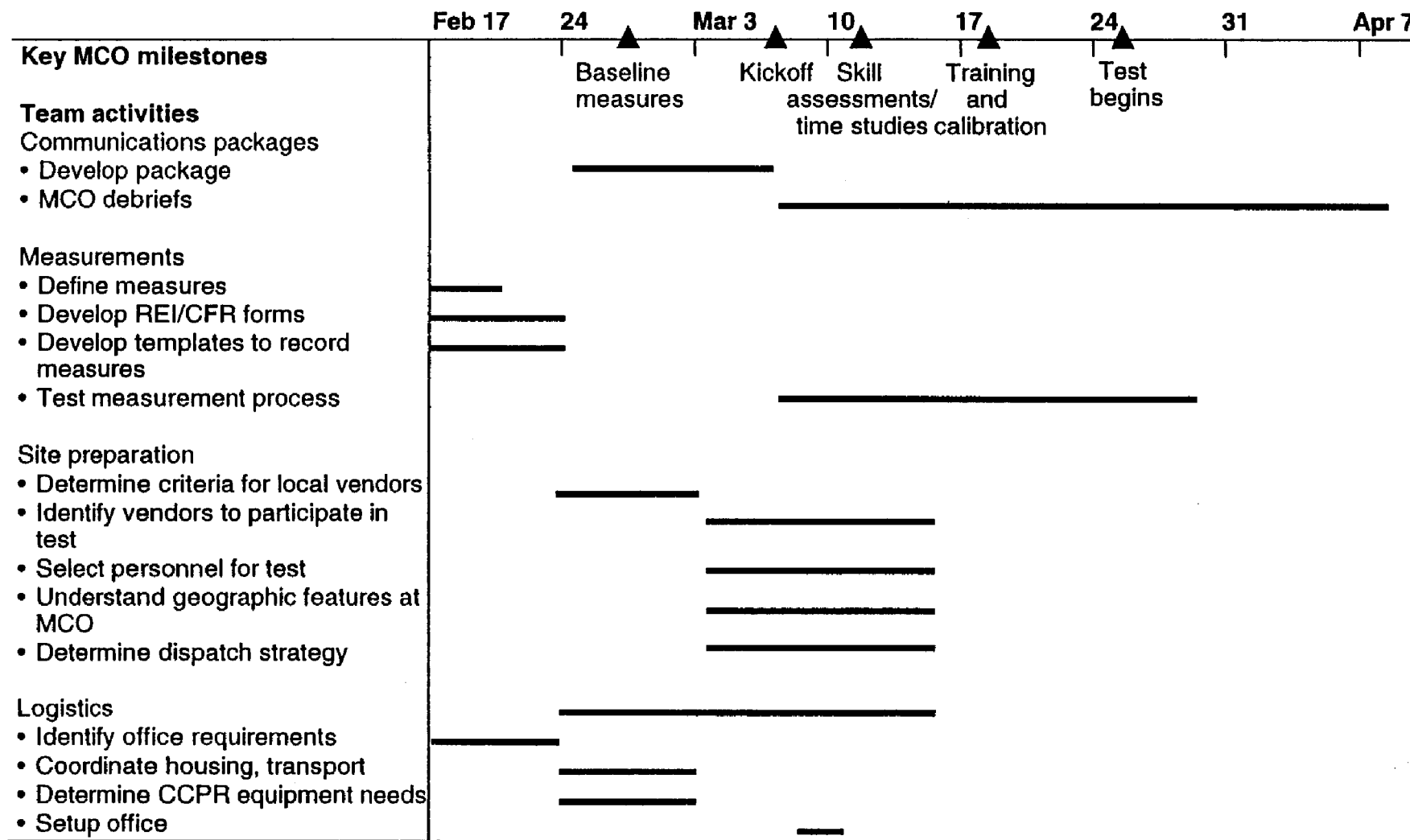
← Average customer satisfaction on →

- Repairs
- ACV
- Denials

- Percent proper damage decisions (reinspections)
- Percent proper repair decisions (reinspections)
- Percent supplements on claims
- Percent supplement dollars to total dollars paid
- Percent FRC holdbacks paid
- Followup time vs. customer satisfaction

ROOF TEAM ACTIVITY TIME LINE



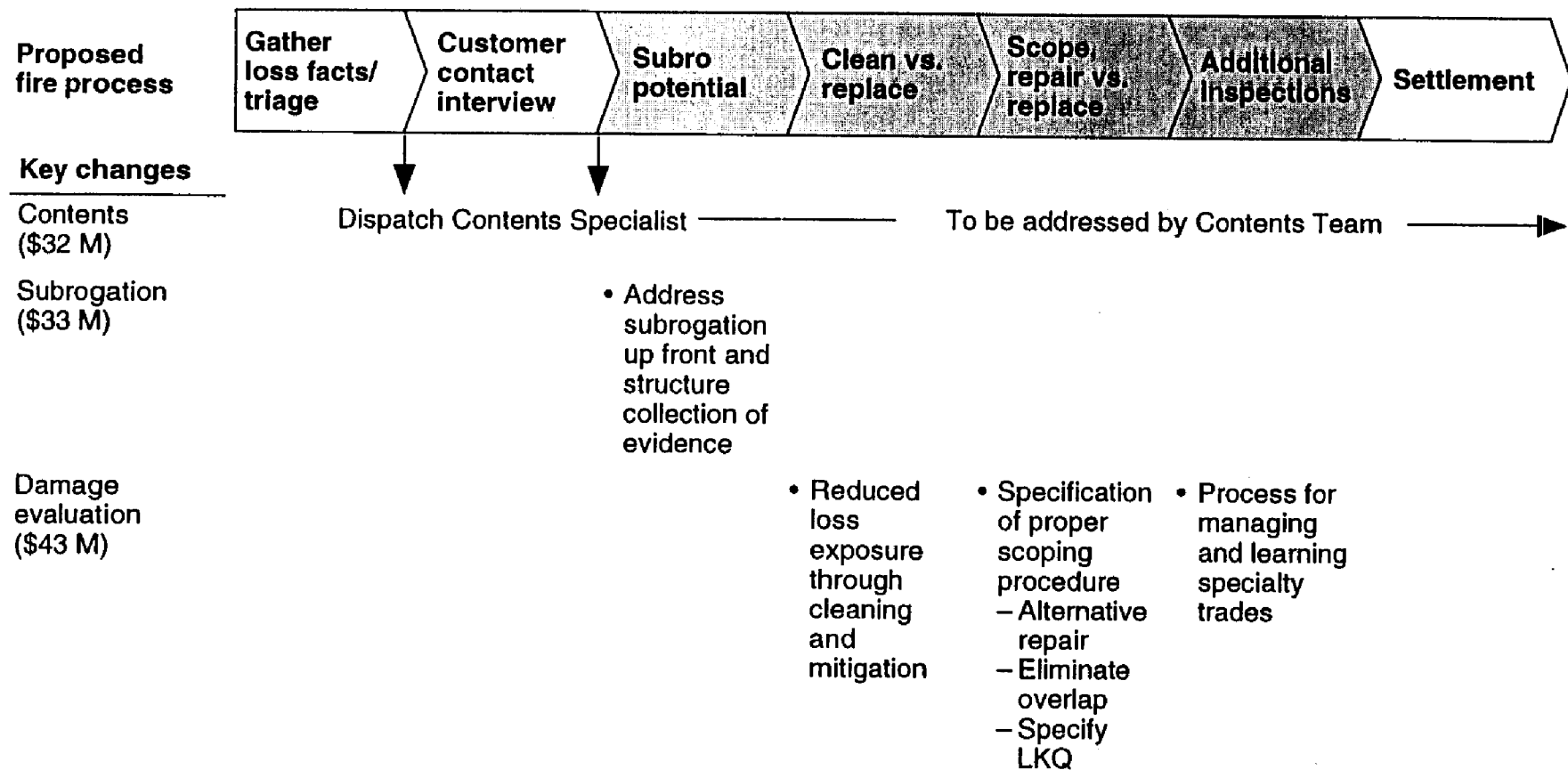
ROOF TEAM ACTIVITY TIME LINE (CONTINUED)

AGENDA

- Dispatch
- Roofs
- **Fire**
- Contents

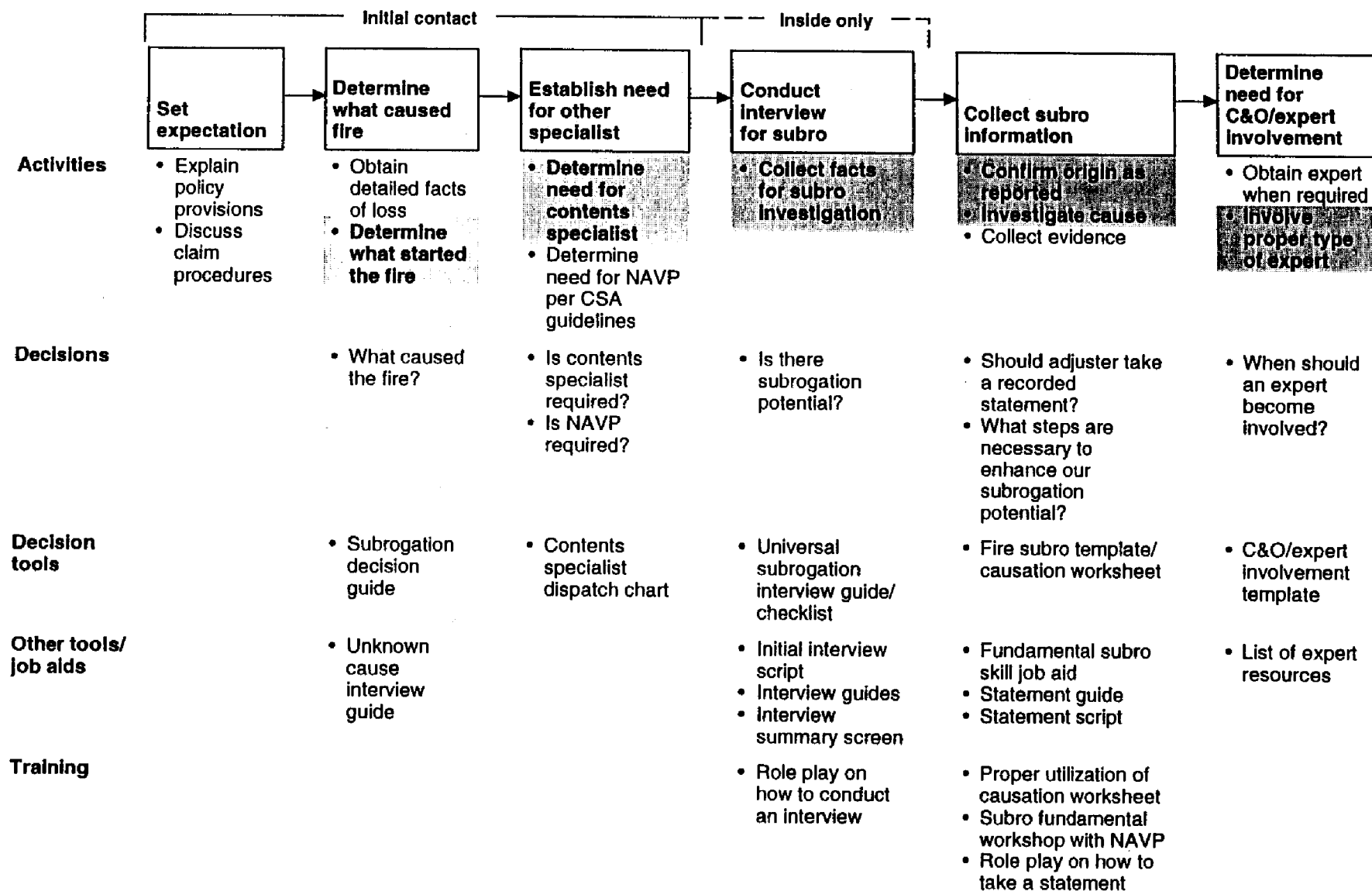


PROPOSED FIRE PROCESS



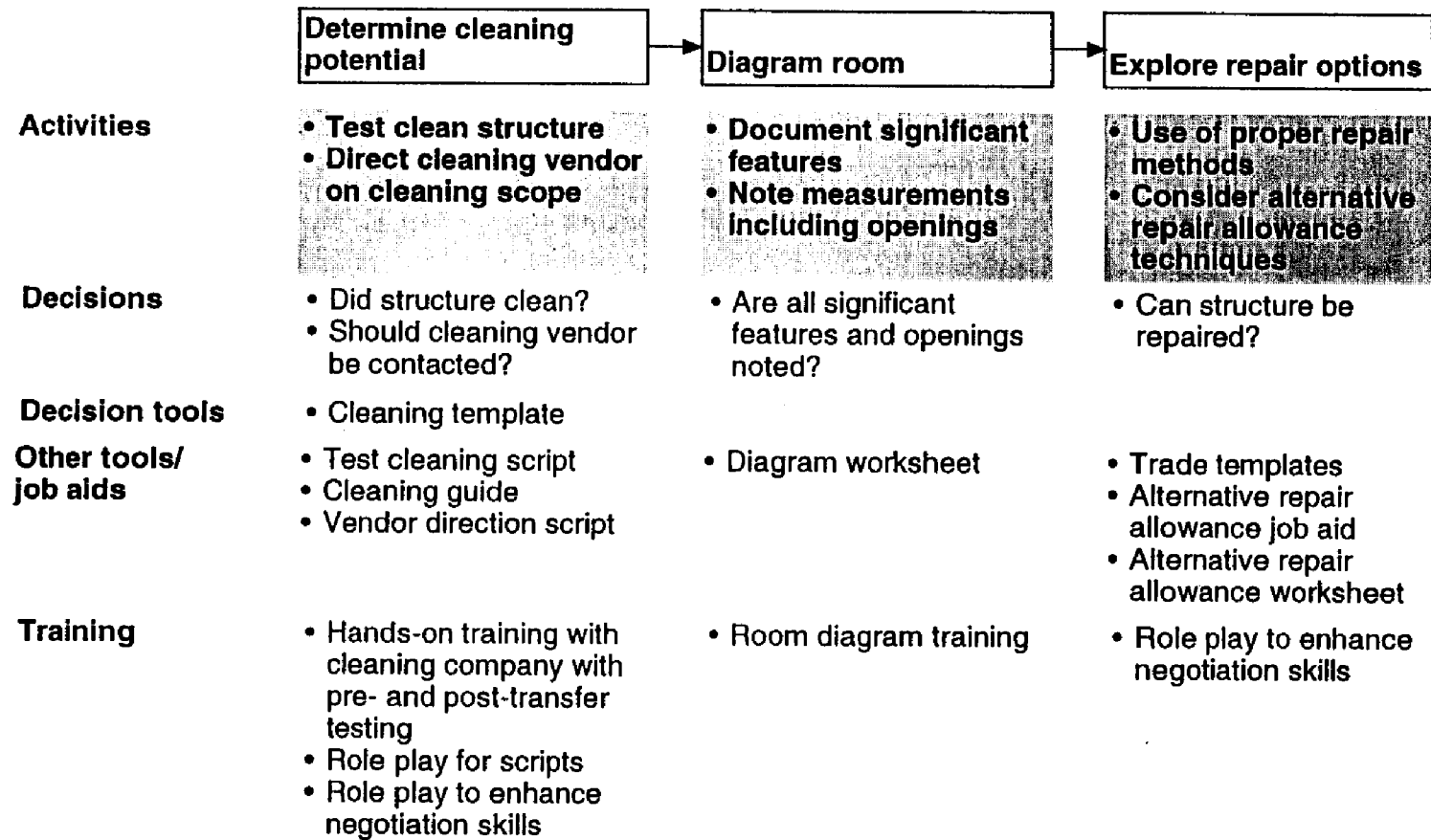


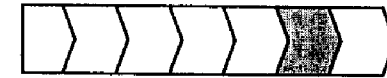
DETAIL OF NEW FIRE PROCESS – TOOLS



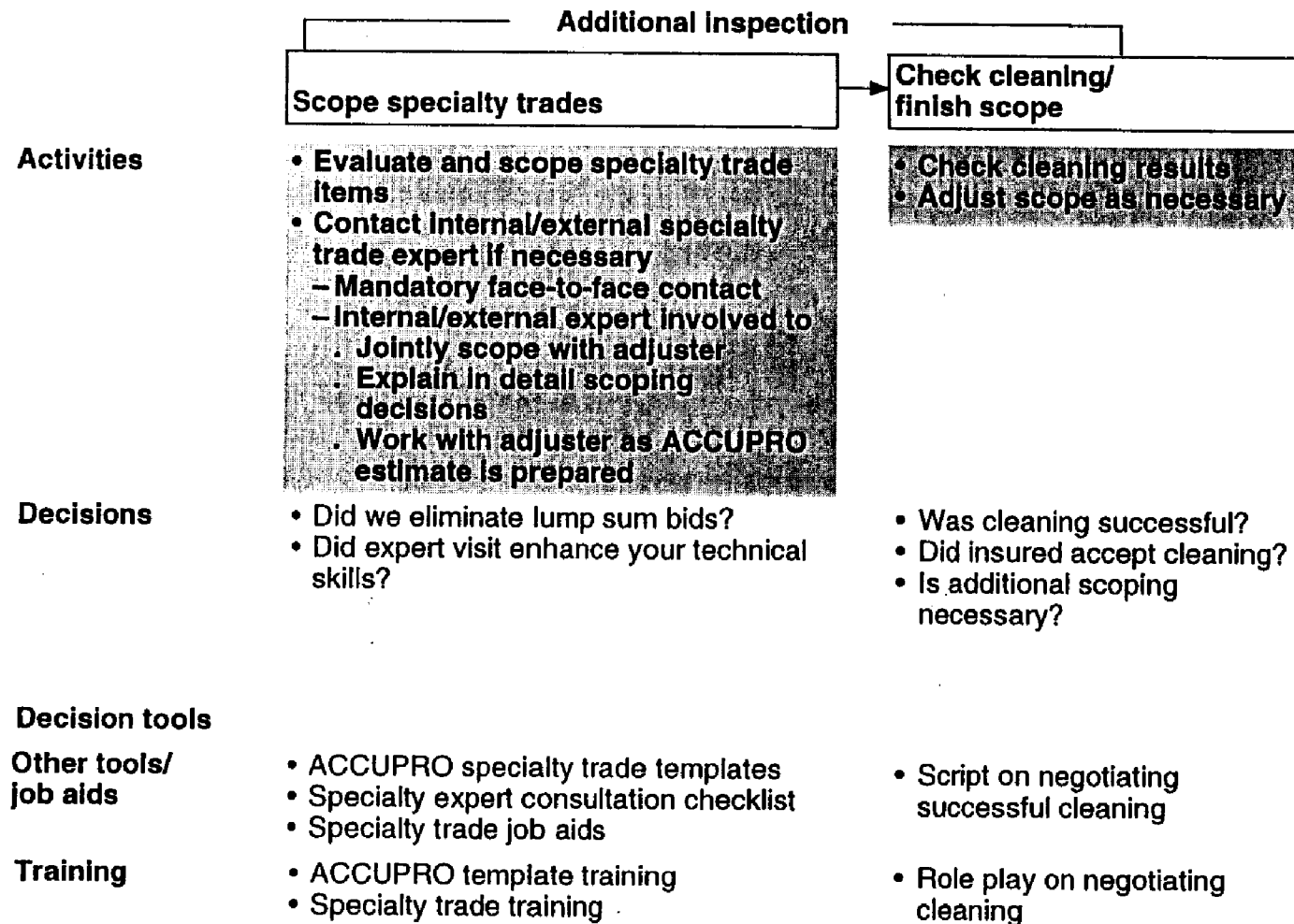


FIRE DAMAGE EVALUATION – CLEANING AND SCOPING



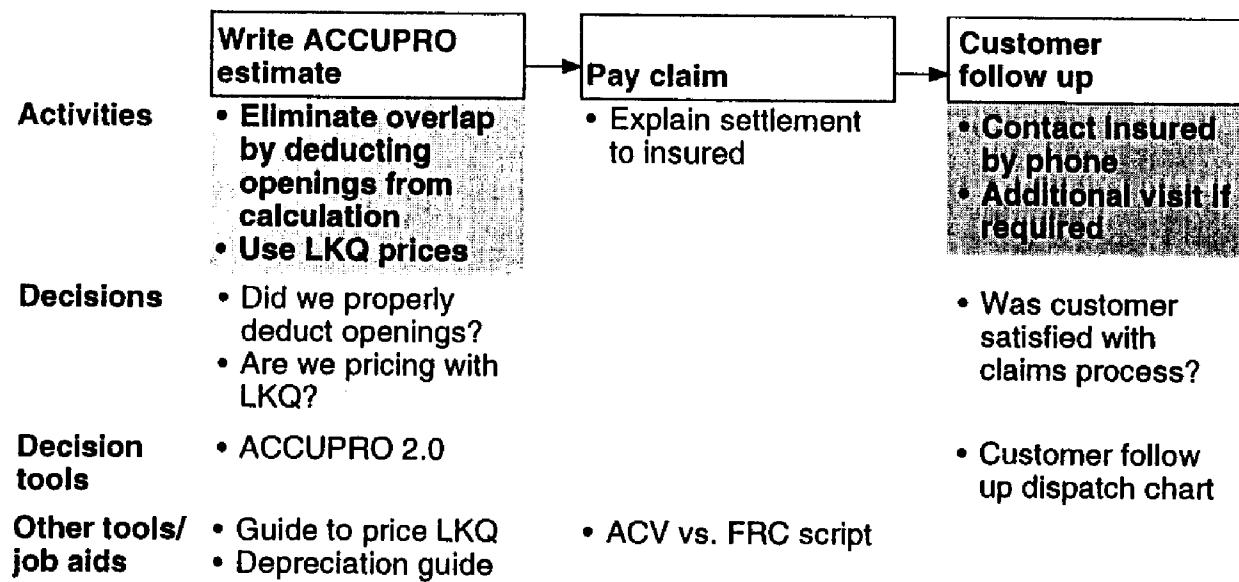


FIRE ADDITIONAL INSPECTION PROCESS

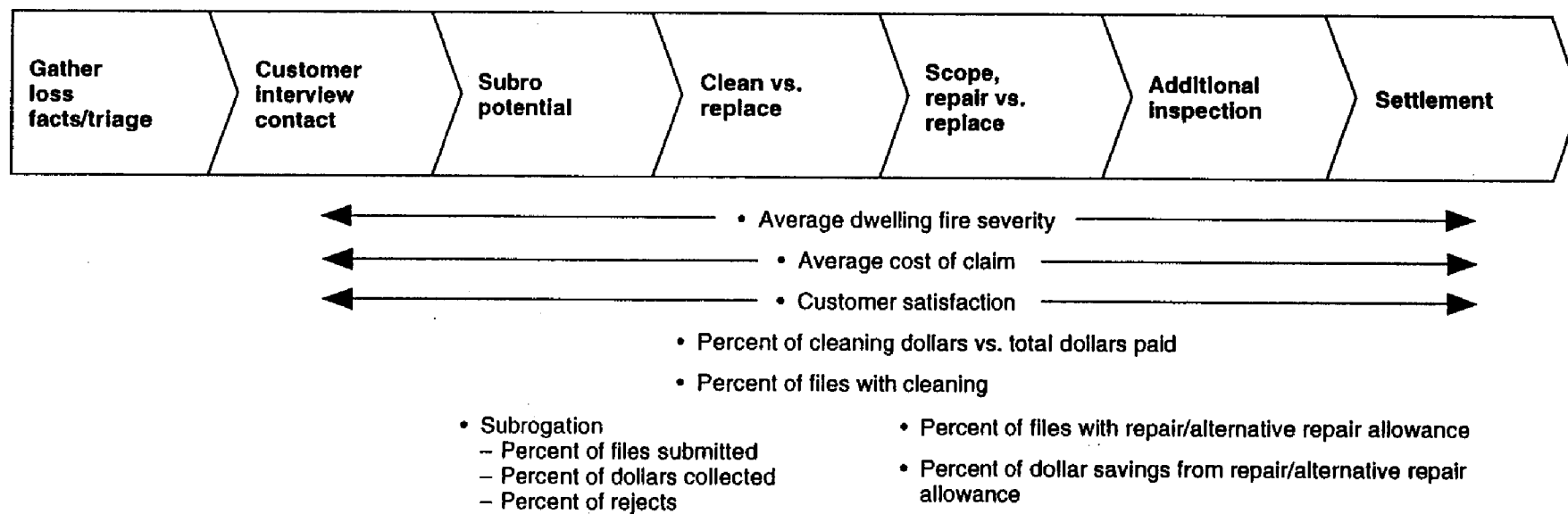




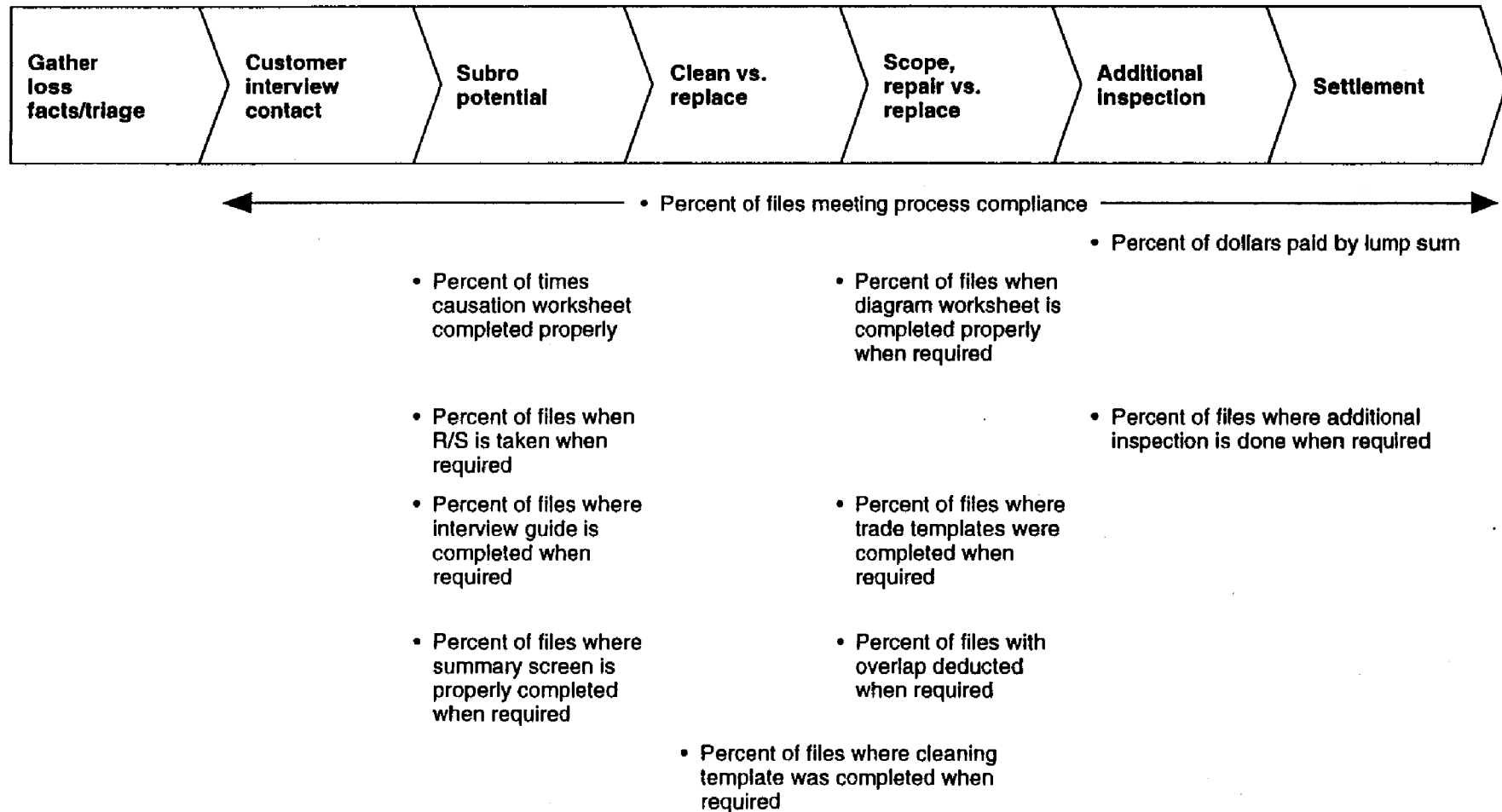
FIRE SETTLEMENT PROCESS



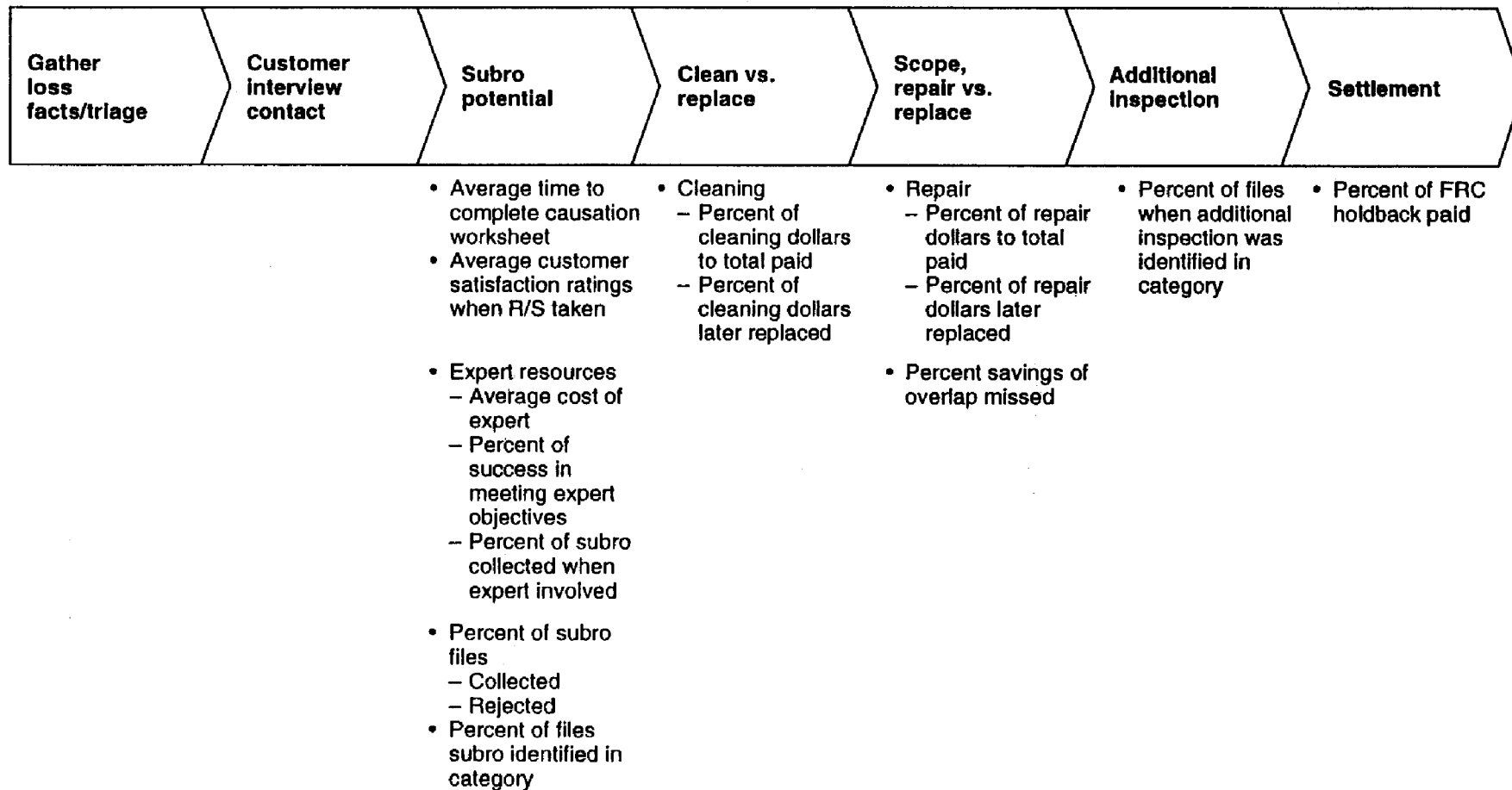
FIRE PROCESS OUTCOME MEASUREMENTS



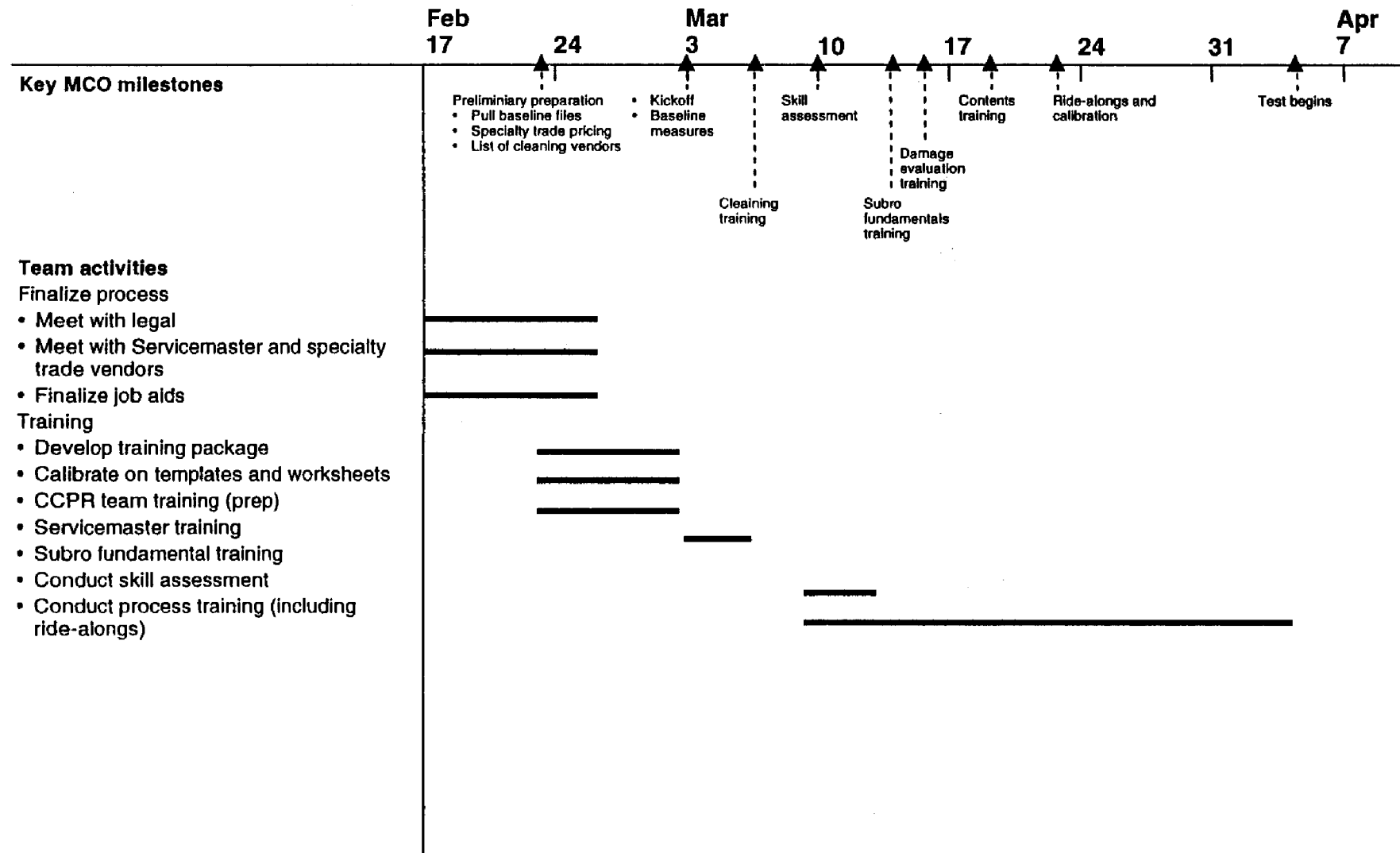
FIRE PROCESS COMPLIANCE MEASUREMENTS



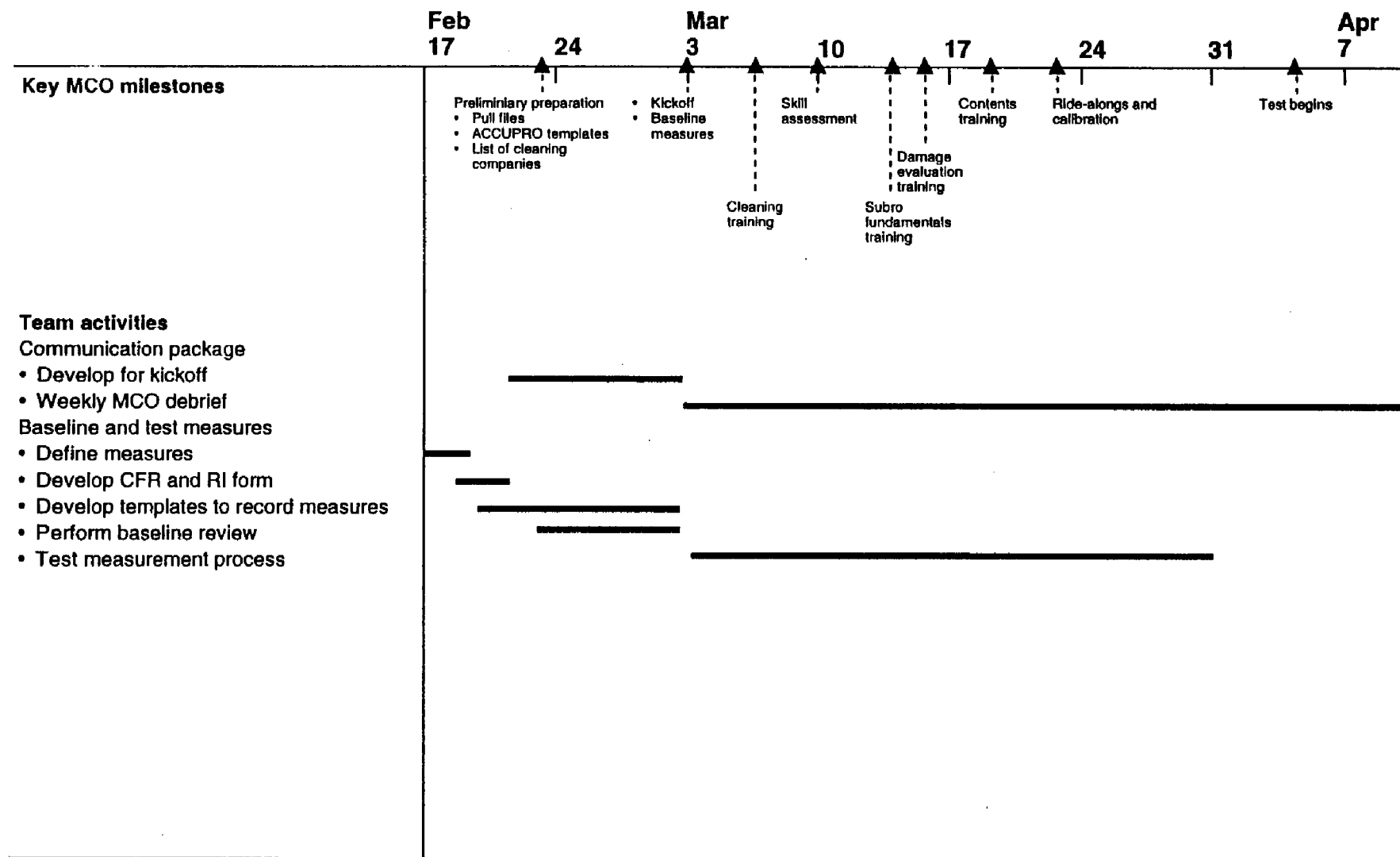
FIRE PROCESS EFFECTIVENESS MEASUREMENTS

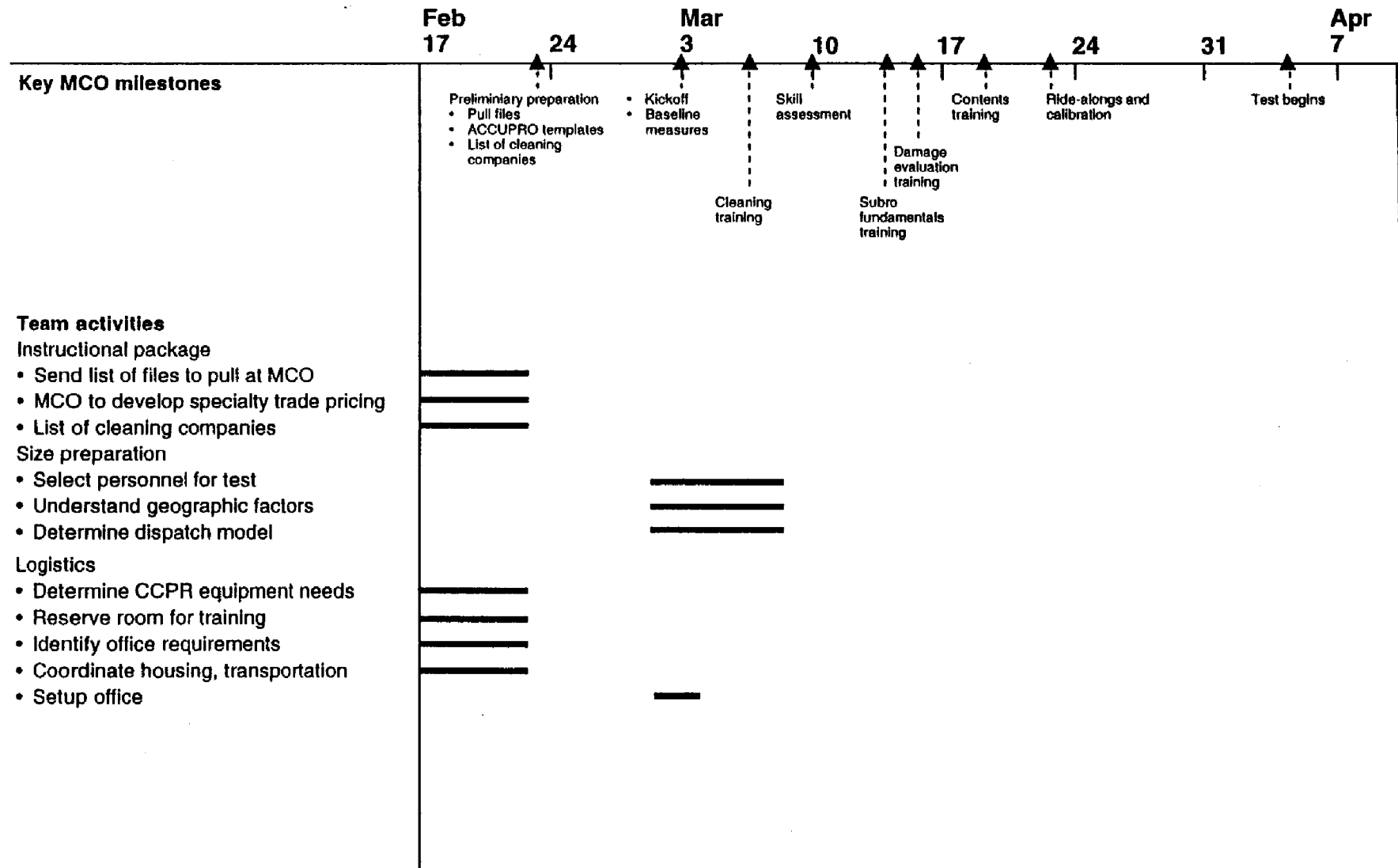


FIRE TEAM ACTIVITY TIME LINE



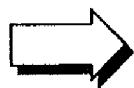
FIRE TEAM ACTIVITY TIME LINE (CONTINUED)



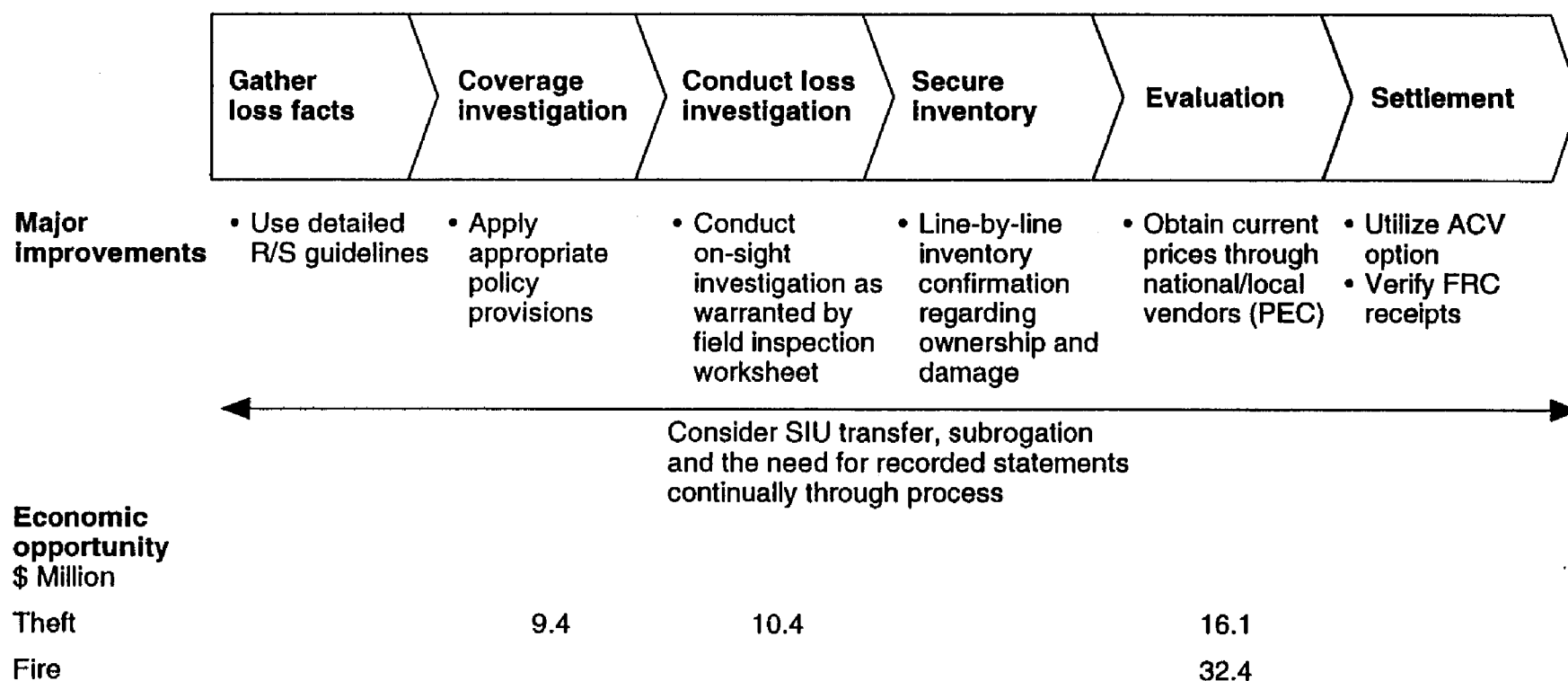
FIRE TEAM ACTIVITY TIME LINE (CONTINUED)

AGENDA

- Dispatch
- Roofs
- Fire
- **Contents**

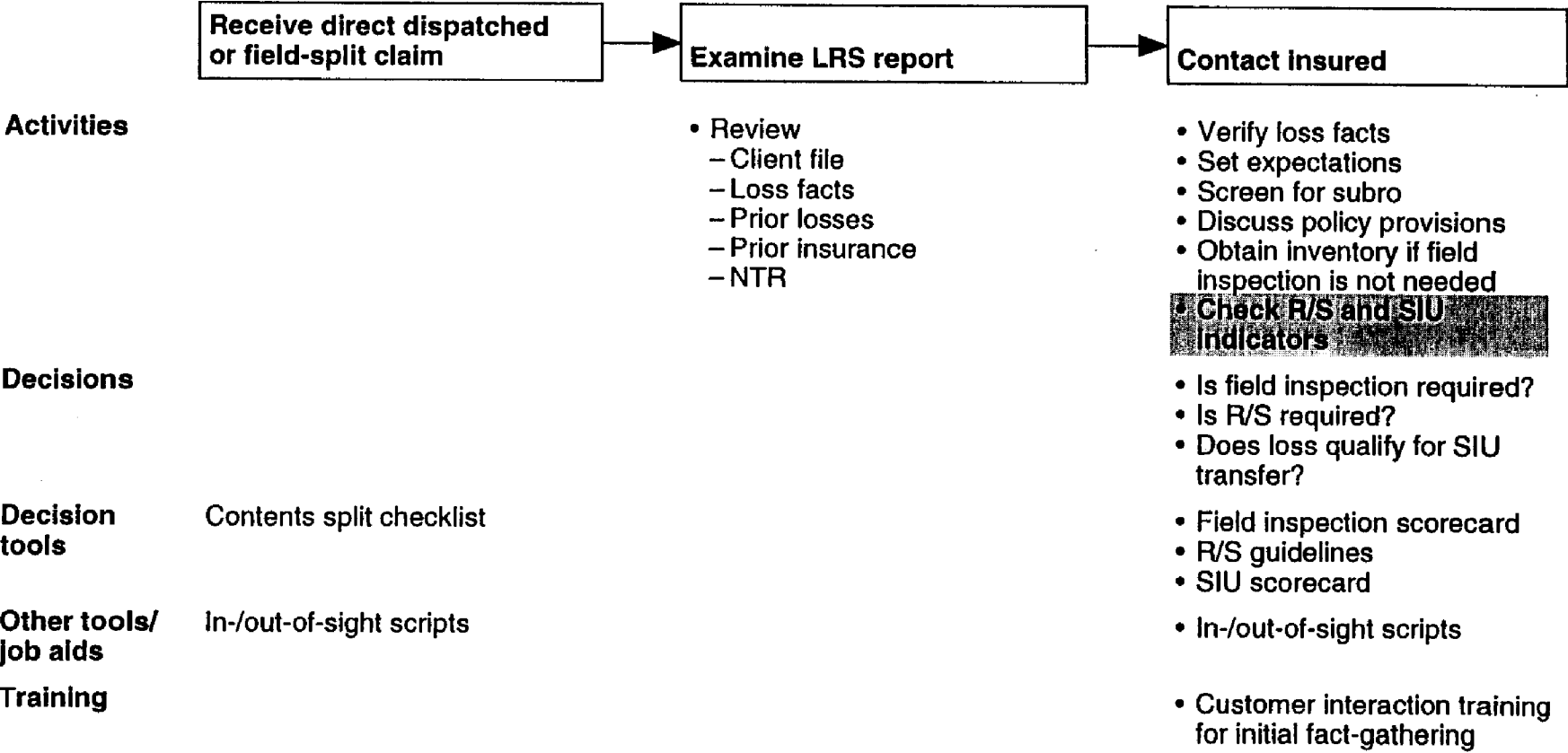


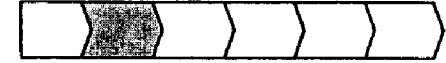
NEW PROCESS – CONTENTS CLAIMS



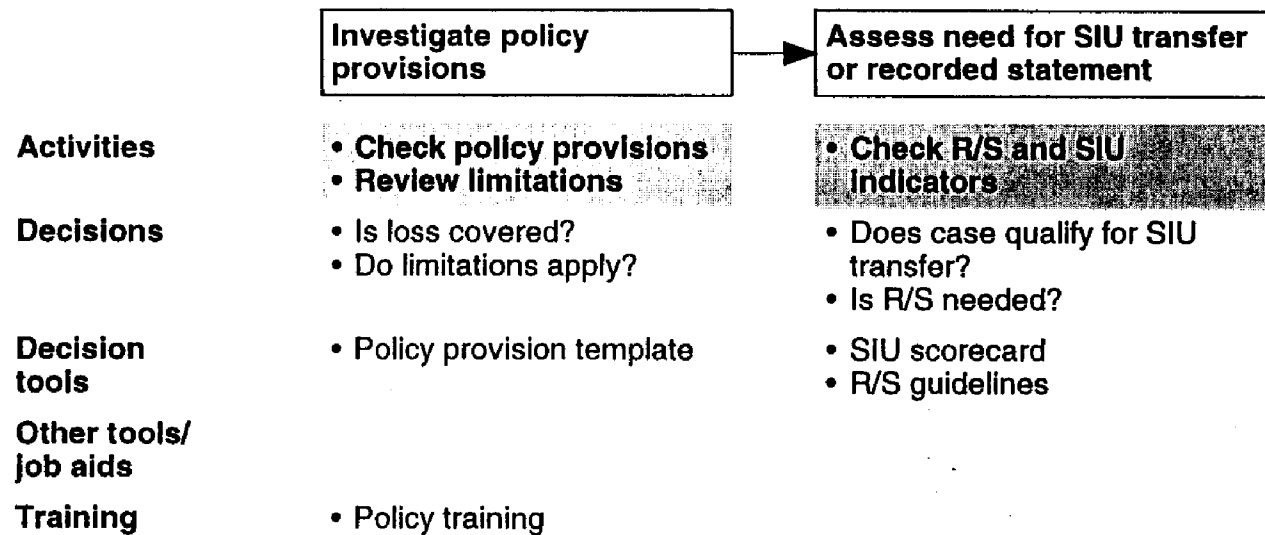


DETAILED PROCESS FLOW – GATHER LOSS FACTS



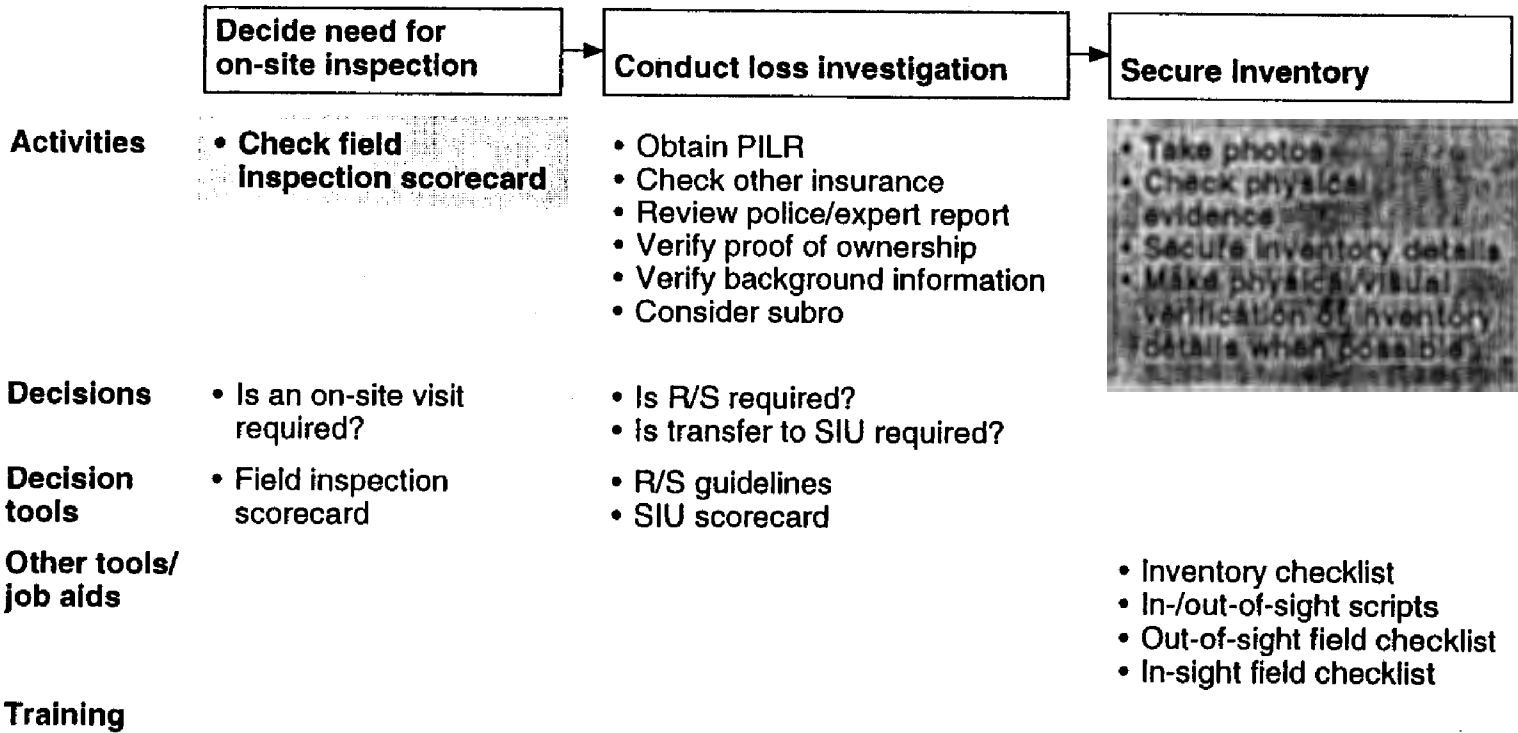


DETAILED PROCESS FLOW – COVERAGE INVESTIGATION



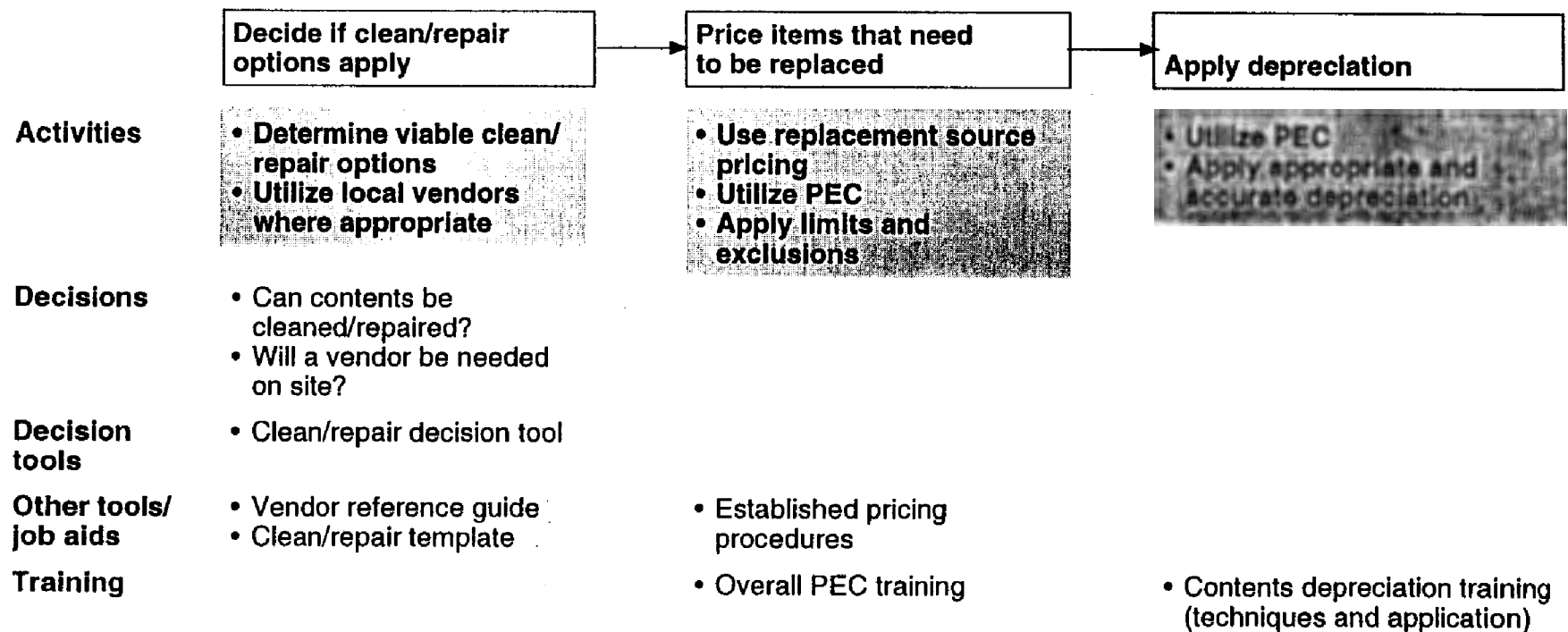


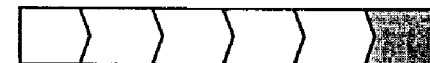
DETAILED PROCESS FLOW – LOSS INVESTIGATION AND SECURING INVENTORY



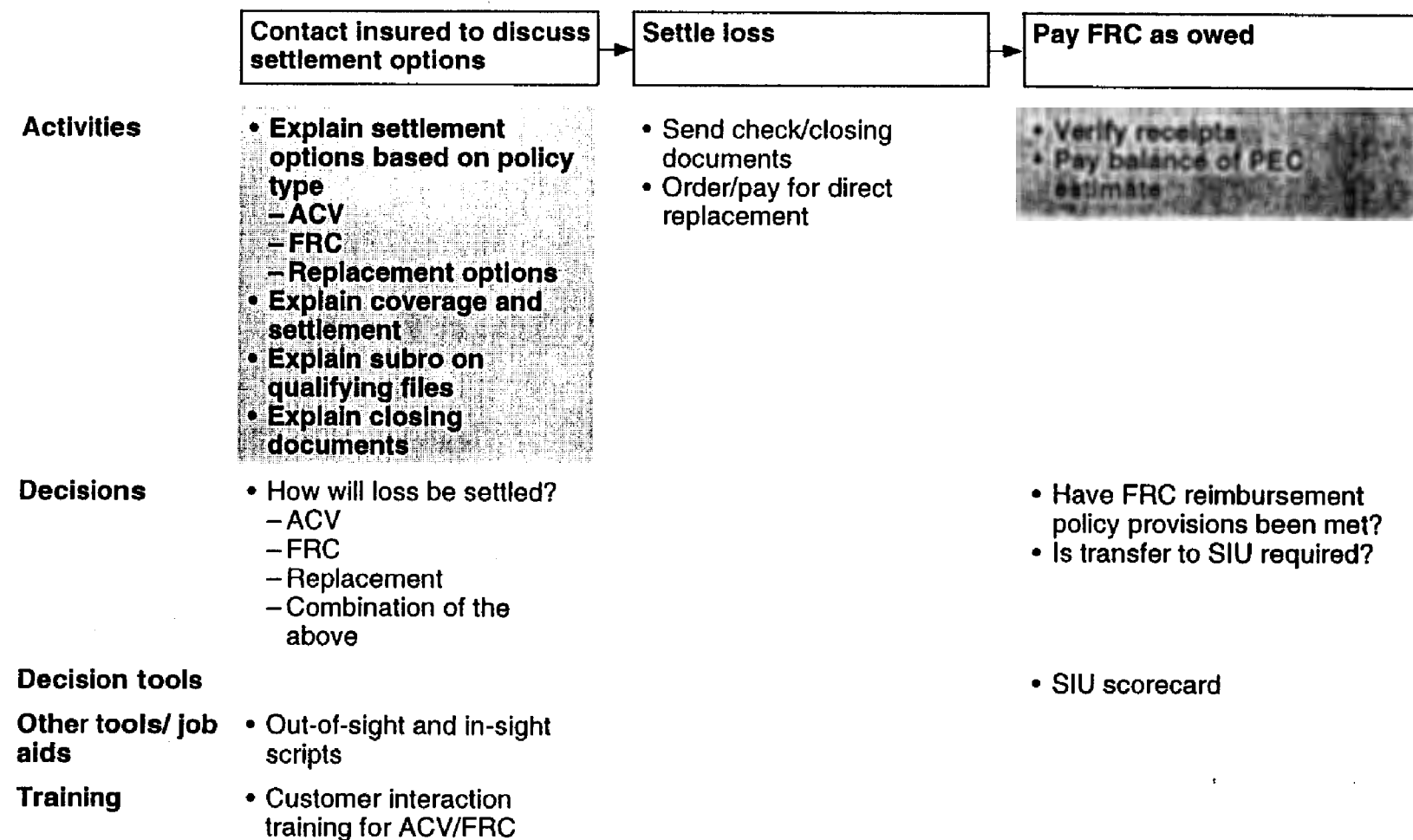


DETAILED PROCESS FLOW EVALUATION

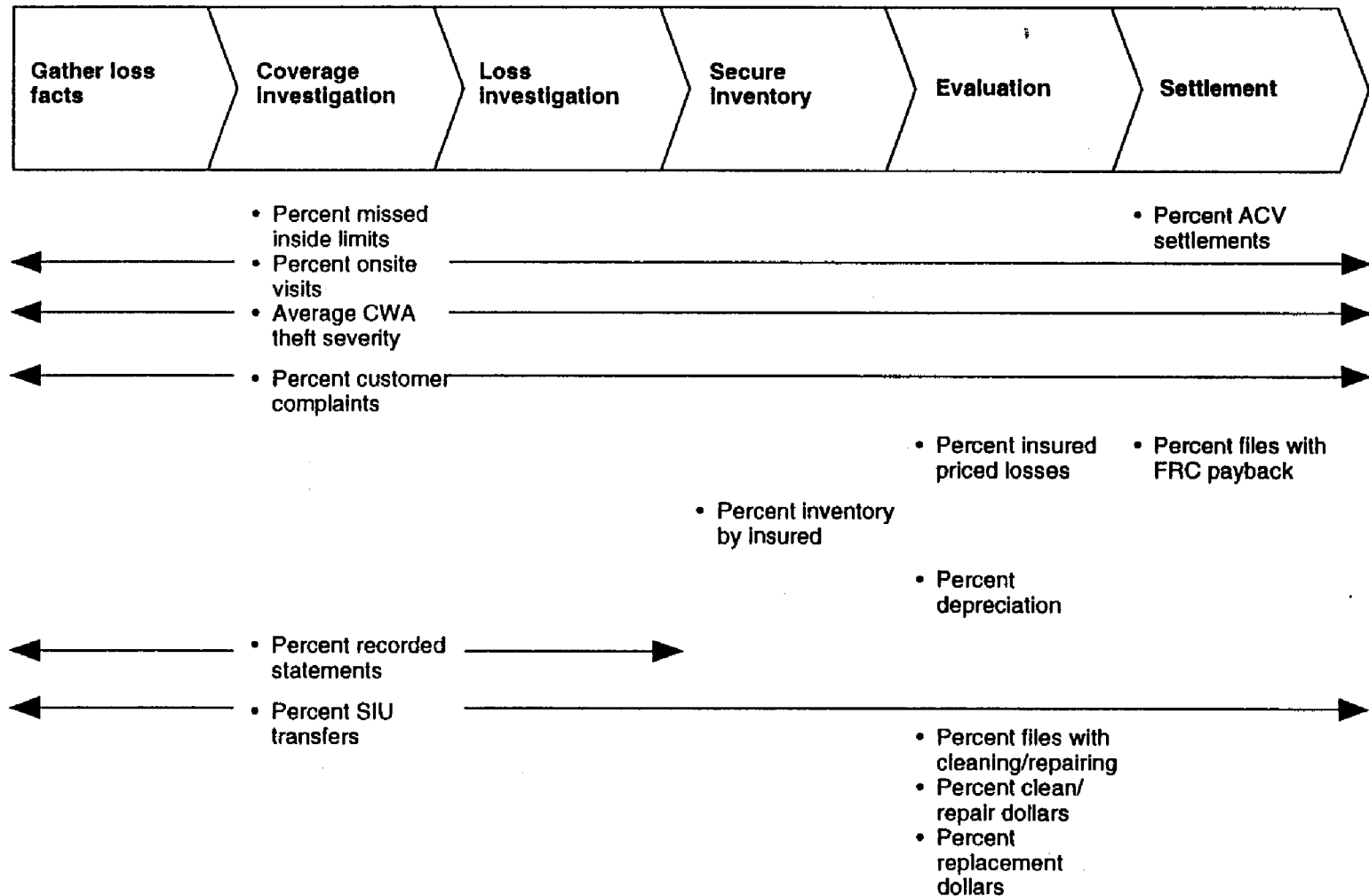




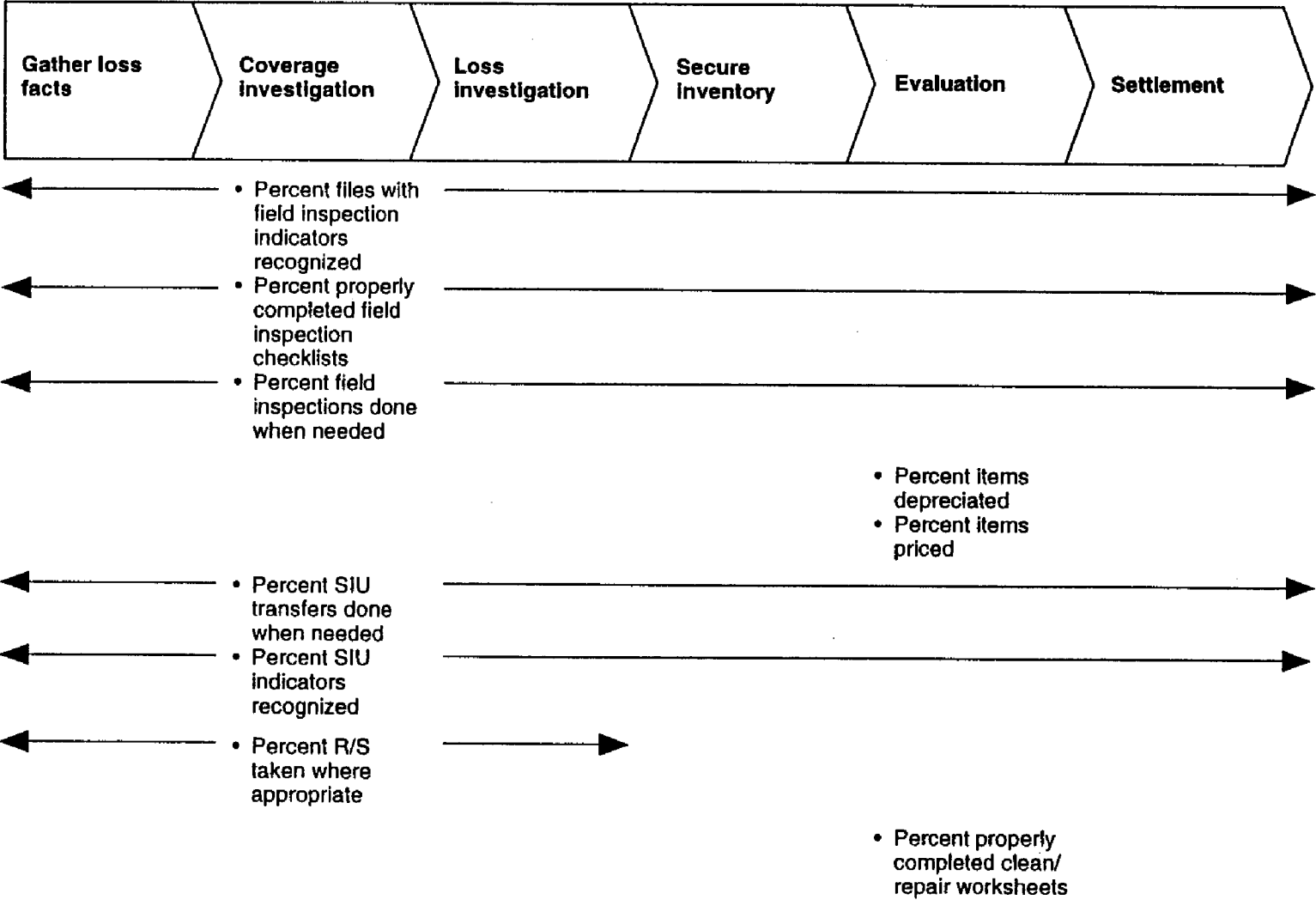
DETAILED PROCESS FLOW – SETTLEMENT

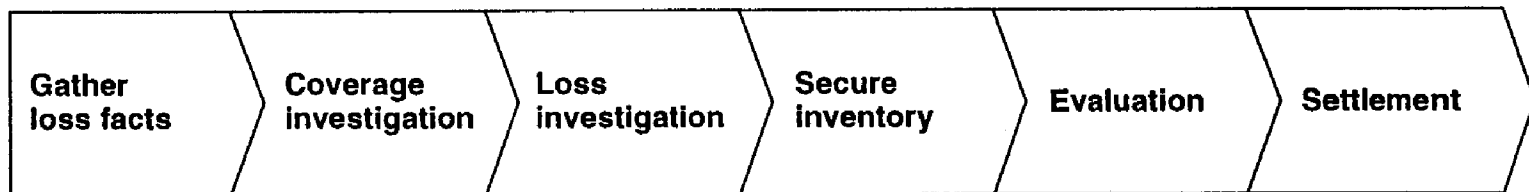


CONTENTS PROCESS-OUTCOME MEASUREMENTS



CONTENTS PROCESS-COMPLIANCE MEASUREMENTS



CONTENTS PROCESS-EFFECTIVENESS MEASUREMENTS

- Percent items' verification not obtained
- Percent items physical location not verified
- Percent average, below average, good, and excellent items
- Percent items without age
- Percent usage not identified

DRAFT

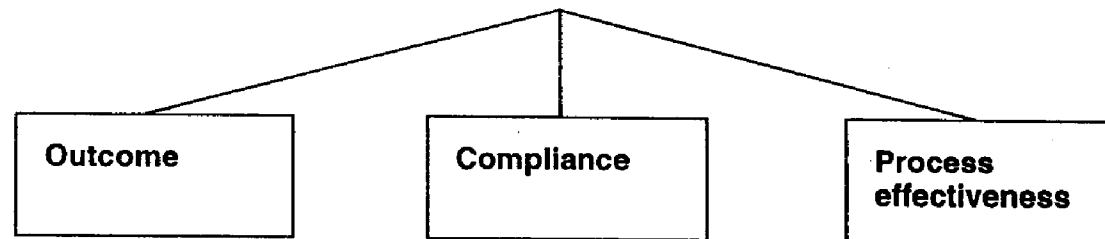
Glossary of Homeowners CCPR Measurements

ALLSTATE INSURANCE COMPANY

February 1997

H000001692

PROCESS MEASUREMENTS



Questions addressed

- Is the process driving the desired outcome results?
- How do the outcomes compare to baseline statistics?
- Are the test site personnel complying with the required process steps?
- How can the process be tuned to improve results?
- Is process driving any unintended consequences?

Example

- Percent roofs repaired
- Percent files where repair template used?
- Percent proper repair decisions driven by repair template?

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GLOSSARY OF HOMEOWNERS CCPR MEASUREMENTS

- Roof
- Fire
- Contents

G-2

GLOSSARY OF HOMEOWNERS CCPR MEASUREMENTS

- Roof
- Fire
- Contents

G-3

ROOF PROCESS OUTCOME MEASUREMENTS

Measurement	Average roof severity
Purpose	To measure process impact on severity
Baseline	Yes
Sample	100%
Calculation	Total gross roof portion of estimate/total number of roof claims
Source	Process scorecard
Methodology	Add together all costs of roof damage from estimate. The definition of roof includes the roof covering, vents, flashing, drip edge, starter strips, felt paper, and decking. It does not include gutters, antennas, satellites, skylights, fascia, soffit, trusses, rafters, and insulation
Data Input	Enter dollar amount

Measurement	Percent of roof claims for replaced full roof, replaced slope, repaired square(s), minimum charge
Purpose	To measure process impact on repair vs. replace decisions
Baseline	Yes
Sample	100%
Calculation	Total number of roofs replaced/total roof claims. Same for other 3 categories of repaired roof and minimum charge
Source	Process scorecard
Methodology	• Review scoping sheet and estimate • Determine how much of roof was repaired/replaced – Full roof – Slope – Squares – Minimum charge
Data input	• Field 1: 0 = full roof, 1 = slope, 2 = squares, 3 = minimum charge • Field 2: enter number of squares

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ROOF PROCESS OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Average level of customer service satisfaction
Purpose	To measure if the process favorably impacts customers service
Baseline	Yes
Sample	50% of roof claims
Calculation	Total number of satisfied customers/total number of responses
Source	Customer survey
Methodology	• CCPR team will create and administer a mailed customer survey • Survey will be administered to CWAs and CWP's
Data input	Enter number of satisfied customers

Measurement	Overall reinspection percent economic opportunity
Purpose	To determine accuracy in proper damage evaluation
Baseline	No
Sample	50% of roof claims
Calculation	Total reinspection opportunity dollars/total number of roof claims reinspected
Source	Reinspections on 50% repaired roofs and 50% replaced roofs
Methodology	Opportunity dollars based on revised reinspection form
Data input	Enter dollar amount of estimate, dollar amount of opportunity

ROOF PROCESS OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Closed claim cost
Purpose	To measure process effectiveness in reducing closed claim costs
Baseline	Yes
Sample	100% roof claim files
Calculation	Total paid on roof claims/total roof claims
Source	File review
Methodology	Total paid includes expenses paid on independents and amount paid on roof damage
Data input	Enter dollar amount of loss and dollar amount of expense

Measurement	Percent CWA vs. CWP
Purpose	To measure the process effectiveness of determining no covered damage claims
Baseline	Yes
Sample	100% roof claim files
Calculation	Number of roof claims with payment/total number of roof claims
Source	File review
Methodology	Check file to see if claim was paid
Data input	Enter dollar amount of loss

ROOF PROCESS COMPLIANCE MEASUREMENTS

Measurement	Percent claims where adjuster got on the roof
Purpose	To measure the compliance of adjuster getting on the roof
Baseline	No
Sample	100%
Calculation	Number of claims where adjuster got on the roof/total roof claims
Source	Process scorecard and roof assessment condition report
Methodology	• Check roof condition worksheet to see if adjuster got on roof • Check photos from top of roof to verify
Data Input	1=yes, 0=no

Measurement	Percent claims where contact made within 24 hours
Purpose	To measure compliance with initial service call requirements
Baseline	No
Sample	100%
Calculation	Number of claims with 24-hour contact/total number of claims
Source	Process scorecard; customer survey
Methodology	• Check timing from process scorecard • Spot-check using customer survey
Data Input	1=yes, 0=no

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ROOF PROCESS COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent claims where adjuster takes proper photos
Purpose	To measure the number of times photos are taken properly
Baseline	No
Sample	100%
Calculation	Number of claims with proper photos/total number of roof claims
Source	File review
Methodology	Examine file photos. The definition of a proper photo is 1 photo of the front of the home, 1 photo of each damaged slope, and a close-up of damaged area
Data input	1-yes, 0-no

Measurement	Percent claims with test area marked off and identified or missing shingles counted
Purpose	To measure the number of times a test area is marked off and a count of missing or damaged shingles is documented
Baseline	No
Sample	100%
Calculation	Number of claims with test area marked/total roof claims
Source	Process scorecard
Methodology	Track off the process scorecard. Test area is defined as a 10 X 10 square of roof
Data input	1-yes, 0-no

ROOF PROCESS COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent claims with roof assessment report properly completed
Purpose	To measure the number of times the roof assessment report form is properly completed
Baseline	No
Sample	100%
Calculation	Number of roof claims with assessment report/total number of roof claims
Source	File review
Methodology	• Review roof assessment report • Check to see that all parts of report completed • Check for consistency with estimate and photos
Data input	1=yes, 0=no

Measurement	Percent claims where customer follow up contact guidelines have been met
Purpose	To measure the number of times a follow-up service call was made to the customer, within 24 hours of the completion of the estimate
Baseline	No
Sample	100%
Calculation	Number of roof claims with follow-up service call completed within 24 hours/total number of roof claims
Source	Process scorecard
Methodology	Track off the process scorecard
Data input	1=yes, 0=no

ROOF PROCESS COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent claims that ACCUPRO was utilized
Purpose	To measure the percent of claims that an ACCUPRO estimate was created
Baseline	Yes
Sample	100% in field test
Calculation	Number of claims with ACCUPRO used/total number of roof claims
Source	File review
Methodology	Check file for ACCUPRO estimate
Data input	1=yes, 0=no

Measurement	Percent claims where ACCUPRO was used at the loss site
Purpose	To determine the value of preparing an ACCUPRO at loss site
Baseline	No
Sample	50% of losses
Calculation	Number of roof claims with ACCUPRO written at loss site/total number of roof claims
Source	Process scorecard and survey of customers home at the time of inspection
Methodology	To measure how many times the estimate was prepared at the loss site through customer surveys
Data input	1=yes, 0=no

ROOF PROCESS EFFECTIVENESS MEASUREMENTS

Measure	Customer satisfaction level vs. contact time
Issue	What is the optimal requirement for contact after notice date?
Baseline	No
Sample	100%
Calculation	Number of customers satisfied within each segment/number of claims within each segment
Source	Customer surveys and focus groups (if necessary)
Methodology	Segment claims by contact time (e.g., same day, next day) measure number of satisfied customers within each segment
Data Input	Enter number of days contact after date of notice

Measure	Customer satisfaction levels vs. to inspection time
Issue	What is the optimal time for inspection from date of report?
Baseline	No
Sample	100%
Calculation	Number of customers satisfied within each segment/number of claims within each segment
Source	Customer surveys and focus groups (if necessary)
Methodology	Segment claims by number of days from report to inspection. Measure number of satisfied customers within each segment
Data Input	Enter number of days to field inspection

ROOF PROCESS EFFECTIVENESS MEASUREMENTS (CONTINUED)

Measure	Customer satisfaction levels for the follow-up service call
Issue	What is the optimal contact time for the follow-up service call?
Baseline	No
Sample	100%
Calculation	Number of customers satisfied within each segment/number of claims within each segment
Source	Customer surveys and focus groups (if necessary)
Methodology	Segment claims by length of time for follow-up service call. Measure number of satisfied customers in each segment
Data input	Number of satisfied customers, number of days from inspection to follow-up phone call

Measure	Calibration
Issue	Is the roof damage identification and repair methods training effective?
Baseline	No
Sample	All adjusters and managers involved in the roof process
Calculation	Percent proper identification of noncovered damage, percent proper use of the difficulty to repair factor, percent proper use of the analytical tools
Source	Roof assessment and condition report, roof scoping worksheet
Methodology	Calibration test midway and at end of test. Score use of roof assessment and condition report as well as scoping worksheet
Data input	Number of adjusters and managers calibrated, number of satisfactory results in each category

ROOF PROCESS EFFECTIVENESS MEASUREMENTS (CONTINUED)

Measure	Average time to execute roof process, perform proper scope, perform on-site ACCUPRO estimate
Issue	How long does the roof process take and can it be applied to catastrophe handling?
Baseline	No
Sample	Minimum of 10 roof claims per adjuster
Calculation	Average time to complete the roof process
Source	Time studies
Methodology	Time studies of adjusters and adjuster shadows
Data input	Number of roof losses, total

Measure	Compare outcome results on independent handled claims to Allstate results
Issue	How effective are independent adjusters with the roof process?
Baseline	No
Sample	100%
Calculation	Independent adjuster results on all outcome measurements, including severity, percent roofs replaced, reinspection percent, closed claim costs
Source	Reinspections, compliance scorecards, CFRs
Methodology	Segment claims by MOI; compare outcome results to Allstate adjusters
Data input	Enter dollar amounts, number of roof losses with process compliance

ROOF PROCESS EFFECTIVENESS MEASUREMENTS (CONTINUED)

Measure	Reinspect to determine roofs that require replacement are being repaired
Issue	Are adjusters making proper repair vs. replace decisions?
Baseline	No
Sample	50%
Calculation	Number of times a repaired roof should be replaced/number of repairs
Source	Reinspections
Methodology	Reinspect for proper decision using revised reinspection form
Data input	1 = yes, 2 = no

Measure	Impact of roof process for repairs, denials, and ACV payments on customer service levels
Issue	How is customer service impacted by the roof process?
Baseline	No
Sample	100%
Calculation	Number of customers satisfied within each segment/number of repaired roof claims. Same for denials and for ACV payments
Source	Customer service surveys, either telephone or mail
Methodology	Segment by category; repair, denial, ACV measure number of satisfied customers within each segment
Data input	Number of satisfied customers/total customers contacted

ROOF PROCESS EFFECTIVENESS MEASUREMENTS (CONTINUED)

Measure	Determine whether adjusters and UCMs are allocating sufficient time to process so effective test can be accomplished
Issue	Is there enough time to complete roof process and all other duties?
Baseline	No
Sample	2 days per week over the 1st 3 weeks
Calculation	Total time out of process/total time available
Source	Time studies of adjusters and unit claim manager
Methodology	Measure all activities through time studies and shadows
Data input	Number of hours out of process and number of hours available

Measure	Determine what supplements require reinspection due to disputed damage and to FRC payments
Issue	What supplements should be reinspected?
Baseline	No
Sample	100% of supplements
Calculation	Reinspection percent of FRC supplements/number of FRC supplements; reinspection percent of disputed damage supplements/number of disputed damage supplements
Source	Track through dispatch. Reinspection form to track percent
Methodology	Identify type of supplement in dispatch. Reinspection of supplements to determine if proper payments for both FRC payments and disputed damage claims; economic threshold will be determined
Data input	Number of supplements per category, dollars of supplements per category, was supplement reinspected? 1 = yes, 0 = no

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H000001707

GLOSSARY OF HOMEOWNERS CCPR MEASUREMENTS

- Roof
- Fire
- Contents

FIRE PROCESS OUTCOME MEASUREMENTS

Measurement	Average dwelling fire severity
Purpose	To measure fire process success in reducing fire severity
Baseline	Yes
Sample	100%
Calculation	Total dwelling fire dollars paid/number of fire claims
Source	File review
Methodology	Total dwelling dollars paid; should not include dollars paid on contents, ALE, or expense
Data input	Enter dollar amount

Measurement	Percent customer satisfaction
Purpose	To determine whether the fire process adversely or positively impacts customer service
Baseline	Yes
Sample	100%
Calculation	Total fire claims with 5 rating/total number of fire surveys
Source	Audit of ICSS results for each file
Methodology	Customer satisfaction rating on fire claims
Data input	File rating

FIRE PROCESS OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent of dwelling cleaning dollars vs. total dollars paid
Purpose	To determine whether fire process is impacting dwelling cleaning
Baseline	Yes
Sample	100%
Calculation	Dwelling cleaning dollars paid/total dwelling dollars paid
Source	File audit
Methodology	Dwelling cleaning dollars paid; should not include contents cleaning
Data input	Enter dollars paid on cleaning

Measurement	Percent of files with dwelling cleaning involved
Purpose	To determine whether fire process is increasing dwelling cleaning
Baseline	Yes
Sample	100%
Calculation	Number of files with dwelling cleaning/total number of dwelling claims
Source	File audit
Methodology	Claims involving dwelling cleaning; should not include claims with only contents cleaning
Data input	1 = yes; 0 = no

FIRE PROCESS OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent of files with alternative repair allowances
Purpose	To determine whether fire process is increasing alternative repair allowances
Baseline	Yes
Sample	100%
Calculation	Number of files with alternative repair allowances/total number of files
Source	File audit
Methodology	Examine estimate to determine whether there was an alternative repair allowance
Data input	1 = yes, 0 = no

Measurement	Percent of dollar savings from alternative repair allowances
Purpose	To determine whether fire process is increasing dollar savings from alternative repair allowances
Baseline	No
Sample	100%
Calculation	Dollar savings from alternative repair allowance/replacement dollars
Source	File audit
Methodology	Alternative repair allowance dollars paid on dwelling; projected replacement dollars on alternative repair allowance dwelling item
Data input	Enter dollars paid, enter projected dollars

FIRE PROCESS OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent of claims with repairs on flooring
Purpose	To determine whether fire process is increasing repairs on flooring
Baseline	Yes
Sample	100%
Calculation	Number of claims with payments for floor repairs/number of claims with payments for flooring
Source	File audit
Methodology	Claims with amount paid on flooring; claims with amount paid for floor repair
Data input	Field 1: 1 = Floor was paid, 0 = No flooring involved Field 2: 1 = Flooring cleaned/repaired, 0 = Floor not cleaned/repaired

Measurement	Percent of claims with repairs on drywall
Purpose	To determine whether fire process is increasing repairs to drywall
Baseline	Yes
Sample	100%
Calculation	Number of claims with payments for drywall repairs/number of claims with payments for drywall
Source	File audit
Methodology	Claims with amount paid for drywall; claims with amount paid for drywall repair
Data input	Field 1: 1 = Drywall paid, 0 = No drywall involved Field 2: 1 = Drywall cleaned/repaired, 0 = Drywall not cleaned/repaired

FIRE PROCESS OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent of claims with repairs on cabinet
Purpose	To determine whether fire process is increasing repairs on cabinets
Baseline	Yes
Sample	100%
Calculation	Number of claims with payments for cabinet repairs/number of claims with payments for cabinets
Source	File audit
Methodology	Claims with payment for cabinet; claims with payment for cabinet repairs
Data input	1 = yes, 0 = no

Measurement	Percent of dollars saved by deducting overlap
Purpose	To determine whether fire process is increasing dollars saved by requiring deductions for overlap
Baseline	No
Sample	100%
Calculation	Dollars saved by deducting overlap/dollars on areas where overlap applies
Source	File audit
Methodology	• Identify wall(s) where deductions for overlap were taken (an overlap is an opening or a change in finishing material, i.e., painted wall and panel wall in 1 room) • Determine the area of the wall(s) • Determine the cost of cleaning, repairing, or replacing the wall • Determine the area of overlap • To calculate dollars saved by deducting overlap, multiply area of overlap by the cost of cleaning, repairing, or replacing wall (unit cost) • To calculate the dollars on area where overlap applies, multiply area by the cost of cleaning, repairing, or replacing the wall (unit cost)
Data input	• Enter saved dollar amount for reducing overlap • Enter dollar amount on area where overlap applies

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FIRE PROCESS OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Average specialty trade payment (electrical, plumbing, HVAC)
Purpose	To determine whether fire process is positively affecting specialty trade payments
Baseline	Yes
Sample	100%
Calculation	Specialty trade dollars paid/number of claims involving specialty trades
Source	File audit
Methodology	• Specialty trades include electrical, plumbing, and HVAC • Claims with payments for specialty trades • Specialty trade dollars paid
Data input	• Enter dollars paid for specialty trades • 1 = yes for claims involving specialty trades, 0 = no specialty trade involved

Measurement	Percent of subro file submissions
Purpose	To determine whether fire process is increasing number of file submissions to subrogation
Baseline	Yes
Sample	100%
Calculation	Number of subro submissions/number of fire files
Source	MCO subro report
Methodology	Fire files submitted to subro
Data input	1 = yes, 0 = no

FIRE PROCESS OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent of subro file rejections
Purpose	To determine whether fire process is reducing the number of subro rejections
Baseline	Yes
Sample	100%
Calculation	Number of rejections/number of submissions
Source	Reject list review (MCO log sheet)
Methodology	Fire files rejected from subro
Data input	1 = yes, 0 = no

Measurement	Percent of subro dollars collected to dollars paid
Purpose	To determine whether fire process is increasing the subro dollars collected
Baseline	Yes
Sample	100%
Calculation	Total dollars collected on subro/total dollars paid
Source	File transaction review
Methodology	Dollars collected on fire subro files
Data input	Enter dollar amount

FIRE PROCESS COMPLIANCE MEASUREMENTS

Measurement	Percent of files meeting process compliance
Purpose	To determine extent of fire process compliance
Baseline	No
Sample	100%
Calculation	Number of files meeting process compliance/total number of files
Source	File audit
Methodology	Adjuster must be in compliance with all scorecard categories for the file to be in compliance
Data input	1 = yes, 0 = no

Measurement	Percent of dollars paid by lump sum
Purpose	To determine whether fire process is eliminating dollars paid by lump sum on specialty trades
Baseline	Yes
Sample	100%
Calculation	Dollars paid by lump sum on specialty trades/total dollar paid on specialty trades
Source	File audit
Methodology	• Examine estimate and determine if money was paid on a specialty trade • Determine whether bid was lump sum or itemized
Data input	Field 1: dollars paid on specialty trade Field 2: 1 = lump sum, 0 = itemized

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FIRE PROCESS COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent of times causation worksheet completed by adjuster
Purpose	To increase subro potential on a claim by gathering appropriate information up front
Baseline	No
Sample	100%
Calculation	Number of claims with worksheet completed by adjuster/number of claims with subro potential
Source	File audit and ride alongs
Methodology	• Check subro decision guide to determine if claim had subro potential • Determine if causation worksheet was completed • Compliance is achieved when adjuster fills out all items on the worksheet
Data input	1 = yes, 0 = no

Measurement	Percent of files with R/S taken when required
Purpose	To permanently document information from insured to aid in our subrogation case
Baseline	No
Sample	100%
Calculation	Number of files with R/S taken when required/number of files with R/S required
Source	File audit
Methodology	• Check causation worksheet to determine if recorded statement was required • Determine if recorded statement was taken
Data input	1 = yes, 0 = no

FIRE PROCESS COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent of files when diagram worksheet is completed appropriately
Purpose	To increase adjuster's accuracy when preparing estimate by noting openings, measurements, and material type
Baseline	No
Sample	100%
Calculation	Number of files with diagram worksheet completed appropriately/number of files with wall, ceiling, roof, or floor damage
Source	File audit
Methodology	• Determine if diagram worksheet is required on claim • Diagram worksheet should be completed when damage areas include walls, ceiling floor, or roof • Determine if diagram worksheet was completed appropriately • Appropriately is defined as noting all significant room features affecting damage repairs, i.e., opening, cabinets, appliance, and fixtures • Material type of damage area • All measurements necessary to prepare accurate estimate
Data Input	1 = yes, 0 = no

Measurement	Percent of files where additional inspection is completed when required
Purpose	To insure additional inspection is done in specific situations to control dollar opportunity and enhance customer service
Baseline	No
Sample	100%
Calculation	Number of files with additional inspections done when required/number of files where additional inspection was required
Source	File audit
Methodology	Determine if additional inspection was done when required Review claim file for indicators that trigger an additional inspection
Data Input	1 = yes, 0 = no

FIRE PROCESS COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent of files where interview guide is completed when required
Purpose	To gather proper information from insured to develop and strengthen the subro case
Baseline	No
Sample	100%
Calculation	Number of files with interview guide completed when required/number of files where interview was required
Source	File audit
Methodology	• Check subrogation decision guide to determine if interview was required • Determine if interview guide was completed • Compliance is achieved when all blanks are filled in on appropriate interview guide
Data Input	1 = yes, 0 = no

Measurement	Percent of files with summary screen completed when required
Purpose	To recap key interview information for national subro
Baseline	No
Sample	100%
Calculation	Number of files with summary screen completed when interview is taken/number of files where summary screen was required
Source	File audit
Methodology	• If interview was taken, then interview summary screen should be completed • Determine if interview summary screen was completed • Compliance is achieved when all questions are answered or noted not applicable
Data Input	1 = yes, 0 = no

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FIRE PROCESS COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent of files with trade template completed when required
Purpose	To increase usage of repair techniques
Baseline	No
Sample	100%
Calculation	Number of files with trade templates completed/number of files involving cabinet, flooring, or drywall damages
Source	File audit
Methodology	• Determine if claim involves cabinets, flooring, drywall • Determine if trade template was completed • Compliance is achieved when all required areas on form are completed and all trades involved on claim have a completed template
Data input	1 = yes, 2 = no

Measurement	Percent of files where cleaning template was completed when required
Purpose	To increase usage of cleaning on claims and document reasons items are not cleaned or require further repairs
Baseline	No
Sample	100%
Calculation	Number of files where cleaning template was completed/number of files involving cleaning
Source	File audit
Methodology	• Determine if claim involves or should have involved cleaning • Determine if template was completed • Compliance is achieved when all items involving cleaning are fully documents
Data Input	1 = yes, 2 = no

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FIRE PROCESS COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent of files with overlap deducted
Purpose	To increase accuracy when preparing estimate and reduce dollar opportunity by deducting overlap
Baseline	No
Sample	100%
Calculation	Number of files with overlap deducted/total files where overlap should be deducted
Source	File audit
Methodology	• Determine if claim has overlays or openings by examining diagram worksheet • Overlays are multiple tear out, demolition, or install operations that exist for the same item • Openings are windows, doors, archways, cabinets, etc. • Determine if overlays and/or openings were deducted • Compliance is achieved when all overlays and/or openings are deducted in a file
Data input	1 = yes, 2 = no

FIRE PROCESS EFFECTIVENESS MEASUREMENTS

Measurement	Percent of files with expert involvement
Issue	Was expert involved in claim?
Baseline	No
Source	File review
Methodology	Claims with expert involvement
Calculation	Number of files with expert involvement/number of fire files
Data input	1 = yes, 2 = no

Measurement	Percent of files identified in categories
Issue	Are categories listed on the Subro Decision Guide the proper type to identify subro potential?
Baseline	No
Source	File review
Methodology	Determine if cause of fire is identified in categories lists
Calculation	Number of files identified in categories/total number of fire files
Data input	1 = yes, 2 = no

FIRE PROCESS EFFECTIVENESS MEASUREMENTS (CONTINUED)

Measurement	Average time to complete each item on Causation Worksheet
Issue	Is Causation Worksheet time efficient?
Baseline	No
Source	Time study
Methodology	• Determine if causation worksheet was used (by observation of adjuster) • Record length of time taken to complete each item on causation worksheet
Calculation	Total time to complete each item on worksheet/number of files where causation worksheet was used
Data input	Minutes taken to complete each item on causation worksheet

Measurement	Percent of files with proper expert involvement
Issue	Is the proper expert being involved?
Baseline	No
Source	File review
Methodology	• Check C&O/expert involvement template to determine if expert was involved in claim • Review file and expert resource guide to determine type of expert involved • Review file and C&O/expert involvement template to determine if proper expert was involved
Calculation	Number of files with proper expert involvement/number of files with expert involvement
Data input	1 = yes, 2 = no

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H000001722

FIRE PROCESS EFFECTIVENESS MEASUREMENTS (CONTINUED)

Measurement	Percent of cleaning dollars later replaced
Issue	Is cleaning template/cleaning guide guiding the proper cleaning decisions?
Baseline	No
Source	File review
Methodology	• Check cleaning template to determine if cleaning was involved in claim • Review estimate to determine what was cleaned • Review estimate(s) and file to determine what was cleaned and later replaced • Calculate dollars paid for cleaning of items which were later replaced
Calculation	Cleaning dollars later replaced/total cleaning dollars
Data input	• Enter amount for total cleaning dollars paid • Enter amount for cleaning dollars paid on items which were later replaced

Measurement	Percent of repair techniques within template
Issue	Are trade templates guiding the proper repair techniques?
Baseline	No
Source	File review
Methodology	• Determine if claim involves cabinets, flooring, and/or drywall damages • Review template to verify – Type of damage sustained – Repair technique used – Preferred repair techniques for damage sustained • Determine if repair technique used is one of the preferred repair techniques for damage sustained
Calculation	Number of repairs within template/total number of repairs where template applies
Data input	1 = yes, 2 = no

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FIRE PROCESS EFFECTIVENESS MEASUREMENTS (CONTINUED)

Measurement	Percent customer satisfaction with recorded statement vs. no recorded statement
Issue	What is the effect of a recorded statement on customer service?
Baseline	No
Source	ICSS survey
Methodology	• Review claim files with customer satisfaction survey to determine if recorded statement was taken • Review surveys on those files where recorded statement was take and count the number of completely satisfied customers (surveys with 5 rating) • Count number of surveys where customer is completely satisfied (surveys with 5 rating) • Count total number of surveys
Calculation	Number of completely satisfied with recorded statement/number of surveys with recorded statements vs. Number of completely satisfied/total number of surveys
Data input	1 = yes, 2 = no

Measurement	Percent of additional inspections identified by categories
Issue	Are we tracking the appropriate reasons for additional inspections?
Baseline	No
Source	File review
Methodology	• Determine if additional inspection on file was done – check on customer follow-up dispatch chart • Review chart to identify files where reason for additional inspections was in listed categories
Calculation	Number of files identified in categories/number of files with additional inspections
Data Input	1 = yes, 2 = no

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H000001724

GLOSSARY OF HOMEOWNERS CCPR MEASUREMENTS

- Roof

- Fire

- Contents

CONTENTS – PROCESS-OUTCOME MEASUREMENTS

Measurement	Percent missed inside limits
Purpose	To identify the frequency with which we do not properly apply inside limits
Baseline	Yes
Sample	100%
Calculation	Total number missed limits/total limits reviewed
Source	File audit
Methodology	• Review theft files in which inside policy limits were or should have been applied • Compare the number of mishandled limits to the total number of limits reviewed
Data input	• Field 1: total number of missed limits; number • Field 2: total limits reviewed; number • Field 3: Policy provision compliance; 1 = yes, 2 = no

Measurement	
Purpose	Average severity of a CWA theft claim
Baseline	Yes
Sample	100%
Calculation	Total dollars paid for perils 17, 18, 59/total number of CWA theft claims
Source	File audit
Methodology	Obtain the average severity of a CWA for perils 17, 18, 59
Data input	• Field 1: total dollars PD for perils 17, 18, and 59; dollars • Field 2: total number of CWA theft claims; number

CONTENTS – PROCESS-OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent ACV settlements
Purpose	To determine the frequency of ACV theft settlements
Baseline	Yes
Sample	100%
Calculation	Total number ACV initial settlements/total number files reviewed
Source	File audit
Methodology	• Review theft files to determine if initial settlement was made at ACV or FRC • Compare total ACV initial settlement to total files reviewed
Data input	• Field 1: total number ACV initial settlements; number • Field 2: total number files reviewed; number

Measurement	Percent insured priced losses
Purpose	To determine the frequency of settlements based on insured's submitted pricing
Baseline	Yes
Sample	100%
Calculation	Total number items priced by insured/total number items reviewed
Source	File audit
Methodology	• Review theft files to determine if the FRC of stolen items matches that submitted by the insured • Compare the number of items priced by the insured to the total items reviewed
Data input	• Field 1: total number items priced by insured; number • Field 2: total number items reviewed; number • Field 3: compliance of pricing; 1 = yes, 2 = no

CONTENTS – PROCESS-OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent inventoried by insured
Purpose	To measure the frequency with which the adjuster relies solely on an inventory list submitted by the insured to settle a loss
Baseline	Yes
Sample	100%
Calculation	Number of files settled based on insureds list/total number of files reviewed
Source	File audit
Methodology	• Review theft files to see if the loss inventory was based on a list submitted by the insured • Compare the number of files settled based on the insureds inventory list to the total files reviewed
Data input	• Field 1: insured settled files; number • Field 2: number files reviewed; number

Measurement	Percent customer complaints
Purpose	To identify problem areas (delays, denials)
Baseline	Yes
Sample	100%
Calculation	Total number of complaints/total number closed theft claims (CWA + CWP)
Source	Complaint tracking tool
Methodology	• Track customer complaints using complaint tally sheet • Identify reason for complaint and mark tally sheet accordingly
Data input	• Field 1: total number of complaints; number • Field 2: total number of closed theft claims; number

CONTENTS – PROCESS-OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent average depreciation
Purpose	To determine the average percent depreciation of stolen items
Baseline	Yes
Sample	100%
Calculation	Total depreciation/total FRC dollars
Source	File audit
Methodology	• Review theft files • Record total depreciation and the FRC for all items
Data Input	• Field 1: total depreciation; dollars • Field 2: total FRC dollars; dollars

Measurement	Percent on-site visits
Purpose	To measure the frequency of field visits to theft loss site
Baseline	Yes
Sample	100%
Calculation	Total no. of claims with a field visit/total no. of claims reviewed
Source	File audit
Methodology	• Review theft files to see if the claim rep visited the loss site • Compare the no. of claims with a field visit to the total no. reviewed
Data Input	• Field 1: no. of claims with field visit; number • Field 2: no. of claims reviewed; number

CONTENTS – PROCESS-OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent recorded statements
Purpose	To measure the frequency of taking a recorded statement
Baseline	Yes
Sample	100%
Calculation	Total claims with a statement/total claims reviewed
Source	File audit
Methodology	• Review files to see if a recorded statement was taken • Compare the number of files with statements to the total files reviewed
Data input	• Field 1: claims with statement; number • Field 2: total claims reviewed; number

Measurement	Percent SIU transfers
Purpose	to determine the frequency of SIU intervention of theft losses
Baseline	Yes
Sample	100%
Calculation	No. of files transferred to SIU/no. of files for peril 17, 18, 59 opened
Source	File audit
Methodology	• Number of theft filed opened during the year – perils 17, 18, 59 • Compare the number of files transferred to the local SIU to the total files opened
Data input	• Field 1: no. of files to SIU; number • Field 2: no. of files opened; number • Field 3: SIU compliance; 1 = yes, 2 = no

CONTENTS – PROCESS-OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent clean/repair dollars
Purpose	To measure the percent of clean/repair dollars (FRC)
Baseline	Yes
Sample	100%
Calculation	Total dollars paid for clean/repair items/total contents (FRC) dollars paid
Source	File audit
Methodology	• Review fire files to determine clean repair dollars • Compare total contents dollars paid (includes replacement)
Data input	• Field 1: total clean/repair dollars; dollars • Field 2: total contents dollars paid; dollars

Measurement	Percent replacement dollars
Purpose	To measure percent of contents replaced
Baseline	Yes
Sample	100%
Calculation	Total replacement dollars/total contents dollars paid
Source	File audit
Methodology	• Review total replacement dollars paid • Review total contents dollars paid
Data input	• Field 1: total replacement dollars; dollars • Field 2: total contents dollars; dollars

CONTENTS – PROCESS-OUTCOME MEASUREMENTS (CONTINUED)

Measurement	Percent files with cleaning/repairing
Purpose	To measure frequency of cleaning and repairing done on in-sight contents losses
Baseline	Yes
Sample	100%
Calculation	Total claims with cleaning or repairing done/total claims reviewed
Source	File audit
Methodology	• Review file to see if cleaning or repairing took place • Compare the number of files with cleaning and repairing to total files reviewed
Data input	• Field 1: number of items that were cleaned or repaired; number • Field 2: total number of items; number

Measurement	Percent of files with FRC payback
Purpose	To determine percent of files which the insured applied for, and received, any portion of FRC holdback funds
Baseline	Yes
Sample	100%
Calculation	No. FRC payback files/total no. files reviewed
Source	File audit
Methodology	• Review files where FRC money was withheld • Determine how often the insured claimed and received any of the holdback to the total files reviewed
Data input	• Field 1 – No. FRC payback files, number • Field 2 – Total files reviewed, number

CONTENTS – PROCESS-COMPLIANCE MEASUREMENTS

Measurement	Percent field inspection checklists properly completed
Purpose	To measure compliance of files with properly executed in sight and out of sight checklists
Baseline	No
Sample	100%
Calculation	All files with properly completed checklists/all files with field inspections completed
Source	File audit
Methodology	• Review loss with completed field inspection • Verify if checklist is executed properly based on file content
Data input	• Field 1: field inspection completed; 1 = yes, 2 = no • Field 2: checklists properly completed; 1 = yes, 2 = no

Measurement	Percent items depreciated
Purpose	To measure depreciation compliance on all qualified line items for in-/out-of-sight contents losses
Baseline	Yes
Sample	100%
Calculation	All items that were depreciated/all items that qualified for depreciation
Source	File audit
Methodology	1. Review PEC worksheet or FC147 in contents loss file 2. For each item that qualifies, verify if adjuster applied depreciation
Data input	• Field 1: no. of items depreciated; number • Field 2: no. of depreciable items; number • Field 3: Compliance; 1 = yes; 2 = no

CONTENTS -- PROCESS-COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent items priced
Purpose	To measure compliance on the pricing of all items by adjuster for in-/out-of-sight contents losses
Baseline	Yes
Sample	100%
Calculation	Total items priced/total items claimed
Source	File audit
Methodology	1. Review PEC or FC147 worksheet in contents loss file 2. Verify that each item claimed was priced by adjuster
Data Input	• Field 1: items claimed by insured; number • Field 2: item priced by adjuster; number • Field 3: item priced in compliance; 1 = yes, 2 = no

Measurement	Percent SIU indicators recognized
Purpose	To measure compliance of recognition of SIU indicators for in-/out-of-sight losses
Baseline	No
Sample	100%
Calculation	All files with properly completed worksheets/all files with at least 1 indicator
Source	File audit
Methodology	1. Review applicable SIU scorecard and loss facts in contents file 2. Verify all applicable indicators are accounted for on scorecard
Data Input	Field 1 – Indicator present; 1 = yes, 2 = no Field 2 – Worksheet properly completed; 1 = yes, 2 = no

CONTENTS – PROCESS-COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent recorded statements taken where appropriate
Purpose	To measure the compliance to recorded statement guidelines on in-/out-of-sight contents losses
Baseline	No
Sample	100%
Calculation	Total no. of files where R/S was taken/total no. of files where R/S was necessary
Source	File audit
Methodology	1. Review loss facts and R/S guidelines in contents loss file 2. Verify if loss facts meet threshold for R/S 3. Verify if R/S was completed
Data input	• Field 1: R/S needed; 1 = yes, 2 = no • Field 2: R/S in file; 1 = yes, 2 = no

Measurement	Percent property completed clean/repair worksheets
Purpose	To measure compliance of properly completed clean/repair worksheets for in-sight contents losses
Baseline	No
Sample	100%
Calculation	Properly completed worksheets/all in-sight contents files
Source	File audit
Methodology	1. Review C/R worksheet and file diary/documents 2. Verify if worksheet executed properly based on file content
Data input	• Field 1: in-sight contents loss; 1 = yes, 2 = no • Field 2: worksheet property completed; 1 = yes, 2 = no

CONTENTS – PROCESS-COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent field inspections done when needed
Purpose	To measure the compliance of field inspections on in-/out-of-sight contents losses
Baseline	No
Sample	100%
Calculation	All files where field inspection done / all files where field inspection needed
Source	File audit
Methodology	• Review field inspection scorecard and loss facts in contents file • Verify if scorecard completion meets threshold for a field inspection
Data input	• Field 1: field inspection needed; 1 = yes, 2 = no • Field 2: field inspection completed; 1 = yes, 2 = no

Measurement	Percent SIU file transfers completed when needed
Purpose	To measure compliance of SIU file transfers for in- and out-of-sight contents losses
Baseline	No
Sample	100%
Calculation	All files where SIU transfer completed / all files where SIU transfer needed
Source	File audit
Methodology	• Review SIU scorecard and file content in contents loss • Verify if threshold met, file was transferred to SIU
Data input	• Field 1: SIU transfer needed; 1 = yes, 2 = no • Field 2: SIU transfer completed; 1 = yes, 2 = no

CONTENTS – PROCESS-COMPLIANCE MEASUREMENTS (CONTINUED)

Measurement	Percent files with field inspection indicators recognized
Purpose	To measure recognition compliance of field inspection indicators for in-/out-of-sight contents loss
Baseline	No
Sample	100%
Calculation	All files with properly completed worksheets / all files with one or more indicators
Source	File audit
Methodology	• Review applicable field compliance worksheet and loss facts in file • Verify all applicable indicators are accounted for on worksheet
Data input	• Field 1: field indicator present; 1 = yes, 2 = no • Field 2: worksheet properly completed; 1 = yes; 2 = no

CONTENTS – PROCESS-EFFECTIVENESS MEASUREMENTS

Measurement	Percent of average items
Purpose	To determine the percent of items where the condition is categorized as average
Baseline	Yes
Sample	100%
Calculation	No. of items listed as average / total no. of items claimed
Source	File audit
Methodology	• Review inventory (PEC or FC 147) for no. of items categorized as average • Determine total no. of items on inventory
Data input	• Field 1: No. of items average; number • Field 2: total no. of items claimed; number

Measurement	Percent of below-average items
Purpose	To determine the percent of items where the condition is categorized as below average
Baseline	Yes
Sample	100%
Calculation	No. of items categorized as below average / total no. of items claimed
Source	File audit
Methodology	• Review inventory (PEC or FC 147) for no. of items listed as below average • Determine total no. of items on inventory
Data input	• Field 1: no. of items below average; number • Field 2: total no. of items; number

CONTENTS – PROCESS-EFFECTIVENESS MEASUREMENTS (CONTINUED)

Measurement	Percent of condition of items good
Purpose	To determine percentage of items where condition is categorized as good
Baseline	Yes
Sample	100%
Calculation	No. of items in good condition / no. of items claimed
Source	File audit
Methodology	• Review PEC or FC 147 in contents file • Verify no. of items categorized as in good condition
Data input	• Field 1: no. of items in good condition; number • Field 2: no. of items in file; number

Measurement	Percent of condition of items excellent
Purpose	To determine percentage of items where condition is categorized as excellent
Baseline	Yes
Sample	100%
Calculation	No. of items in excellent condition / no. of items claimed
Source	File audit
Methodology	• Review PEC or FC 147 in contents file • Verify no. of items categorized as excellent condition
Data input	• Field 1: items in excellent condition ; number • Field 2: no. of items in file; number

CONTENTS – PROCESS-EFFECTIVENESS MEASUREMENTS (CONTINUED)

Measurement	Percent of items without age
Purpose	To identify the frequency of items not marked with an age
Baseline	Yes
Sample	100%
Calculation	No. of items without age / total no. of items claimed
Source	File audit
Methodology	• Review inventory (PEC or FC 147) to determine missed age requirements • Total no. of items claimed on inventory (PEC or FC 147)
Data input	• Field 1: no. of items without age; number • Field 2: total no. of items claimed; number

Measurement	Percent usag, not identified
Purpose	To identify frequency usage was not filled out
Baseline	No
Sample	100%
Calculation	No. of times usage was not identified / total no. of items claimed
Source	File audit
Methodology	• Review inventory compliance worksheet for unidentified usage field • Total no. of items claimed on inventory
Data input	• Field 1: no. of unidentified usage; number • Field 2: total no. of claims on inventory; number

CONTENTS – PROCESS-EFFECTIVENESS MEASUREMENTS (CONTINUED)

Measurement	Percent of items where verification not obtained
Purpose	To determine percentage of items where verification was not obtained
Baseline	No
Sample	100%
Calculation	No. of items where verification not obtained / no. of items claimed
Source	File audit
Methodology	• Review PEC/FC 147 in contents file • Verify no. of items without verification in file
Data Input	• Field 1: no. of items without verification; number • Field 2: no. of items in file; number.

Measurement	Percent of items where physical location not verified
Purpose	To determine percentage of items where physical location not verified
Baseline	No
Sample	100%
Calculation	No. of items where physical location not verified / no. of items claimed
Source	File audit
Methodology	• Review PEC/FC 147 in contents file • Verify no. of items for which physical location not verified
Data Input	• Field 1: no. of items without physical location verification; number • Field 2: no. of items in file; number

Appendix – Homeowners CCPR Templates and Job Aids

ALLSTATE INSURANCE COMPANY

February 1997

APPENDIX – PROCESS TEMPLATES



- Roofs
- Fire
- Contents

R – 1

ROOF PREPARATION CHECKLIST**Preparation**

Clothing

- Soft sole shoes

Materials and equipment

- Ladder
- Chalk, tape measure (50 ft.), pitch card
- 35mm camera, binoculars
- Clipboard, roof worksheets, pen
- Beeper, cell phones/adapters
- IBM Think Pad/laptop/ACCUPRO
- Portable printer
- Access to ACCUPRO (inside only)
- Calculator
- Flashlight
- Door hangers

ROOF ASSESSMENT AND CONDITION REPORT

003047-038-Rmem/sbpCH

Objective -- to assist outside adjuster in identifying covered damage, tool to be used by managers in the reinspection press

1. Description of dwelling

- a. Number of stories _____
- b. Style of roof (e.g., hip/gable) _____
- c. Type of roof
(e.g., asphalt shingle/shake) _____
- d. Number of layers on existing roof _____

Asphalt shingles

- Foot traffic ☐
- Previous storm damage (if so, check client file or contact file handler) ☐
- Horizontal stress cracks ☐
- Blisters ☐
- Curled edges ☐
- Nail Pops ☐
- Diagonal patterns ☐
- Crazing or surface cracking ☐
- Embrittlement or hardening ☐
- Splices ☐
- Dark streaks ☐
- Deterioration 3 tabs wide ☐
- Large rounded areas where granules are compressed or crushed ☐

Other types of roofing

- Foot traffic ☐
- Previous storm damage ☐
- Deterioration ☐
- Defective product or installation ☐
- Other _____

2. Overall roof condition

- a. Age of roof _____
- b. Number of vents and type _____
- c. Evidence of previous repair
(describe and review client file or contact inside file handler for further information) _____
- d. Evidence of improper installation _____
- e. Evidence of previous damage
(indicate all that apply) _____

Wood shingles

- Knots ☐
- Case hardening ☐
- Insects ☐
- Animals ☐
- Deterioration ☐
- Improper use of fasteners ☐
- Failure to cull out defective shingles ☐
- Warping ☐
- Overdriving nails ☐
- Fungus and algae ☐
- Shrinkage ☐
- Use of nongalvanized fasteners ☐
- No ridge caps ☐

Characteristics of splits caused by the above

- Edges cannot be fit back together due to eroded edges ☐
- Weather splits are V-shaped from top to bottom ☐
- Weather splits exhibit the characteristic gray of aging in the split ☐
- Weather splits typically start at the butt (bottom) edge, then move upward (as a results, the split is always wider at the bottom than the top) ☐

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H000001745

ROOF ASSESSMENT AND CONDITION REPORT (CONTINUED)

003047-038-Rmem/sbpCH

3. Evidence of collateral storm damage (indicate all that apply)

- | | | | |
|----------------------|--------------------------|--|--------------------------|
| - Gutters | ☐ | - Fences/decks (bruised or damaged) | ☐ |
| - Broken windows | ☐ | - Oxidation removed from wood or aluminum siding with no dents | ☐ |
| - Car windshields | ☐ | - Lead flashing damage | ☐ |
| - Patio umbrella | ☐ | - Roof vents | ☐ |
| - Flowers and shrubs | ☐ | - Aluminum flashing damage | ☐ |
| - Fabric awnings | ☐ | - Refrigeration coils on A/C units | ☐ |
| - Pool covers | ☐ | - Other damage | ☐ |
| - Plastic toys | ☐ | | |

4. Covered storm damage? YES NO

Describe storm damage _____

5. Rate roof for difficulty-of-repair factor (circle one)

- 1.0** (0-50% depreciated)
1.5 (50-75% depreciated)
2.0 (75-100% depreciated)

6. I was on the roof YES NO

R - 5

H000001746

ROOF SCOPING WORKSHEET

003047-038-Rmem/sbpCH

Objective – to provide analytical tool for outside adjuster in evaluating appropriate settlement options

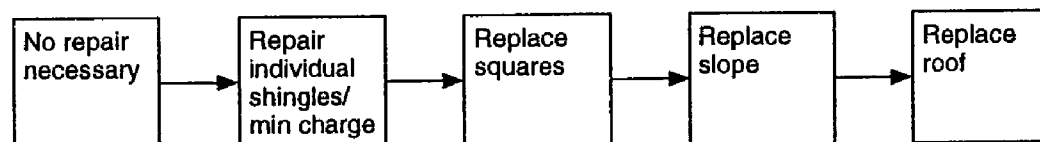
1. Diagram of roof

- Diagram whole roof include vents, etc.
- Measurements on all slopes
- Record number of damaged or missing shingles per test area

2. Analytical

- Damaged shingles per square _____
- Total number of roof squares _____
- Difficulty factor _____
- Cost per shingle to repair _____ x no. of squares = _____
- Cost per square to replace _____

3. Repair option (circle option chosen)



4. Basis for decision

R – 6

H000001747

ROOF REPAIR JOB AID – ILLUSTRATION ONLY

		Damage area	Other factors to consider
Repair individual shingles	if	• Less than 15 shingles, use minimum charge • Less than 26 shingles, use per shingle repair factor (i.e., \$8.00 per shingle)	• Color matching • Age of roof • Steepness of roof • Number of damage areas • Local regulations • Damage location on roof – edge vs. center of slope
Replace square	if	• More than 26 shingles, figure 1 square per damaged area up to 3 damaged areas	• Color matching • Age of roof • Steepness of roof • Number of damage areas • Local regulations
Replace slope	if	• More than 2 squares required per slope, replace whole slope	• Local regulations
Replace roof	if	• Combination of 2 or more slopes replacement and more than 3 additional damaged areas • Economically not feasible to repair	

Note: Guide values subject to test site verifications

R – 7

H000001747B

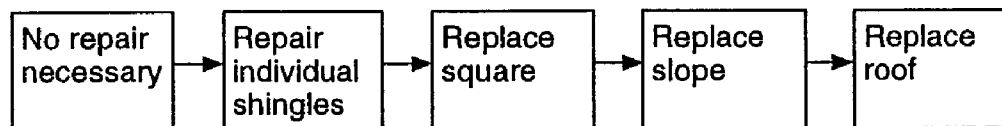
PROCESS SCORECARD – ROOF OUTSIDE ADJUSTER AND VENDORS

Objective – to provide a tool for managers to ensure process compliance

Adjuster _____
 CLM number _____
 Date of review _____
 Reviewer _____

Notice date _____
 Assign date _____
 Date of estimate _____

	Yes	No	N/A
1. Service call to customer, within 24 hours of assignment?	_____	_____	_____
2. Did adjuster get on roof?	_____	_____	_____
3. Are photos taken per inspection requirements?	_____	_____	_____
4. a. For hail losses, was test area marked off?	_____	_____	_____
b. For wind losses, were missing shingles counted?	_____	_____	_____
5. Roof assessment condition report completed?	_____	_____	_____
6. Was service contact after inspection completed?	_____	_____	_____
7. Was ACCUPRO or other mech estimate completed?	_____	_____	_____
Overall file compliance (must have all areas marked "yes" or "N/A")	_____	_____	_____



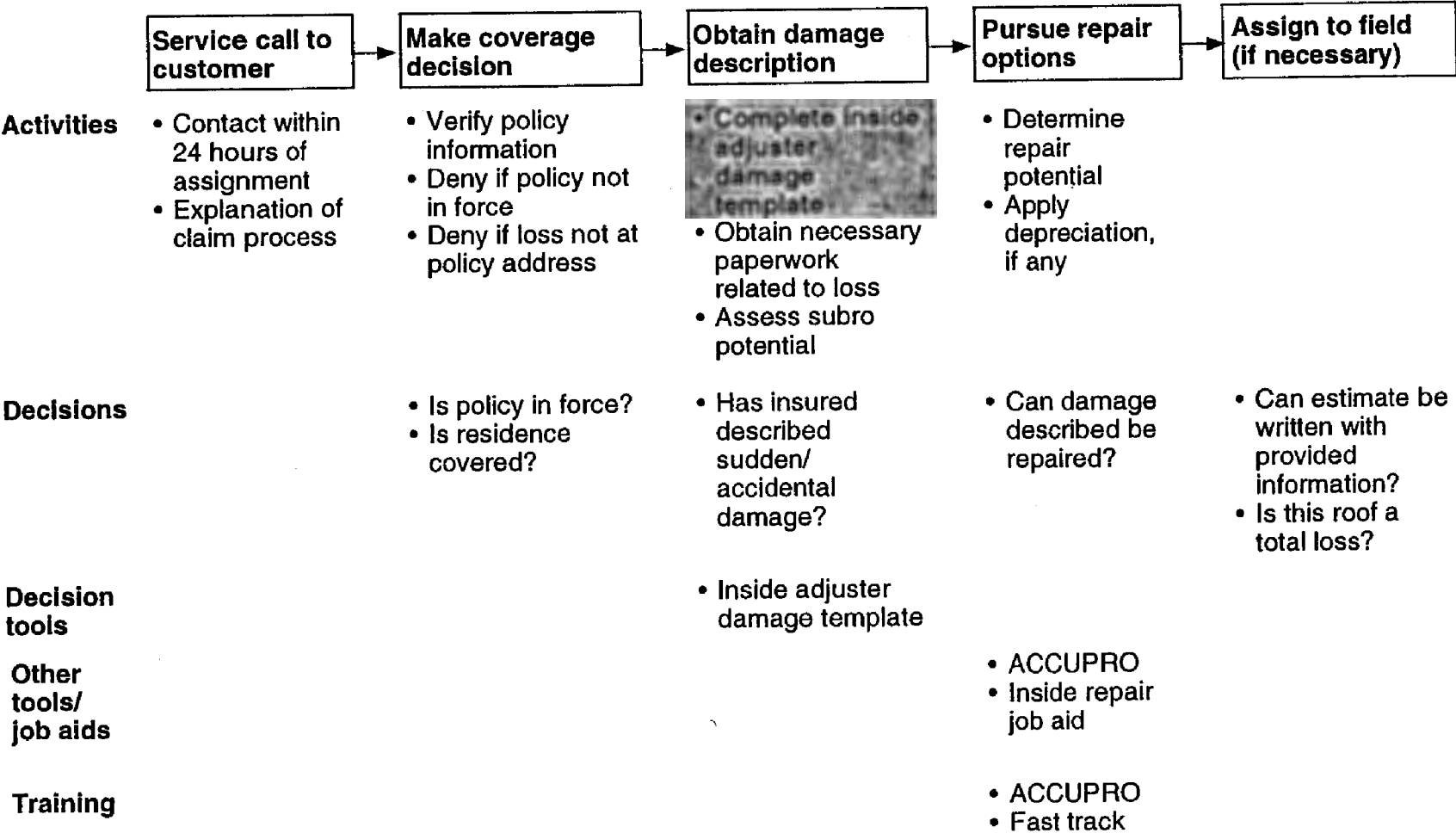
Gross roof estimate amount \$_____

(check the 1 that applies)

R – 8



INSIDE ROOF EVALUATION PROCESS



INSIDE ROOF PROCESS DAMAGE TEMPLATE

Objectives -- to provide a guide to the inside adjuster in gathering facts from insured; inside adjuster handling fast track losses is the lowest dispatch priority

1. Description of storm

Wind 1-30 ☐ (light) 50-70 ☐ (strong)
 30-50 ☐ (moderate) 70+ ☐ (severe)
 Hail small (pea) ☐ medium (golf ball) ☐ large (softball) ☐

2. Type of roof

Asphalt/fiberglass ☐ Wood shake/shingle ☐
 Tile/slate ☐ Built up/flat ☐
 Other ☐

3. Type of building structure

a. Number of stories 1 ☐ 1.5 ☐ 2 ☐
 b. Approximate number of square feet ☐
 c. Approximate age of roof 0-5 yrs ☐ 5-10 yrs ☐ 10-20 yrs ☐ 20+ yrs ☐

4. How did you become aware there was damage? ☐

5. Condition of roof?

a. Has the roof ever leaked? Yes ☐ No ☐
 b. Has the roof ever been replaced? Yes* ☐ No ☐
 If yes, when? ☐
 By whom? ☐
 c. Has the roof ever been repaired? Yes* ☐ No ☐
 If yes, when? ☐
 By whom? ☐
 d. What does roof damage look like?
 Yes ☐ No ☐
 Lifted ☐ Missing ☐
 Frayed ☐ Curled ☐
 Torn ☐ Pitted ☐
 None of the above ☐

☐ Field trigger -- if box is checked, consider assigning to field

* Subro indicators -- go to subro filter

R - 10

H000001750

INSIDE ROOF PROCESS DAMAGE TEMPLATE (CONTINUED)

Objectives – to provide a guide to the inside adjuster in gathering facts from insured; inside adjuster handling fast track losses is the lowest dispatch priority

6. Extent of damage

- a. How many shingles are missing? _____
- b. What are the dimensions of the damaged area? _____
- c. Are there any openings in roof? ☐
- d. Have temporary repairs been made? _____
- e. Are there other exterior damages? _____
- f. Are there interior damages? _____

Helpful hints – ask insured to pace off front of house. Take number of steps and multiply by 3 – this is the distance across house. Next, ask insured distance to roof peak. One way is to count shingles from the eave to peak; each shingle is 5", so multiply number by 5, then divide by 12. Multiply this number by the distance across house for total square feet of that exposure

7. Trees on home

- a. Are there any trees on your home? Yes ☐ No _____
- b. Have they been removed? _____
- If yes, whom? _____ What was the cost? _____
- c. If not, can you remove them? Yes _____ No _____
- d. If a neighbor's tree has hit your home, was it diseased or dead prior to storm? * Yes _____ No _____

8. Have roof damages been inspected by contractor?

- a. Did the contractor get on the roof? Yes _____ No _____
- b. Did they prepare an estimate? Yes _____ No _____
- c. If so, what is the estimate amount? _____

9. Ready to create estimate in ACCUPRO?

- Yes _____ No _____
- If not, list information required and call insured back _____
- _____
- _____
- _____

☐ Field trigger – if box is checked, consider assigning to field

* Subro indicators – go to subro filter

R – 11

H000001751

INSIDE ROOF PROCESS SCORECARD

Objective -- to give manager a tool to track progress compliance
--

Adjuster _____

CLM number _____

Date of review _____

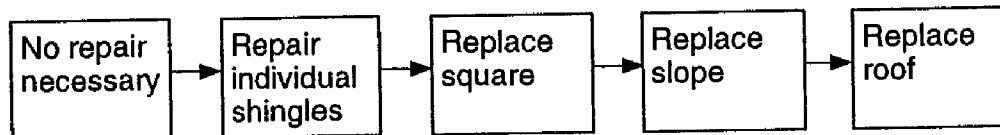
Reviewer _____

Notice date _____

Assign date _____

Date of estimate _____

	Yes	No
1. Service call to customer, within 24 hours of assignment?	_____	_____
2. Is the inside adjuster template complete?	_____	_____
3. Was ACCUPRO completed?	_____	_____
4. Was 2nd service call to customer completed within 24 hours?	_____	_____
Overall file compliance (must have all areas marked "yes")	_____	_____
Based on template trigger points, was assign to field made?	_____	_____



(check the 1 that applies)

Gross roof
estimate amount \$_____

R - 12

APPENDIX – PROCESS TEMPLATES



- Roofs
- Fire
- Contents

CONTENTS SPECIALIST DISPATCH CHART

Objective – to assure proper dispatch of a content specialist in the early stages of a claim to both service our customer and control dollar opportunity

Check any items that apply. If you check any in Step 1, dispatch contents specialist

Step 1 – determine need for contents specialist	Check here
Number of rooms affected by smoke is greater than 4	_____
There is smoke penetration in closets throughout the home	_____
More than 1 room is impacted by fire	_____
There are over 25 content line items damaged	_____
Total dollar loss exposure appears to be greater than (any of the following)	_____
• \$12,000 (structure) plus contents, or	
• \$2,500 (contents)	
Step 2 – ensure that the following have been completed prior to content specialist involvement	
Loss facts verified	_____
Prior losses checked	_____
Prior insurance checked	_____
NTR	_____
Screens for SIU and subro addressed	_____
Expectations set	_____

SUBROGATION DECISION GUIDE

Objective – to identify type of subrogation potential on each claim

What caused the loss?	Check here	Next steps
Product involved • Appliances • Electronic devices (heater, power strip) • Lighting • Flame/heat device (stove, furnace)	_____	Product liability interview guide Causation worksheet
Workmanship/contractor • Actions by contractor/handyman which cause fire (i.e., staple through electrical wire)	_____	Workmanship liability interview guide Causation worksheet
Other than insured's actions responsible or partially responsible • Friends, relatives, neighbors, strangers	_____	Other than insured liability interview guide Causation worksheet
Insured solely responsible (e.g., coals in plastic bag)	_____	Universal subrogation interview guide/checklist
Other causes, specify (e.g., lightning strike) _____	_____	Universal subrogation interview guide/checklist
Unknown cause	_____	Unknown cause interview guide Causation worksheet

UNKNOWN CAUSE INTERVIEW GUIDE

Objective – to narrow the scope of what could have caused the loss.

While performing on-site inspection, be sure to investigate causes below

1. What happened?
2. What caused the fire?
3. Where did the fire start?
4. Was anyone at your home when the fire started?
 If so, whom? _____
 What is the person's relationship with insured? _____
 What was this person doing at the home? _____
5. Does anyone smoke in the home? _____
 If so, whom? _____
6. What fixtures/appliances/electrical items are in the room where the fire started? _____
7. Were any of them left on? _____
8. Were they plugged in? _____
9. Were any in use at the time of the fire? _____
10. Have you had any work done recently on your home or around your property? _____
 If so, what? _____
 If so, by when? _____
11. How old is your home? _____
12. Who is the builder? _____

Other than insured person may be responsible for loss

Product may be involved in causing fire

Workmanship/contractor may be responsible for loss

F – 4

INITIAL INTERVIEW SCRIPT**Objectives**

- To properly set the insured's expectations prior to the initial interview
- Advise insured you are trying to determine if there was any 3rd-party negligence
- Advise insured of what is in it for them, deductible amount

Example of script

Mr. and Mrs. _____, I can appreciate how disruptive this loss has been for you and your family. However, it is important for both of us to determine if someone else or something else, not within your control, may have been potentially responsible for this loss. The purpose of the following questions is to help both Allstate and you potentially recover any monies which are paid on this claim. Of course, of utmost importance, we want to try and recover your \$_____ deductible if any other party may have been responsible for this loss.

INTERVIEW GUIDE – PRODUCT LIABILITY CASE

Objective: To provide an interview guide for questioning insured on product liability cases

Personal Information from Insured – Name

Address

Phone

Claim no.

- What happened prior to the fire?
- What started the fire?
- What is the make/model of the item?
- How old is it?
- Where was it purchased?
- Did you have any problems with the item prior to the fire?
 - If so, what ?
 - Was anything done?
 - If so, what?
- Is there a maintenance service agreement on the item?
 - If so, by whom?
 - When was it last serviced?
- Has the item been serviced in the past? If so, for what?
 - By whom?
 - Last serviced?

F – 6

H000001758

INTERVIEW GUIDE – WORKMANSHIP CASE

Objective: To provide an interview guide for questioning insured on workmanship cases

Personal information from insured – Name

Address

Phone

Claim no.

- What happened prior to the fire?
- What started the fire?
- Who is the contractor (company name, address, phone, contact, license information)?
- Why was the contractor hired?
- How long has the contractor been working at the property?
- Where was the contractor when the fire broke out?
- What was the contractor doing when the fire broke out?
- Who realized the fire had broken out?
- What was done at that point?
 - By whom?
- Did the contractor advise you of how the fire started?
 - If so, what did he/she tell you?

INTERVIEW GUIDES – PERSON OTHER THAN INSURED CASE

Objective: To provide an interview guide for questioning insured on 3rd-party involvement cases

Personal information from insured – Name

Address

Phone

Claim no.

- What happened prior to the fire?
- What started the fire?
- Who was at home when the fire broke out?
- What is your relationship with this person (friend, relative, resident relative, etc.)
- What is the person's name, address, phone number, company name?
- Where was this person and what was he/she doing when the fire broke out?
- What happened after the fire broke out?
- Did this other person advise you of how the fire started?
– If so, what did they tell you?

UNIVERSAL SUBRO INTERVIEW GUIDE/CHECKLIST

Objective – to identify subrogation claimants in situations where potential mitigation opportunities were lost due to defects or negligence

- Were the occupants of home alerted to fire by smoke or fire alarm? _____
- How many smoke/fire alarms were present and where were they located? _____
- Were the alarms maintained? _____
- Did firemen/other mention hearing the alarm? _____



**Defective early
warning system**

Check here

- Was a sprinkler system installed in the home? _____
- Did the sprinkler system operate properly? _____
- What time was the fire department notified? _____
- How was the fire department notified? _____
- How long did it take for the fire department to respond to the fire? _____
- Was the fire department able to extinguish the fire? _____
- If the fire department was not able to extinguish the fire, why? _____



**Improper fire
extinguishing**

- Did the structure contain the proper "fire stops," such as brick walls separating multiunit housing? _____
- Was there access to the property for the fire department? _____



**Improper
building design**

- Did the fire spread at an unusually fast rate according to fire department? _____
- Was remodeling being done at the home? _____
- Were fire-resistant materials present in the home according to contractor (e.g., carpet, paneling)? _____
- If none of the above are checked, specify the reason for subro write-off _____



**Defective
building/contents
materials**

**Manager
approval**

F – 9

INTERVIEW SUMMARY

Objective – to summarize necessary subrogation information from interview for ease in pursuing subrogation

1. What caused the fire? _____

2. List responsible party/parties information

Name: _____

Company name

Address: _____

Phone (h) _____

(w) _____

Contact person: _____

3. If product involved, list make and model number

Make: _____

Model: _____

F -- 10

H000001762

FIRE SUBROGATION TEMPLATE – OUTSIDE ADJUSTER

Objectives:

- Provide process for systematic collection of subro evidence
- Determine need for recorded statement

Causation worksheet (checklist)**Date**

1. Adjuster's theory of liability
(specify cause and origin) _____

 2. Rule out all other causes
(per subro fundamental job aid) _____

 3. Secure evidence (with evidence tag/receipt) _____ By whom _____
Name _____ Name _____ Name _____

 4. Identify claimant(s) _____
Address _____ Address _____ Address _____

Phone _____ Phone _____ Phone _____

 5. Photos _____
 - Item which caused loss _____
 - Surrounding area _____
 - Overview of area _____

 6. Diagram with burn pattern _____

 7. Fire department report (if available) _____

 8. Statement from 3rd party (if needed) _____
-
- If numbers 1, 2, 3, or 4 are not completed and loss exceeds \$2,500, take a recorded statement
 - If C&O is involved, recorded statement is not required

F – 11

H000001763

RECORDED STATEMENT SCRIPT

Objectives

- To properly set the insured's expectations before taking statement
- To advise insured of what is in it for them, deductible amount
- To explain why taking the statement **now** is so important (facts fresh in your mind)

Example 1 – C&O known

Based on the information you have provided thus far, it appears that the [microwave] is responsible for causing the fire. This means that the [manufacturer] may be held liable for the damages you have sustained. I will need to take a recorded statement from you to strengthen our position. The recorded statement will be used when presenting our case to the [manufacturer] to aid in recovering the money spent to restore your home. If the money is recovered, we will refund your deductible to you. I would like to take the statement at this time while all of the facts are fresh in your mind. Do you have any questions?

Example 2 – C&O unknown

Based on the information you have provided thus far, it is difficult to determine what started the fire. I will need to take a recorded statement to document what took place prior to the fire, and to help uncover what started the fire. If something or someone else is determined to be responsible for the fire, we may be able to recover monies paid to restore your home from them. The recorded statement will aid in this recovery. In addition, if any money is recovered, we will refund your deductible to you. I would like to take a statement at this time while all of the facts are fresh in your mind. Do you have any questions?

If insured is uncomfortable with giving a statement

I understand that giving a statement can be very uncomfortable and I would like to make the experience as easy as possible for you. I would like to assure you that this is a normal part of our claims process and that it is being done to assist us in identifying other parties who may have been responsible for the fire. I will start by going over all of the questions I will be asking you on the tape.

TAKING THE RECORDED STATEMENT

Objective – to provide a script for starting and closing recorded statements

Starting the recorded statement

"This is _____ (claim representative) speaking, and I am calling from _____ (city), _____ (state), phone number _____, on _____ (date) at _____ (time). I am interviewing _____ (name) concerning a loss which occurred at _____ Street in _____ (city) on ____/____/____ (month/date/year).

Claim representative – "Mr. and Mrs. _____, will you please state your full name"

Insured party – "_____"

Claim representative – "Is this recording being made with your full knowledge and consent?"

Insured party – "Yes"

Note – from this point on, the interview should follow the normal format for the particular type of statement being taken. You should have your diagram and the appropriate statement-taking check lists available for reference

Signing off the recorder

Claim representative – "Mr. and Mrs. _____, do you wish to add anything?"

Insured party – "No, I think yo have it all"

Claim representative – "Have you understood all the questions?"

Insured party – "Yes, I have"

Claim representative – "Have your answers been true and correct to the best of your knowledge?"

Insured party – "Yes"

Claim representative – "May I have your permission to turnoff the recorder?"

Insured party – "Yes"

CAUSE AND ORIGIN/EXPERT INVOLVEMENT TEMPLATE

Objective: Provide decision tool for determining when to dispatch an expert to investigate the cause of a fire

Causation worksheet is a mandatory function under each area

☐ Mandatory function

☐ Optional function

CW Causation worksheet

CO Cause + origin*

E Expert

Loss types	Under \$2,500	\$2,500-\$10,000	\$10,000-NAVP
Product liability (i.e., toaster, microwave)		If any CW lines 1-4 not complete then ☐ E	☐ CO $\xrightarrow{\text{OR}}$ ☐ E
Consolidate case by defendant (see attached listing)			If >25,000 then ☐ CO
Electrical fire (i.e., short in wiring, fuse)		☐ CO $\rightarrow$ ☐ E	☐ CO $\rightarrow$ ☐ E
Workmanship issue (i.e., contractor)		☐ CO $\rightarrow$ ☐ E	☐ CO $\xrightarrow{\text{OR}}$ ☐ E
Other than insured person's actions (nonworkmanship i.e., neighbor cigarette)			☐ CO

Circle responses

Was expert called?

Y N

If yes, what type?

C&O

Expert

* Manager approval required

F - 14

H000001766

EXPERT RESOURCE GUIDE

Objective – to ensure proper expert is contacted to increase subrogation potential and control expense dollars

Report should include

1. Point of origin
2. Cause of fire
3. Conclusion paragraph – including identification of potential 3rd parties

Service area	Type of expert and description of what they do	Company information
Montgomery, Frederick, and Washington Counties	C&O – determine origin and cause of fire	Thornson and Associates 1819 Spriggs Blvd. Gaithersburg, Md. Phone: 301-601-8905 Fax: 301-428-9020
	Electrician – determine what failed in electrical item (i.e., why wiring shorted)	
	Appliance tech. – determine why appliance started fire (i.e., what malfunctioned in toaster to start fire)	

SCRIPT FOR CLEANING

Objective – to advise insured of importance of cleaning as first option of repair
– to ensure that further repairs will be done as needed if cleaning is not successful

Example of script

Mr. and Mrs. _____, my name is _____, and I would like to explain the repair process for the dwelling portion of your loss. We know you have concerns regarding your home and it is important for us to restore it to its original condition prior to this loss. The first step is to clean. The cleaning would be done by cleaning professionals with the equipment, products, and expertise for this type of work. I will reinspect your loss after the cleaning is completed to see if any further work is needed in these areas and answer any questions you may have at that time.

CLEANING GUIDE

Objective: to guide adjuster through cleaning inspection and provide recommended cleaning options for major structural items

	Types of smoke damage	Inspection method	Recommended cleaning
Drywall	Specks on personal property	Wipe with clean rag over door	Finish clean
	Specks on wall and personal property	Check walls with chemical sponge	Finish clean
	Smoke tags (cobwebs)	Look in corners of walls	Prep clean
	Nail spots showing on drywall	Look for drywall cracks	Prep clean
	Sweat/water streaks	No drywall damage (stains)	Prep clean
Vinyl/carpeted flooring	Specks on personal property	Wipe floor or personal property with clean rag	Finish clean/vacuum carpet
	Slight smoke discoloration on floor (light dusting)	Wipe with wet rag/visual observation	Wet clean/shampoo carpets
	Staining on floor (foot print)	Visual observation	Spot clean stain and wet clean/ shampoo carpet
	Visible blackening on floor	Visual observation	Wet clean/shampoo carpet
	Debris on floor	Clean area of debris (no burn)	Wet and finish clean/vacuum and shampoo carpet
Cabinets/ paneling	Specks on personal property	Wipe wall with clean rag	Finish clean
	Specks on walls or cabinets	Wipe with clean rage	Finish clean
	Light to moderate smoke (smoke tags)	Wipe wall/cabinet with wet rage and check corners of walls	Wash and finish clean
	Water streaks	Wipe with wet rag/visual observation	Wash and finish clean

CLEANING TEMPLATE

Objective: • Provide template for documenting cleaning decisions
• Provide scoped out directions for cleaning vendors

A = Physical damage to item
B = Not cleanable based on
test clean results

C = Insured will not allow
If reason code does not apply,
please explain below

Room/item	Measurements/ quantity	Prep clean	Finish clean	Special instructions	Reason code (for not cleaning)
Wall					
Floor					
Ceiling					
Doors					
Windows					
Other					
Room/item					
Room/item					

DIRECTING VENDOR

Objective

- Vendor works per adjuster scope
- ACCUPRO prices used
- Differences in scope resolved with adjuster

Example of script

Vendor _____, I have completed my cleaning scope and/or estimate on loss claim at _____, located at _____. Attached is my scope based on the cleaning portion of the loss. Before completing work that is different than my estimate, please call me to discuss.

If you have any questions, please call me at _____.

DIAGRAM WORKSHEET

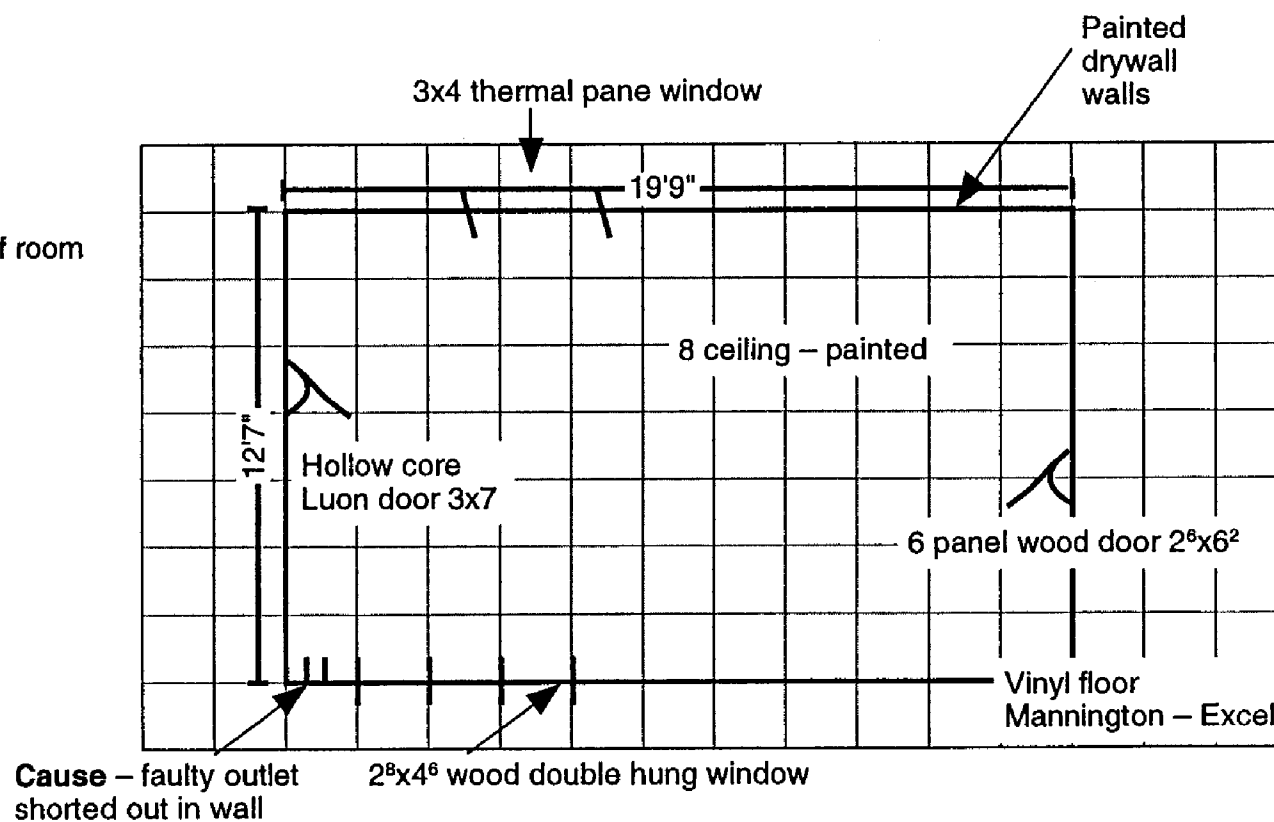
Objective – to accurately document significant features and basic dimensions of room

- 1. Include in diagram
 - a. Length, width, and height of room
 - b. Type and size of
 - Windows
 - Doors
 - c. Significant fixtures
 - d. Origin of fire (if in room)

4. Damage description

DIAGRAM WORKSHEET – SAMPLE

1. Include in diagram
 - a. Length, width, and height of room
 - b. Type and size of
 - Windows
 - Doors
 - c. Significant fixtures
- d. Origin of fire (if in room)



4. Damage description

SHEETROCK – NAILS, SPOTS SHOWING, SMOKE DAMAGE THROUGHOUT

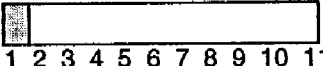
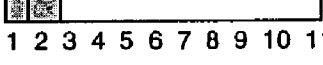
F -- 21

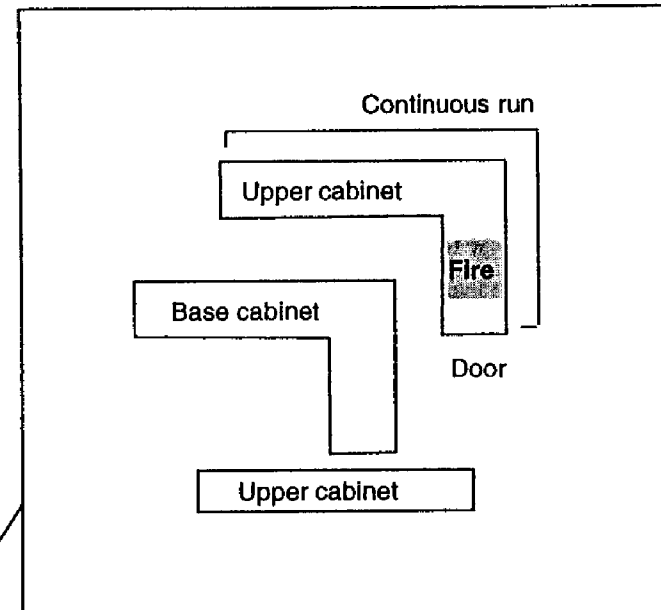
H000001773

TEMPLATE – CABINET REPAIR VS. REPLACEMENT

Objective – to guide adjuster on different repair techniques for cabinets

Check type of damage and repair technique used. If preferred repair technique is not used, specify reason below

Damages*	Preferred repair techniques
___ A. Light to moderate smoke	 1 2 3 4 5 6 7 8 9 10 11
___ B. Moderate to heavy smoke	 1 2 3 4 5 6 7 8 9 10 11
___ C. Scorching/bubbling	 1 2 3 4 5 6 7 8 9 10 11
___ D. Charring	 1 2 3 4 5 6 7 8 9 10 11
___ E. Water staining	 1 2 3 4 5 6 7 8 9 10 11
___ F. Water swelling/splitting	 1 2 3 4 5 6 7 8 9 10 11



Alternate repair techniques

- Paint
- Repair/replace charred area only and continue with repair technique options

Reason preferred repair technique not used

Repair technique – cabinets

- ___ 1. Clean
- ___ 2. Sand and refinish only damaged area
- ___ 3. Remica/reface only damaged door/area
- ___ 4. Sand and refinish all doors on continuous run area
- ___ 5. Sand and refinish entire continuous run area
- ___ 6. Remica/reface entire continuous run area
- ___ 7. Sand and refinish all upper or lower cabinets
- ___ 8. Remica/reface all upper or lower cabinets
- ___ 9. Replace continuous run cabinets
- ___ 10. Replace all upper or lower cabinets
- ___ 11. Replace both upper and lower cabinets

Alternate repair allowance

- Options 1-10 may not provide an exact match – negotiate allowance

Date completed _____

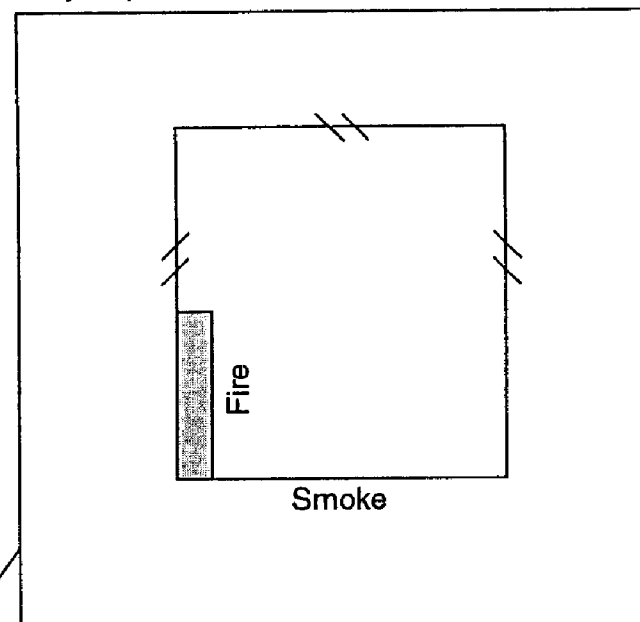
* See glossary for definitions

TEMPLATE – DRYWALL REPAIR

Objective – to guide adjuster on different repairs for drywall

Check type of damage and repair technique used. If preferred repair technique is not used, specify reason below

Damages*	Preferred repair techniques
— A. Light smoke	☒ 1 ☒ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8
— B. Moderate smoke	☒ 1 ☒ 2 ☒ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8
— C. Heavy smoke	☐ 1 ☐ 2 ☒ 3 ☒ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8
— D. Nail holes, popped tape seams	☐ 1 ☐ 2 ☐ 3 ☒ 4 ☒ 5 ☐ 6 ☐ 7 ☐ 8
— E. Hole in wall	☐ 1 ☐ 2 ☐ 3 ☐ 4 ☒ 5 ☒ 6 ☐ 7 ☐ 8
— F. Crumbling/burned	☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☒ 7 ☒ 8



Alternate repair technique

- Seal and wallpaper

Reason preferred repair technique not used

* See glossary for definitions

Repair technique – drywall

- 1. Clean
- 2. Paint
- 3. Seal and paint
- 4. Clean, seal, and paint
- 5. Spackle/compound/retape joints
- 6. Replace 1 pc (min. change)
- 7. Replace damaged sheets
- 8. Replace entire area (walls, ceiling, room)

Date completed _____

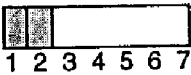
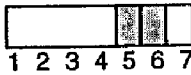
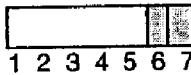
F – 23

H000001775

TEMPLATE – FLOORING REPAIR

Objective – to guide adjuster on different repairs for flooring

Check type of damage and repair technique used. If preferred repair technique is not used, specify reason below

Damages*	Preferred repair techniques
— A. Light to moderate smoke	 1 2 3 4 5 6 7
— B. Moderate to heavy smoke	 1 2 3 4 5 6 7
— C. Spot burn	 1 2 3 4 5 6 7
— D. Heavy burn	 1 2 3 4 5 6 7

Alternate repair technique

- Take small section from closet and piece in floor

Reason preferred repair technique not used

Repair technique – floor

- 1. Vacuum
- 2. Clean
- 3. Wet clean
- 4. Shampoo
- 5. Sand and refinish (wood floor)
- 6. Repair damaged sections
- 7. Replace entire room

Alternate repair allowance

- Replace section damaged with different flooring
- Replace hardwood with carpet

Date completed _____

* See glossary for definitions

ALTERNATIVE REPAIR ALLOWANCE – JOB AID

Objective – to increase awareness and use of alternative repair allowances; to enhance customer service, increase claim settlement options, and reduce loss severity

Paneling and wallpaper

- Replace damaged paneling with wallpaper and save remaining paneling in room
- Replace damaged wallpapered wall with paneling and save remaining wallpaper in room
- Replace damaged paneling/wallpaper with sheet rock and paint
- Replace damaged wallpaper wall with complimentary wallpaper (one wall or Wainscoting type of repair)
- Expensive paneling damaged to top or bottom and cut damaged section 30" and install wainscoting with Sheetrock and wallpaper

Flooring

- Damage to carpeting/hardwood in front of fireplace hearth area – install slate tile, and save remaining of carpeting
- Damage to foyer carpet/hardwood and replace with slate tile, and save remainder of flooring
- Carpet in large area damaged – take carpet from closet or small room to patch and replace the smaller area of carpet
- Replace floor in bathroom that is ceramic tile with vinyl flooring

Countertop

- Chopping block installed over damaged area and save remainder of the countertop

Walls

- Base of wall damaged above the trim and offer to install wider trim to cove the damaged area

Siding

- Damage to front of home, take siding from back of home and patch front and then replace section missing from back of home
- Section of siding damaged around porch with wood siding if vinyl or aluminum not able to match

Brick

- Small area of brick damaged – take replacement brick from back steps, retaining wall, other building and use on house and replace smaller area

ALTERNATE REPAIR ALLOWANCE WORKSHEET

Objective: To document successful alternate repair allowances used and associated dollar savings

- 1. Type of repair _____

- 2. Cost of repair \$ _____
- 3. Amount of allowance \$ _____
- 4. Total cost for alternate repair allowance \$ _____
- 5. Replacement cost \$ _____
- 6. Dollar savings amount \$ _____

SPECIALTY EXPERT CONSULTATION CHECKLIST

Objective: To develop adjusters specialty trade estimating skills and control dollar opportunity
--

	Date
Contact internal/external specialty expert	_____
• Explain purpose and expectations of consultation	
– Scope damages with explanation of repair vs. replace	
– For use as a learning session for adjuster	
– Agreement on scope and price to do job	
– Agree on charge for consultation	
• Set inspection appointment	
Meet expert on site	_____
Jointly scope damages with expert	_____
• Obtain explanation of repair vs. replace and extent of repairs/replacement	
• Discuss BC upgrades vs. going back as is (scope and cost differentials)	
• Use as learning experience (tool)	
Adjuster prepares estimate using ACCUPRO templates	_____
• Typically on-site with expert present	
Agreement with vendor on scope and price to do job	_____

SPECIALTY TRADE JOB AID – PLUMBING BASICS

	Items to evaluate	Actions
Kitchen	• Cracked/pitted sink • Melted/split lines • Melted/pitted faucets/spray	• Repair/replace • Solder – copper • Coupling – PVC • Replace
Bathroom	• Tub/lavatory/toilet cracked or pitted • Drain/trap/water lines • Melted/pitted faucets	• Repair/replace • Solder – copper • Coupling – PVC • Replace
Attic/other	• Water lines • Vent lines melted/split	• Solder – copper • Coupling – PVC • Replace

SPECIALTY TRADE JOB AID – HVAC BASICS

	Items to evaluate	Actions
Minor fire damage	• Pitted floor/ceiling vents	• Replace vents/register • Chemical spray/seal to kill smoke • Change filter
Floors/walls/ceilings gutted	• Pitted/burned floor/ceiling vents • Burned insulation • Pitted/burned HVAC ducts • Water in HVAC ducts causing ducts to sag	• Replace vents • Chemical spray to kill smoke • Change filter • Replace insulation • Repair sections of ducts and joints • Replace insulation • Repair vents or joints

SPECIALTY TRADE JOB AID – ELECTRICAL BASICS

Objective – to guide the adjuster on how to write itemized estimates on electrical damage

	Items to evaluate	Actions
Walls not gutted	• Burned/melted outlets/switches • Melted/beaded wiring	• Replace run to nearest junction box (110)* • Replace run to breaker box (220)*
Walls/room gutted	• Burned/melted outlets/switches and electrical ceiling fixtures • Melted/beaded wiring	• Count/replace • Measure number/lengths* • Consider less labor time for open walls*
Burn out/ partial burn	• Determine number and location of outlets, switches, and electrical fixtures – Blueprint – Take inventory from insured	• Complete scope based on information, send scope to contractor • Receive bid from contractor • Require multiple bids where scope could not be determined by adjuster • Compare bid to ACCUPRO

* Subject to local inspection codes

CUSTOMER FOLLOW UP DISPATCH CHART

Objective – to assure an additional inspection is done when required to both service our customer and control dollar opportunity. While on additional inspection, customer satisfaction should be addressed to assure customer understanding of claim process.

Date	Additional Inspection required if:
_____	• Changes in scope – Unseen damages – Vendor control
_____	• Quality customer service – Customer concerns
_____	• FRC hold back release
_____	• Other reason – specify _____
_____	For losses which do not require additional inspection, a follow-up call is required 7 days after settlement
Comments _____ _____ _____ _____	

PROCESS COMPLIANCE SCORECARD AND FIRE PROCESS

Objective – to provide a quick checklist for process compliance

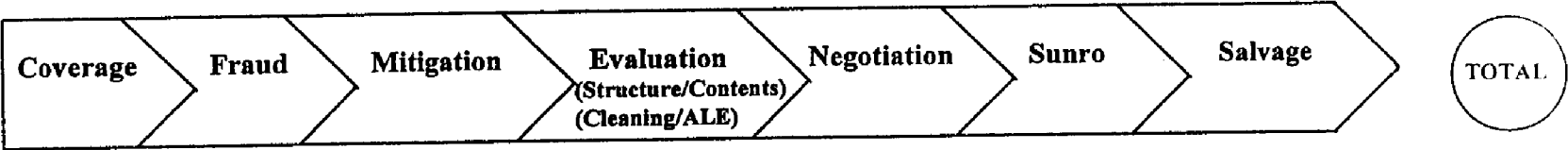
	Yes	No	N/A
• Subrogation decision guide completed?	_____	_____	_____
• Contents specialist dispatch chart completed?	_____	_____	_____
• Interview guide completed?	_____	_____	_____
• Universal subrogation interview guide/checklist?	_____	_____	_____
– Was write-off documented?	_____	_____	_____
• Interview summary screen completed?	_____	_____	_____
• Fire subrogation template/causation worksheet completed?	_____	_____	_____
– Was R/S taken?	_____	_____	_____
• C&O/expert involvement template completed?	_____	_____	_____
• Cleaning template completed?	_____	_____	_____
• Diagram worksheet completed?	_____	_____	_____
• Alternate repair allowance worksheet addressed?	_____	_____	_____
• Trade templates completed?	_____	_____	_____
• Specialty expert consultation checklist completed?	_____	_____	_____
– Was expert met on site?	_____	_____	_____
• Customer follow-up dispatch chart completed?	_____	_____	_____
• Does the file meet compliance?	_____	_____	_____

F – 32

ANALYSIS OF FIRE OPPORTUNITY

H000001785

FIRE OPPORTUNITY BY PROCESS STEP



\$ Millions	3.7	0	5.1	72.6	14.4	3.1	32.8	3.1	135
Percent	.7	0	1.0	14.1	2.8	.6	6.4	.6	26.2

Structure Evaluation - Key Drivers

Issue	Description
Structure Scoping and Estimating	• Alternative Repair Methods • Cleaning vs Replace • Mitigation • Lump Sum Bids • Like, Kind, Quality Decisions • Overlap • ACCUPRO – Understanding of System – Negotiation Skill

Content Evaluation - Key Drivers

Issue	Description
Content Inventory and Evaluation	• On Site Inventory • Cleaning vs Replace • Vendor Direction • Price Verification

CONTENTS INVENTORY PREPARED BY INSURED

# Contents Payments Reviewed	134
# Inventories Prepared by Insured	81
% Inventories Prepared by Insured	60.2

CONTENTS DOLLARS CONTROLLED BY INSURED

Total \$ Paid from CFR	686,645
Total \$ Paid on the Inventories Prepared by the Insured	562,362
% Dollars Controlled by Insured	81.9

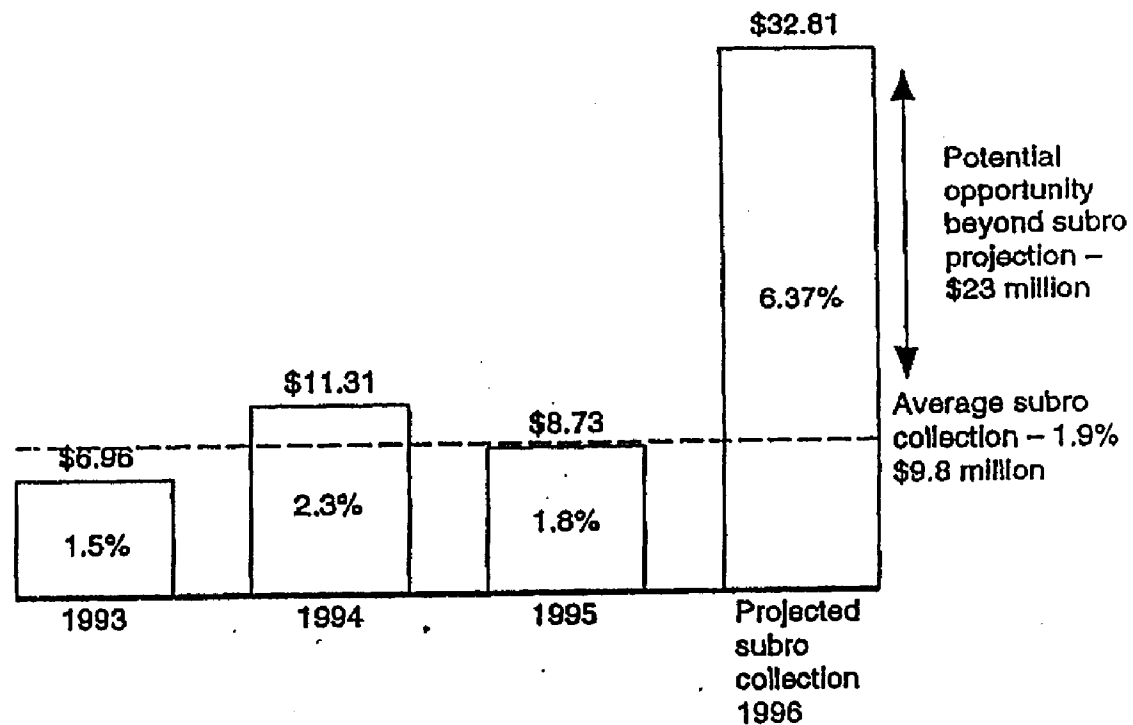
71

Subrogation - Key Drivers

Issue	Description
Subrogation Identification and Recovery	• Cause of Loss Investigation • Confirm Origin and Investigate Case • Expert Involvement

Subrogation Collected Fire (Non-Cat) 1993 - 1996

\$ Millions, Percent of Total Loss



Source: OIS; Team Analysis of the CFR

ANALYSIS OF WIND/HAIL OPPORTUNITY

1

H000001793

WIND/HAIL OPPORTUNITY BY PROCESS STEP



NON-CAT

\$ Millions	9.0	0.1	21.9	0	1.0	0	32.0
Percent	6.6	0.1	16.1	0	0.7	0	23.5

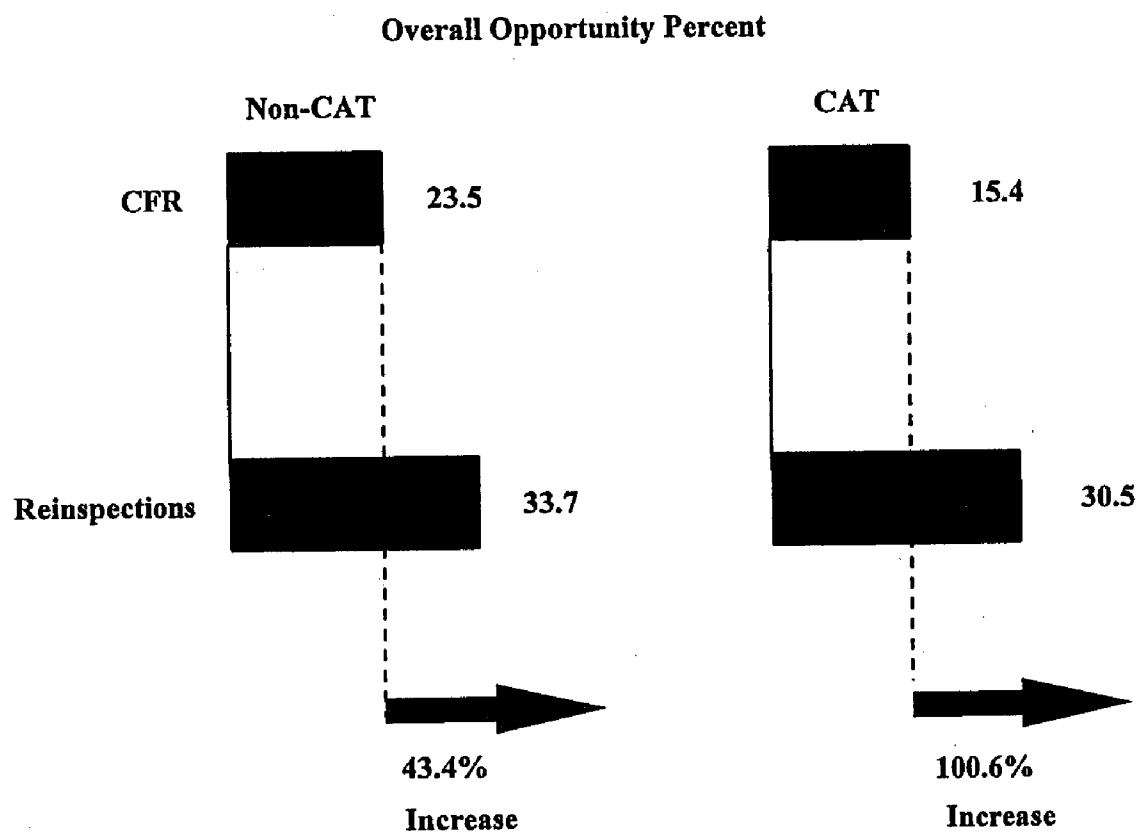
CAT

\$ Millions	34.3	0	240.8	0	0	0	275.1
Percent	3.8	0	26.7	0	0	0	30.5

P 1

OVERALL WIND/HAIL OPPORTUNITY

CLOSED FILE REVIEW VS REINSPECTIONS



CATASTROPHE PAID LOSS DISTRIBUTION BY PERIL

Wind/Hail	42.1
Earthquake	33.4
Water	7.9
Other	11.8
Flood/Lightning	4.8

NOTE: Percentages represent a 4 year average (1993 - 96)

CATASTROPHE OPPORTUNITY DISTRIBUTION BY DAMAGE AREA

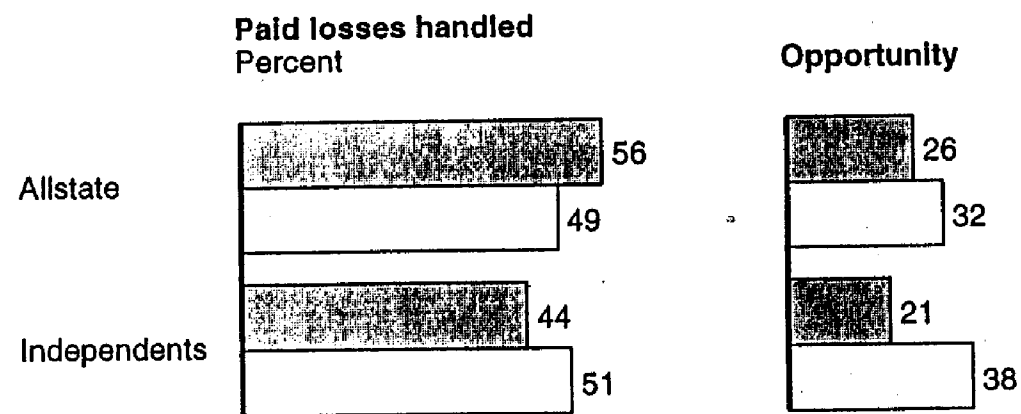
**Total = 30.5% overall
Cat opportunity**

Total = 517 exceptions

	<1=1	<1=1
Contents		
Garage		
Fence	6	9
Interior dwelling	7	10
Debris removal	9	10
Other exterior	11	8
Exterior damage	13	28
Roof	52	34
	Opportunity by damage area	Frequency

WIND/HAIL OPPORTUNITY BY TYPE OF CLAIM HANDLER

CFR scan results
Reinspection results



COVERAGE - KEY DRIVERS

Issue	Description
Prior loss investigation	• Duplicate settlements for unrepaired prior damage
Coverage application	• Maintenance related damage

EVALUATION - KEY DRIVERS

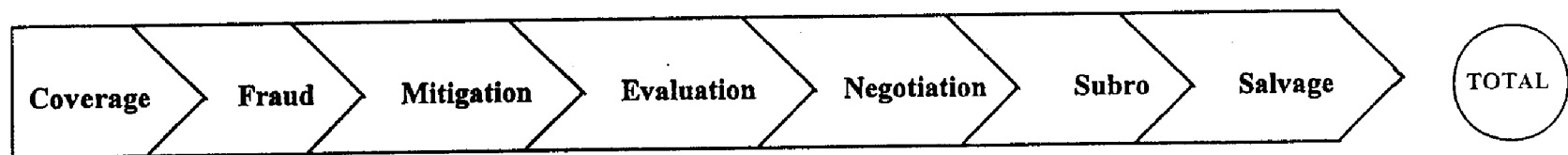
Issue	Description
Scoping	• Alternative Repair Methods • Repair vs Repair • Damages not Related to the Loss • Maintenance-Related Damage • No Damage
Lack of Estimating Fundamentals	• Improper Estimate Calculations • ACCUPRO Utilization/Proficiency • Measurement of Roofs • Overhead and Profit Paid on Single Trades
FRC vs ACV	• No Depreciation • Depreciation not Withheld • Inappropriate Depreciation

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ANALYSIS OF THEFT/CONTENTS OPPORTUNITY

H000001801

THEFT OPPORTUNITY BY PROCESS STEP



\$ Millions	9.4	10.4	0	16.1	0	6.1	0	42.0
Percent	5.1	5.6	0	8.7	0	3.3	0	22.7

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COVERAGE OPPORTUNITY - KEY DRIVERS

Key Driver/Issue	Description
• Coverage analysis not addressed • Other insurance	• Investigation of policy provisions and limitations • Investigation of primary and additional coverage

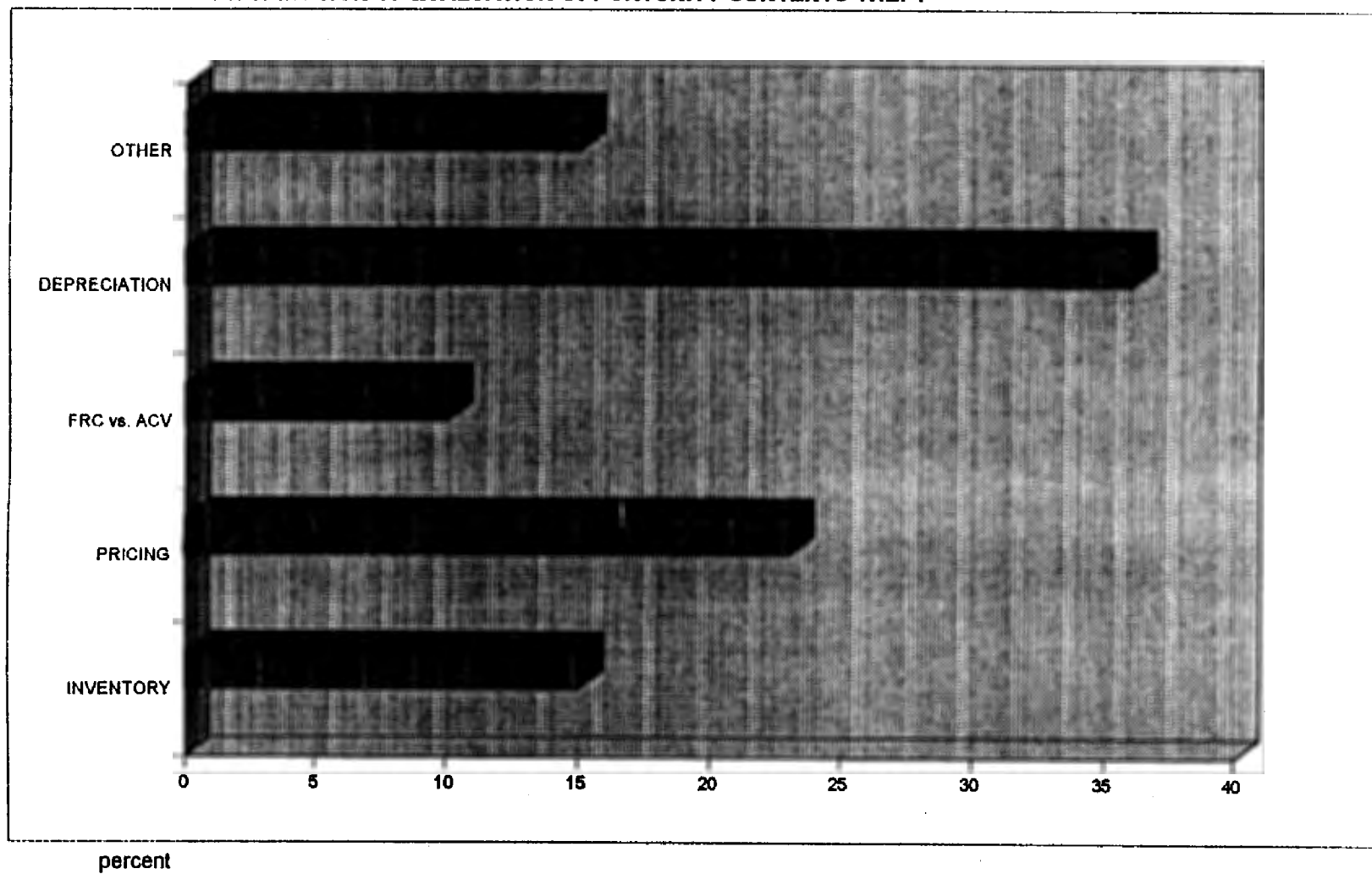
27

EVALUATION OPPORTUNITY - KEY DRIVERS

Key Driver/Issue	Description
• Incorrect or no application of depreciation	• Depreciation should accurately reflect the age and usage of an item
• Lack of accurate inventory detail	• Insured asked to submit inventory. Details of items stolen very limited
• Incorrect pricing	• Insured's inventory sheet accepted without verification
• No investigation	• Large claim payments made with little or no signs of an investigation
• Clean/repair vs replace decisions	• Replace decision is made prematurely
• On-site inspection needed	• Necessary details for inventory, repair/replace investigation would be best captured during a personal visit
• FRC verification	• No verification of FRC amounts owed

**THEFT: CLOSED FILE REVIEWS SHOW THAT DEPRECIATION AND INVENTORY/PRICING
DRIVE THEFT OPPORTUNITY**

DISTRIBUTION OF EVALUATION OPPORTUNITY-CONTENTS THEFT



7.9

FRAUD - KEY DRIVERS

Issue	Description
Lack of fraud investigation when fraud indicators are present	- Little evidence that adjusters recognized fraud indicators - Theft specialists say they are not supported by management when referring file to SIU - SIU guidelines discourage transfer of files - SIU guidelines inconsistent across CSAs

Source: CFRs and reinspections; team analysis

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CROSS-PERIL ISSUES

Issue	Description
Contents/replacement programs	• The insured routinely priced and submitted the contents inventory • Some adjusters handle both the structural and contents portion of losses. It appears that this method of handling does not provide the best severity control • Replacement activity is relatively low • General lack of knowledge of available replacement resources • The carpet replacement evaluation process appears to take too long • Contents receiving secondary priority
Independents	• Confirmed hypotheses in a number of locations • Replaced QVPs in the adjusting force • Represent significant economic opportunity • Receive little or no Allstate supervision • Heavily represented by Pilot adjusters
QVP	• QVPs were not widely used in wind/hail and theft losses • Were a driver of opportunity in fire, mostly in the evaluation of large structural losses

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HOMEOWNER CCPR OVERVIEW

EARLY LEARNINGS

TRAINING

**Tech Cor
Policy/Coverage
Subrogation
Accupro
Mech Dispatch
Technical Training**

EQUIPMENT

(Per Attached Pages)

32

From: Dan Hebel
To: all spec
Date: 2/20/96 10:13am
Subject: Equipment guidelines for Homeowner Technicians, Managers and Specialist

Please find attached the equipment guidelines for all Homeowner technicians, Pcm's, Pucm's and Property Specialists. These guidelines apply only to those employees described that function in the Homeowner discipline 100% of the time. For those employees working multiple disciplines, their Homeowners' equipment needs should be handled on a business case basis and submitted for appropriate approval.

The attached exhibit outlines the "required items" that are necessary for our technicians and employees to be able to complete their job in a competent manner, produce excellent severity results and also provide optimum customer service.

The "business case" items listed and any other item not detailed on the "required list" will require Front line AVP approval prior to any expenditure. You may presently have some of these "business case items" in place, if so you need to complete a cost analysis and a request to continue this expenditure. This request must be approved by your CSM and AVP. The purpose of these new guidelines is to get consistency throughout the CSA's and provide necessary tools for our employees. If you have any questions please give me a call.

Thanks

Dan

CC: bill, 3 avp's, CSMS, david, julie

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H000001809

Homeowner Field Claim Rep

Required Items:

35 mm camera (with flash, wide angle, macro, date mark)
Cell phone (with A/C Adapter)
Beeper (numerical only)
Calculator (portable hand held variety)
Ladder
Utility knife for carpet samples
Flashlight
Hand held cassette recorder
Accu-Pro laptop/portable printer
Tape measure (50 ft)

Required Specialty items

Gloves - Fire Specialist
Hardhats - Fire Specialist
Overalls - Fire Specialist
Boots - Fire Specialist

Business Case Items (not all inclusive):

A/C adapter for laptop
Battery pack for Accupro printer
Dataline/business telephone line (datalines are less expensive)
Cell phone adapter for laptop
FAX machine
P.O. box
Larger printer
Video camera

Business Case Specialty Items (not all inclusive):

Centerpunch/Awl - Fire Specialist
Chemical sponges - Fire Specialist
Hygrometer - Water Specialist

PUCM/PCM

Required Items:

Tape measure
Cell Phone (with A/C adapter)
Beeper (numerical only)
Accu-Pro Laptop/portable printer
Calculator - hand held portable
Flashlight
Ladder

Required Specialty items

Gloves - Fire Specialist
Hardhats - Fire Specialist
Overalls - Fire Specialist
Boots - Fire Specialist

Business Case Items (not all inclusive):

A/C adapter for laptop
Battery pack for Accupro printer
Dataline/business telephone line (datalines are less expensive)
FAX machine
P.O. box
35 mm camera

PCPS

Required Items:

Accu-Pro laptop/portable printer
Cell phone (with A/C adapter)
Beeper (numerical only)
Tape measure

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Ladder

Business Case Items (not all inclusive):

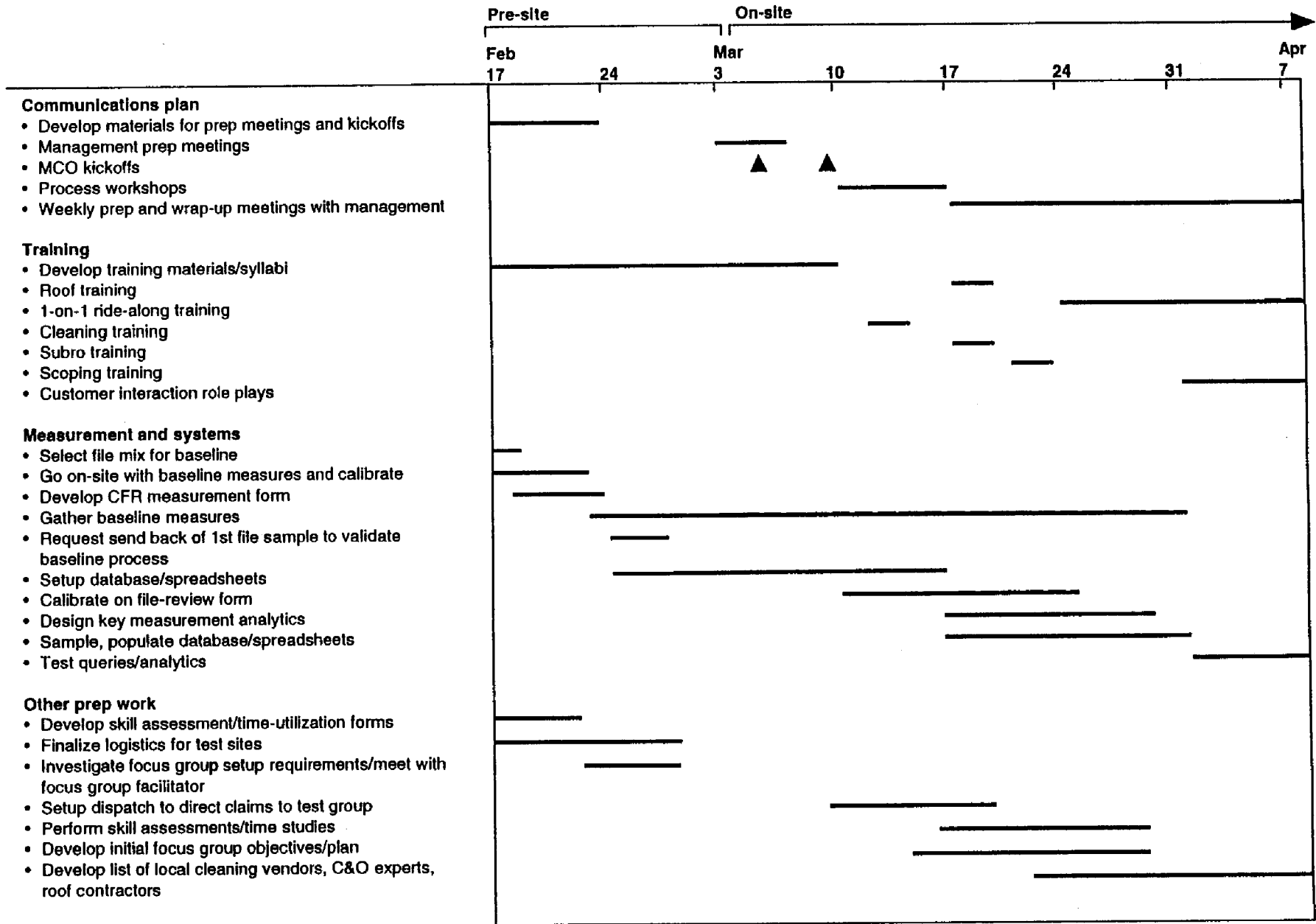
Dataline/business telephone line (datalines are less expensive)

35 mm camera

Voice mail on Cell phone

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HOMEOWNERS CCPR TIMELINE



COMMUNICATION PLAN

Element	Target	Frequency/date/duration	Key messages/topics
Pre-kick-off meetings	• CSM, CPS, MCM, PCM • RVP	• Day before kickoff meeting • 1/2 day	• Introduce team leadership • Familiarize them with fact-finding and design work • Layout action plans for test site • Discuss "How we work with the MCO" issues/understand local MCO issues
Kick-off meetings	• Entire MCO	• 3/4 Roseville • 3/6 Albuquerque	• Show senior-level support/ buy-in • Build excitement/momentum
RVP/TAM/Agent briefs		If necessary	• Layout general test plan • Give sales overview of CCPR/test • Build buy-in
Process workshops	CPS, PCM, UCM, affected claim reps	• Series of 2-3 hour workshops	• Detailed workshop first with property management, then with claim reps to explain process detail, test methodology
Week prep meetings	CPS, PCM, UCM (MCM)	• 1-2 hours at beginning of week	• Layout activities/resource needs for week
Management group updates	MCM, CPS, PCM, UCM	• 1-2 hours at end of week	• Keep management in loop on – Current activities/schedules – Key issues – Progress/outcomes
MCO property group updates	Entire MCO property group	• At key points (every 2-4 weeks) • 1-2 hours	• Give overall property group a sense of what is going on
Process group debriefs	CPS, PCM, UCM, affected claim reps	• Nightly as necessary	

Sr Leadership Team Outline

- Recap of opportunity
 - by peril
 - by process step
- Brief look at process designs
 - highlight Key changes
 - show examples of tools
- Test strategy
 - team organization
 - skill set
 - Scope of testing
 - original plan
 - revised plan
 - test sites
 - ~~next steps~~ 
- Homeowner issues
 - ^{specialized} technical skills (early learnings)
 - low management tenure
 - training component for implementation
 - implementation approach ✓
 - field resources for implementation

2-14-97

LEADERSHIP TEAM TOPICS

- I. Process feedback
- II. Pre-test/on-site work plan
 - A. Communication
 - B. Training
 - C. Measurement/systems
 - D. Miscellaneous
- III. Sr Leadership Team presentation
- IV. National CAT Team presentation (2/27)

HOMEOWNER CCPR OVERVIEW

FACT-FINDING ACTIVITIES

FIRE TEAM

WIND/HAIL/THEFT

CAT TEAM

LOCATIONS VISITED

4 Fire Gap Sites

7 Multi-Line MCOs

6 MCOs

4 Non-Gap Sites

9 Speciality MCOs

6 CAR Locations

ACTIVITIES COMPLETED

190 CFRs

625 CFRs

451 CFRs

24 Reinspections

242 Reinspections

267 Reinspections

**32 Interviews
(Claim Reps,
Management)**

74 Interviews

29 Shadows

**88 Interviews (Claim
Reps, Pilot,
Management)**

66 Skill Assessment

**31 Customer
Interviews**

23 Shadows

HOMEOWNER CCPR OVERVIEW

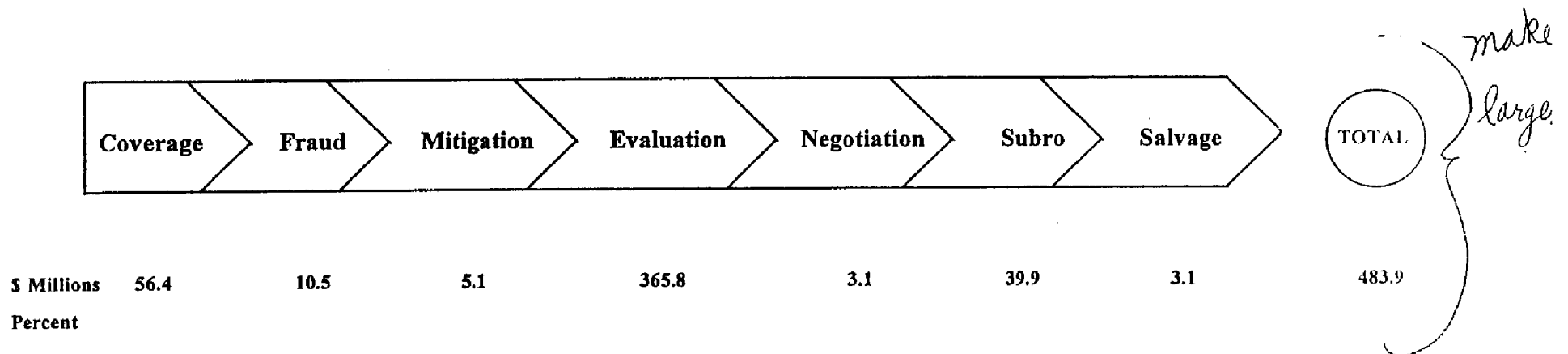
OVERALL OPPORTUNITY BY PERIL

	1996 YE Paid Loss (Millions)	Total Opportunity (Millions)
Wind/Hail	136.1	32 (23.5%)
Theft	185.5 184.0	42 (22.7%))
Fire	515.4 615.8	161 135 (26.2%)
CAT	902.0 836.3	255 275 (30.5%)
Total	1739.0	484 (27.8%)

HOMEOWNER CCPR OVERVIEW

OVERALL OPPORTUNITY BY PROCESS STEP

*



* Includes CAT Opportunity

DESIGN COORDINATOR

TONI BOYD

SITE LEADER
ROSEVILLE
Mike Evanoff
Tom Clarkson

SITE LEADER
ALBUQUERQUE
Jim Tyson
Tom Clarkson

ADMINISTRATIVE LEADER
BOTH SITES
Dave Mateer
Mike Donoghue

MEASUREMENT
BOTH SITES
Brian Dittle
Mike Donoghue

Structural

Chrisse Bowers - Billie Cohen
Diane Collier - Tom Clarkson

Contents

Wendy Carrick - Dan Hebel
Toni McKnight - Billie Cohen

Subrogation

Doug Poff - Ellen Neary

McKinsey Support

Ashwin Bhawe

Oversight

Heiki Henning

Structural

Mike Bolts - Dan Hebel
Jeanice Johnson - Tom Clarkson
Paul Block - Billie Cohen

McKinsey Support

Giri Sckhar

Oversight

Toni Boyd

Reinspections
Staffing Mode 1
Measurement

Customer Satisfaction

Kevin Brooks - Mike Donoghue

Dispatch

Carlos Sanchez - Dan Hebel

Measurement

Sheldon Wright - Tom Clarkson
(Data Capture)

Oversight

Toni Boyd

Design, Input
Financial Analysis

H000001820

DESIGN COORDINATOR

TONI BOYD

SITE LEADER ROSEVILLE Mike Evanoff Tom Clarkson	SITE LEADER ALBUQUERQUE Jim Tyson Tom Clarkson	ADMINISTRATIVE LEADER BOTH SITES Dave Mateer Mike Donoghue	MEASUREMENT BOTH SITES Brian Dittle Mike Donoghue
<u>Structural</u> Chrisse Bowers - Billie Cohen Diane Collier - Tom Clarkson	<u>Structural</u> Mike Bolts - Dan Hebel Jeanice Johnson - Tom Clarkson Paul Block - Billie Cohen	Reinspections Staffing (Mode 1) Measurement	Design, Input Financial Analysis
<u>Contents</u> Wendy Carrick - Dan Hebel Toni McKnight - Billie Cohen	<u>McKinsey Support</u> Giri Sckhar	<u>Customer Satisfaction</u> Kevin Brooks - Mike Donoghue	
<u>Subrogation</u> Doug Poff - Ellen Neary	<u>Oversight</u> Toni Boyd	<u>Dispatch</u> Carlos Sanchez - Dan Hebel	
<u>McKinsey Support</u> Ashwin Bhawe		<u>Measurement</u> Sheldon Wright - Tom Clarkson (Data Capture)	
<u>Oversight</u> Heiki Henning		<u>Oversight</u> Toni Boyd	

HOMEOWNER MEETING FEB. 14 1997

--I KNOW ALL OF YOU ARE ANXIOUSLY AWAITING THE NEWS OF WHERE OUR TESTS WILL BE AND WHERE YOU WILL BE ASSIGNED

--AND I'M GOING TO TELL YOU THAT IN A FEW MINUTES

--FIRST, I THINK WE NEED TO POSITION A FEW THINGS SO YOU WILL UNDERSTAND THE DECISIONS WE HAVE MADE

IN THE PAST OUR CCPR TEAMS HAVE CHANGED WITH EACH PHASE OF THE WORK

IN OTHER WORDS...ONE TEAM WAS A SMALL CORE GROUP OF EXPERTS WHO WERE INVOLVED WITH THE ENTIRE PROJECT

ANOTHER SEPARATE GROUP WAS THE FACT FINDING TEAM WHO DID ALL OF THE FILE SURVEYS, RE IS, INTERVIEWS

FROM THE FACT FINDING TEAM WE SELECTED SEVERAL PEOPLE TO CONTINUE ON TO WORK IN OUR TEST SITES

FROM THE TEST SITES WE SELECTED SEVERAL PEOPLE TO BECOME PART OF THE ULTIMATE IMPLEMENTATION TEAMS

IN THIS WORK WE HAVE ACTUALLY HAD TO(WITH ONLY 2 TEMPORARY ADDITIONS) USE ALL OF YOU TO FILL ALL OF THESE ROLLS

AND YOU HAVE DONE SO WILLINGLY AND I REALLY APPRECIATE YOUR FLEXIBILITY

NOW I'M GOING TO ASK YOU TO BE FLEXIBLE ONCE AGAIN....

YOU HAVE ALL BECOME COMFORTABLE TO A GREAT DEGREE IN A CERTAIN AREA...SO THE NEW ROLE WE GIVE YOU MAY BE UNCOMFORTABLE AT FIRST

BUT PLEASE TRUST US THAT WE AS A LEADERSHIP TEAM HAVE PUT A TREMENDOUS AMOUNT OF THOUGHT INTO WHAT WE SHOULD TEST, WHERE, AND WHO SHOULD FILL WHAT ROLE....BASE ON SKILL AND BACKGROUND

WE HAVE LIMITED RESOURCES AND A TREMENDOUS AMOUNT OF WORK TO DO

LET ME SHOW YOU WHAT OUR PLAN IS

SHOW SLIDE

HOMEOWNER TEST SITE GUIDELINES

HIGH PERFORMANCE TEAM

POLISHED EXPERTS

STRATEGIC THINKERS

PROBLEM SOLVERS.....DAY TO DAY

POLITICAL AWARENESS

WORK ETHIC...DEMONSTRATED

MANAGE CHANGE...COACH IN FOR LOCK IN

LOOK FOR AND NURTURE CHAMPIONS

KNOW WHEN TO LET GO....FIRST FEW WEEKS WILL BE INTENSE ON THE JOB
TRAINING...NEXT PHASE WILL BE PROOFING PROCESS, DETERMINING MCOS ABILITY TO
PERFORM

REWARD AND RECOGNIZE MCO EMPLOYEES FOR INCREMENTAL SUCCESS

DO NOT FALL BACK INTO MCO BEHAVIOR

BE ALERT TO MCO EMPLOYEES CONCERNS...WE NEED THEIR BUY IN

HOMEOWNER TEST SITE GUIDELINES

HIGH PERFORMANCE TEAM

POLISHED EXPERTS

STRATEGIC THINKERS

PROBLEM SOLVERS.....DAY TO DAY

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Measurement

Sheldon Wright - Tom Clarkson
(Data Capture)

Oversight

Toni Boyd

**MEASUREMENT
BOTH SITES
Brian Dittle
Mike Donoghue**

Design, Input
Financial Analysis

HO CCPR OVERVIEW
2/17/97

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HO CCPR OVERVIEW
2/17/97

H000001828

~~Add Cust needs~~

file

HOMEOWNER CCPR OVERVIEW

Sr. Leadership Team Briefing
February 17, 1997

HOMEOWNER CCPR BRIEFING

AGENDA

I. Recap of economic opportunity

II. Highlights of new processes

Dispatch	-	Jim Tyson
Roof Process	-	Jim Tyson
Fire Process	-	Mike Evanoff
Contents Process	-	Dave Mateer

III. Testing plans

IV. Key issues

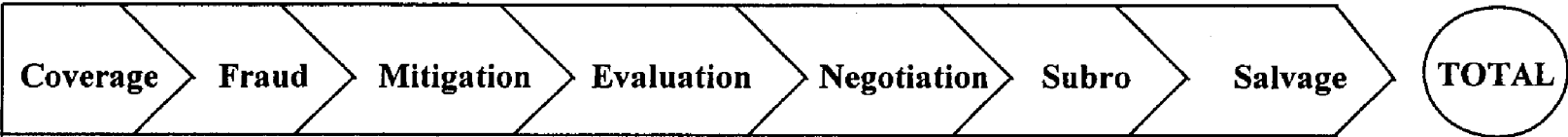
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Wind/Hail	136.1	32 (23.5%)
Theft	185.5	42 (22.7%))
Fire	515.4	135 (26.2%)
CAT	902.0 <i>exclude wind+hail</i>	275 (30.5%)
Total	1739.0	484 (27.8%)

HOMEOWNER CCPR OVERVIEW

OVERALL OPPORTUNITY BY PROCESS STEP *



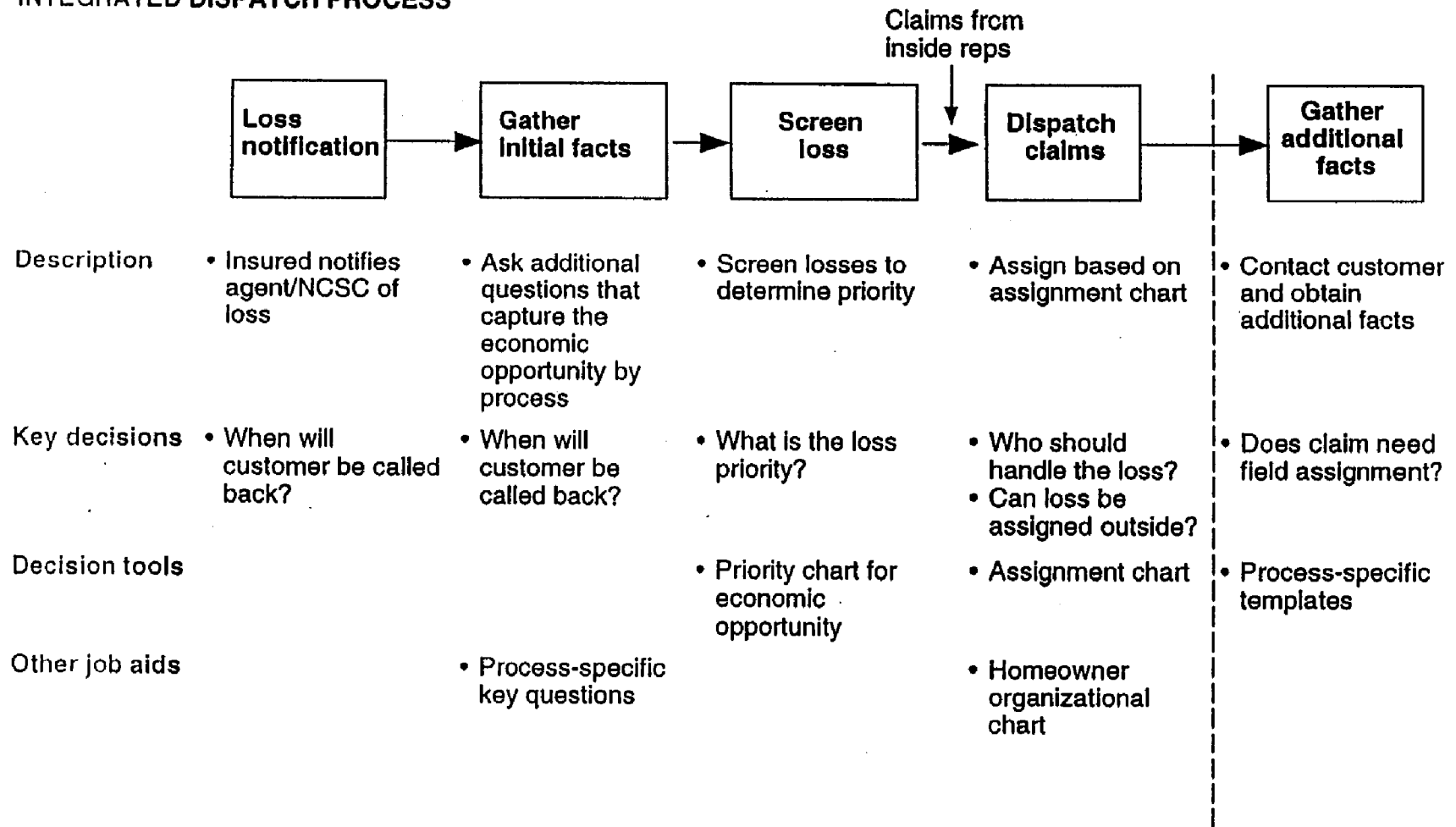
\$ Millions	56.4	10.5	5.1	365.8	3.1	39.9	3.1	483.9
Percent	3.2	0.6	0.3	21.0	0.2	2.3	0.2	27.8

* Includes CAT Opportunity

DISPATCH

PROCESS

INTEGRATED DISPATCH PROCESS



FIRE PRIORITY CHART

Priority	Criteria	Percent opportunity	<u>PRELIMINARY</u>
			Average opportunity \$ per claim
A.	Large loss > \$15,000 • Roof collapsed • Multiple rooms gutted • ALE involvement • Heavy smoke (4 or more rooms) • Multiple rooms burned	26	9,197
B.	Medium losses \$2,500-15,000 (with subrogation potential) • Moderate damage – 1 room with multiple repairs and clean, seal, paint • Minor/moderate smoke in less than 4 rooms	24	1,412
C.	Medium losses \$2,500-15,000 (no subrogation potential) • Moderate damage – 1 room with multiple repairs and clean, seal, paint • Minor/moderate smoke in less than 4 rooms	19	1,286
D.	Small losses <\$2,500 • Single trade – countertop, flooring • Minor damage – 1 room repair plus clean, paint	27	337

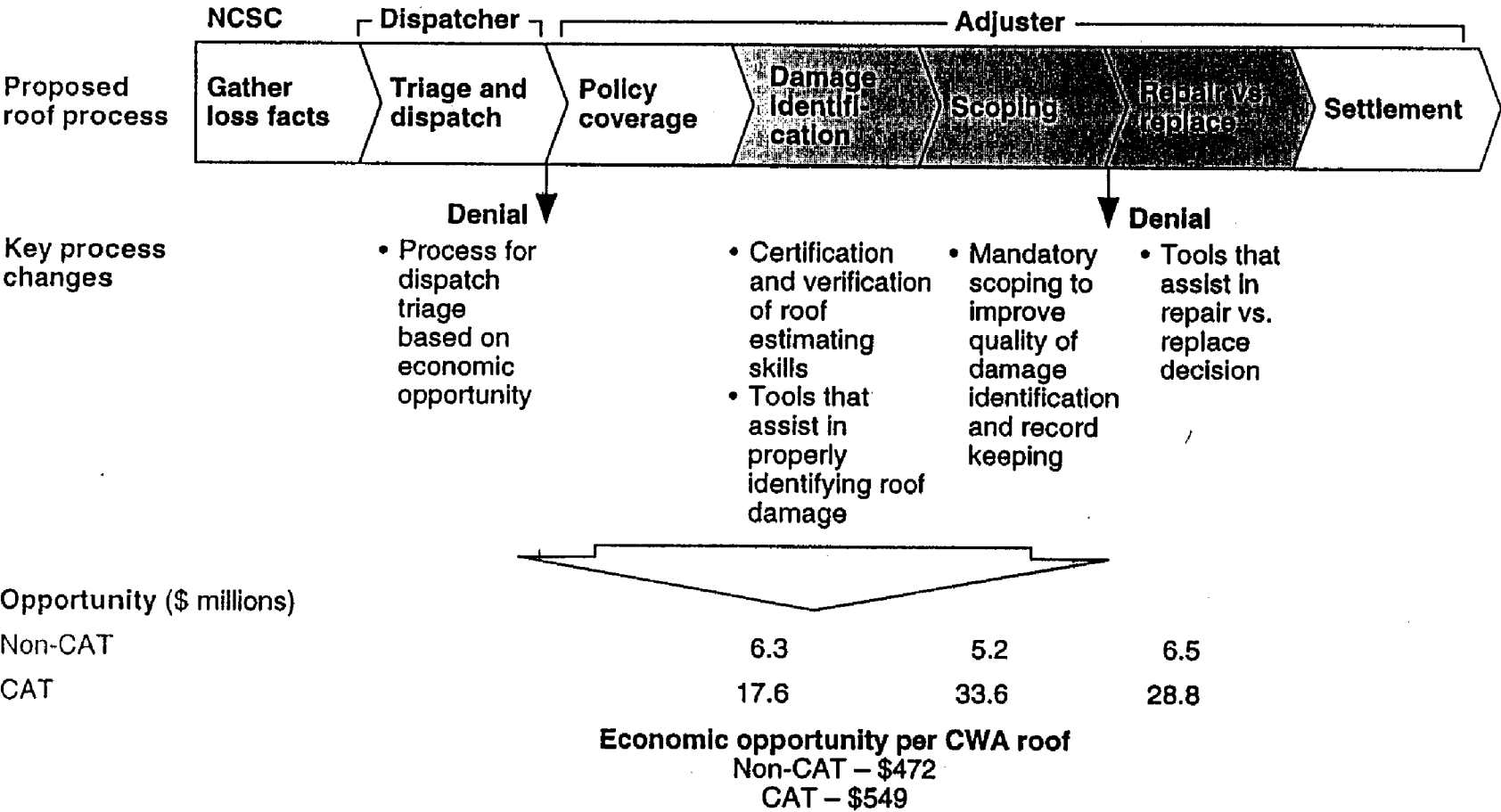
TEST SITE ACTIVITIES

Issues	Proposed tests
Effectiveness of NCSC questions	Measure whether the NCSC questions provide the information necessary to accurately prioritize claims by economic opportunity
Accuracy of priority chart	Measure whether the categories capture the correct order of prioritization
Accuracy of assignment chart	Measure the percent opportunity captured by method of settlement and priority classification
Adjuster effectiveness	Measure customer service and process compliance at increased volume levels
System to manage claim to volume variation	Test different options to see which is best
Technology enhancements	After establishing accuracy of NCSC questions, priority, and assignment charts, determine how mech. dispatch and LRS can be used to automate the dispatch process

ROOF

PROCESS

PROPOSED ROOF PROCESS



ROOF PROCESS EFFECTIVENESS MEASUREMENTS

Measure	Customer satisfaction level vs. contact time
Issue	What is the optimal requirement for contact after notice date?
Baseline	No
Sample	100%
Calculation	Number of customers satisfied within each segment/number of claims within each segment
Source	Customer surveys and focus groups (if necessary)
Methodology	Segment claims by contact time (e.g., same day, next day) measure number of satisfied customers within each segment
Data Input	Enter number of days contact after date of notice

Measure	Customer satisfaction levels vs. to inspection time
Issue	What is the optimal time for inspection from date of report?
Baseline	No
Sample	100%
Calculation	Number of customers satisfied within each segment/number of claims within each segment
Source	Customer surveys and focus groups (if necessary)
Methodology	Segment claims by number of days from report to inspection. Measure number of satisfied customers within each segment
Data Input	Enter number of days to field inspection

ROOF ASSESSMENT AND CONDITION REPORT

Objective – to assist outside adjuster in identifying covered damage, tool to be used by managers in the reinspection press

1. Description of dwelling

- a. Number of stories _____
- b. Style of roof (e.g., hip/gable) _____
- c. Type of roof
(e.g., asphalt shingle/shake) _____
- d. Number of layers on existing roof _____

Asphalt shingles

- Foot traffic ☐
- Previous storm damage (if so, check client file or contact file handler) ☐
- Horizontal stress cracks ☐
- Blisters ☐
- Curled edges ☐
- Nail Pops ☐
- Diagonal patterns ☐
- Crazeing or surface cracking ☐
- Embrittlement or hardening ☐
- Splices ☐
- Dark streaks ☐
- Deterioration 3 tabs wide ☐
- Large rounded areas where granules are compressed or crushed ☐

Other types of roofing

- Foot traffic ☐
- Previous storm damage ☐
- Deterioration ☐
- Defective product or installation ☐
- Other _____

2. Overall roof condition

- a. Age of roof _____
- b. Number of vents and type _____
- c. Evidence of previous repair
(describe and review client file or contact inside file handler for further information) _____
- d. Evidence of improper installation _____
- e. Evidence of previous damage
(indicate all that apply) _____

Wood shingles

- Knots ☐
- Case hardening ☐
- Insects ☐
- Animals ☐
- Deterioration ☐
- Improper use of fasteners ☐
- Failure to cull out defective shingles ☐
- Warping ☐
- Overdriving nails ☐
- Fungus and algae ☐
- Shrinkage ☐
- Use of nongalvanized fasteners ☐
- No ridge caps ☐

Characteristics of splits caused by the above

- Edges cannot be fit back together due to eroded edges ☐
- Weather splits are V-shaped from top to bottom ☐
- Weather splits exhibit the characteristic gray of aging in the split ☐
- Weather splits typically start at the butt (bottom) edge, then move upward (as a results, the split is always wider at the bottom than the top) ☐

ROOF ASSESSMENT AND CONDITION REPORT (CONTINUED)

3. Evidence of collateral storm damage (indicate all that apply)

- | | | | |
|----------------------|--------------------------|--|--------------------------|
| - Gutters | ☐ | - Fences/decks (bruised or damaged) | ☐ |
| - Broken windows | ☐ | - Oxidation removed from wood or aluminum siding with no dents | ☐ |
| - Car windshields | ☐ | - Lead flashing damage | ☐ |
| - Patio umbrella | ☐ | - Roof vents | ☐ |
| - Flowers and shrubs | ☐ | - Aluminum flashing damage | ☐ |
| - Fabric awnings | ☐ | - Refrigeration coils on A/C units | ☐ |
| - Pool covers | ☐ | - Other damage | ☐ |
| - Plastic toys | ☐ | | |

4. Covered storm damage? YES NO

Describe storm damage

5. Rate roof for difficulty-of-repair factor (circle one)

- 1.0 (0-50% depreciated)
1.5 (50-75% depreciated)
2.0 (75-100% depreciated)

6. I was on the roof YES NO

ROOF SCOPING WORKSHEET

Objective – to provide analytical tool for outside adjuster in evaluating appropriate settlement options

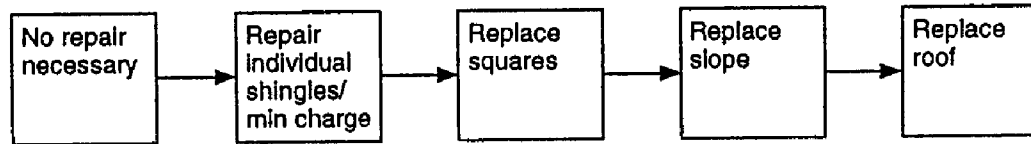
1. Diagram of roof

- Diagram whole roof include vents, etc.
- Measurements on all slopes
- Record number of damaged or missing shingles per test area

2. Analytical

- Damaged shingles per square _____
- Total number of roof squares _____
- Difficulty factor _____
- Cost per shingle to repair _____ x no. of squares = _____
- Cost per square to replace _____

3. Repair option (circle option chosen)



4. Basis for decision

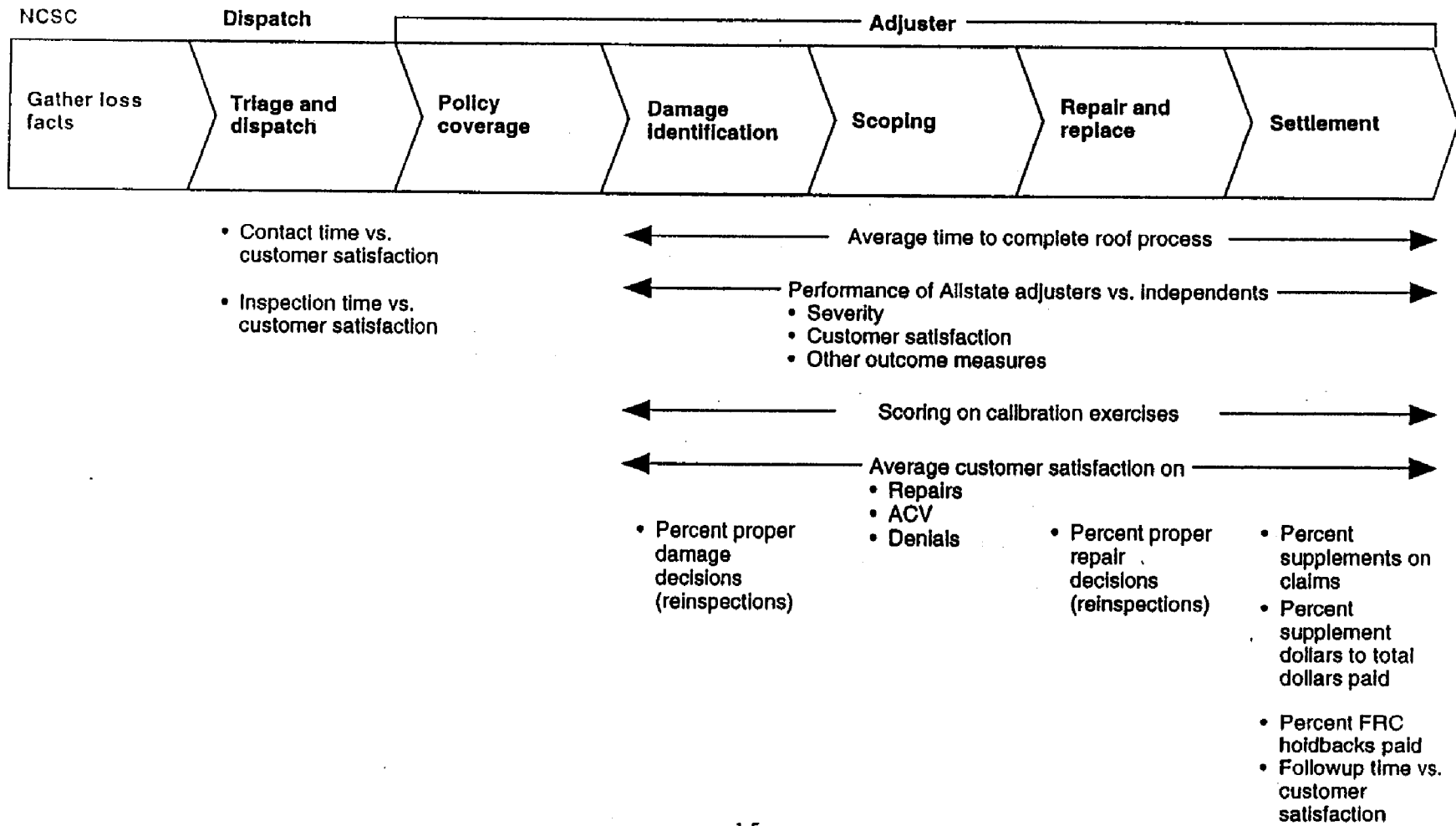
ROOF REPAIR JOB AID – ILLUSTRATION ONLY

Shingle - 1/2" x 1/2" x 1/2"
cut. 1/2" x 1/2"

		Damage area	Other factors to consider
Repair individual shingles	if	• Less than 15 shingles, use minimum charge • Less than 26 shingles, use per shingle repair factor (i.e., \$8.00 per shingle)	• Color matching • Age of roof • Steepness of roof • Number of damage areas • Local regulations • Damage location on roof – edge vs. center of slope
Replace square	if	• More than 26 shingles, figure 1 square per damaged area up to 3 damaged areas	• Color matching • Age of roof • Steepness of roof • Number of damage areas • Local regulations
Replace slope	if	• More than 2 squares required per slope, replace whole slope	• Local regulations
Replace roof	if	• Combination of 2 or more slopes replacement and more than 3 additional damaged areas • Economically not feasible to repair	

Note: Guide values subject to test site verifications

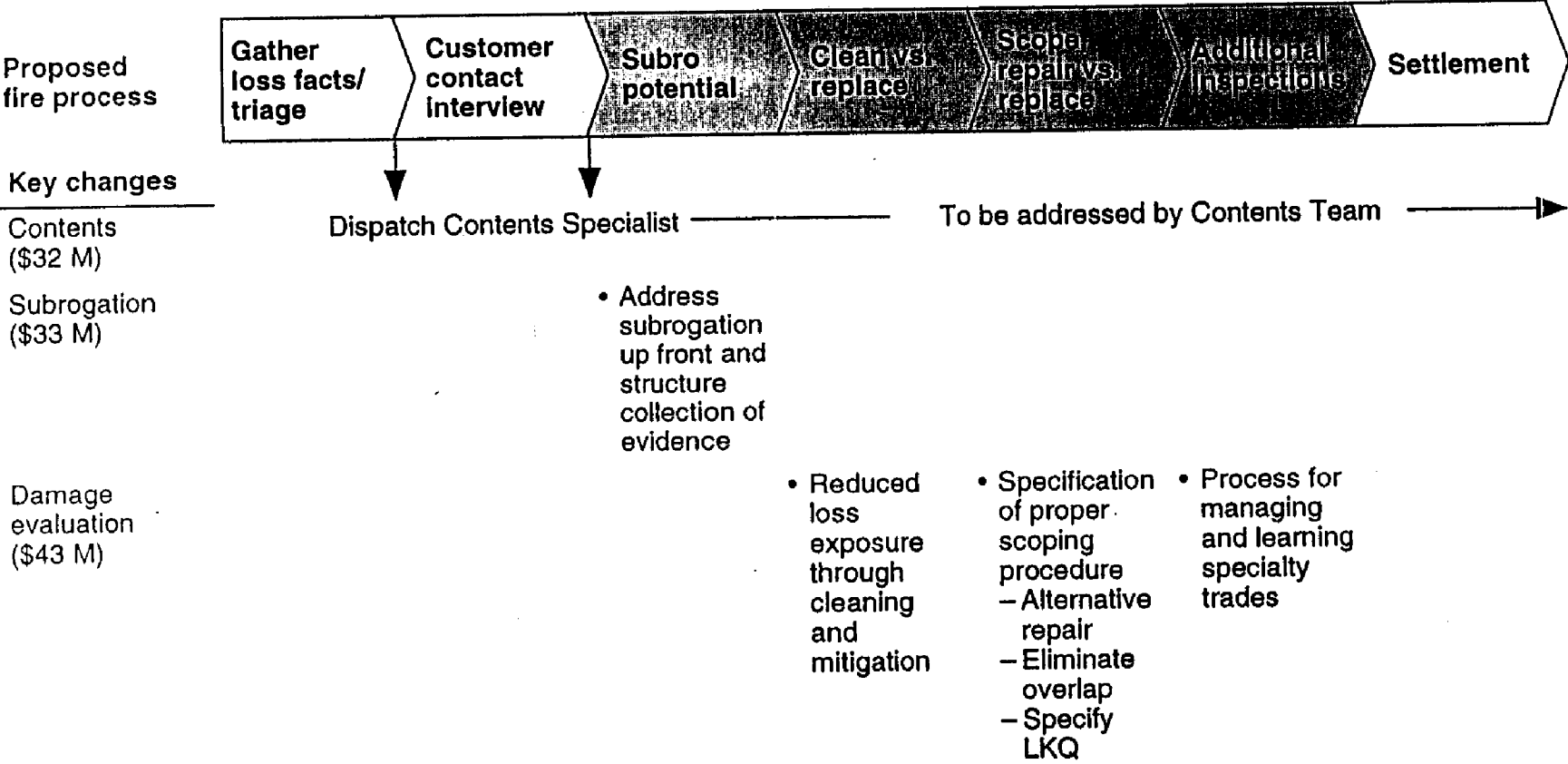
ROOF PROCESS EFFECTIVENESS MEASUREMENTS



FIRE

PROCESS

PROPOSED FIRE PROCESS



SUBROGATION DECISION GUIDE

Objective – to identify type of subrogation potential on each claim

What caused the loss?	Check here	Next steps
Product Involved • Appliances • Electronic devices (heater, power strip) • Lighting • Flame/heat device (stove, furnace)	_____	Product liability interview guide Causation worksheet
Workmanship/contractor • Actions by contractor/handyman which cause fire (i.e., staple through electrical wire)	_____	Workmanship liability interview guide Causation worksheet
Other than insured's actions responsible or partially responsible • Friends, relatives, neighbors, strangers	_____	Other than insured liability interview guide Causation worksheet
Insured solely responsible (e.g., coals in plastic bag)	_____	Universal subrogation interview guide/checklist
Other causes, specify (e.g., lightning strike) _____	_____	Universal subrogation interview guide/checklist
Unknown cause	_____	Unknown cause interview guide Causation worksheet

FIRE SUBROGATION TEMPLATE – OUTSIDE ADJUSTER

Objectives: • Provide process for systematic collection of subro evidence
• Determine need for recorded statement

Causation worksheet (checklist)

Date _____

1. Adjuster's theory of liability
(specify cause and origin) _____

2. Rule out all other causes
(per subro fundamental job aid) _____

3. Secure evidence (with evidence tag/receipt) _____

By whom _____

Name _____ Name _____ Name _____

4. Identify claimant(s) _____

Address _____ Address _____ Address _____

Phone _____ Phone _____ Phone _____

5. Photos _____

• Item which caused loss _____

• Surrounding area _____

• Overview of area _____

6. Diagram with burn pattern _____

7. Fire department report (if available) _____

8. Statement from 3rd party (if needed) _____

• If numbers 1, 2, 3, or 4 are not completed and
loss exceeds \$2,500, take a recorded statement

• If C&O is involved, recorded statement is not required

RECORDED STATEMENT SCRIPT

Objectives

- To properly set the insured's expectations before taking statement
- To advise insured of what is in it for them, deductible amount
- To explain why taking the statement now is so important (facts fresh in your mind)

Example 1 – C&O known

Based on the information you have provided thus far, it appears that the [microwave] is responsible for causing the fire. This means that the [manufacturer] may be held liable for the damages you have sustained. I will need to take a recorded statement from you to strengthen our position. The recorded statement will be used when presenting our case to the [manufacturer] to aid in recovering the money spent to restore your home. If the money is recovered, we will refund your deductible to you. I would like to take the statement at this time while all of the facts are fresh in your mind. Do you have any questions?

If insured is uncomfortable with giving a statement

I understand that giving a statement can be very uncomfortable and I would like to make the experience as easy as possible for you. I would like to assure you that this is a normal part of our claims process and that it is being done to assist us in identifying other parties who may have been responsible for the fire. I will start by going over all of the questions I will be asking you on the tape.

Example 2 – C&O unknown

Based on the information you have provided thus far, it is difficult to determine what started the fire. I will need to take a recorded statement to document what took place prior to the fire, and to help uncover what started the fire. If something or someone else is determined to be responsible for the fire, we may be able to recover monies paid to restore your home from them. The recorded statement will aid in this recovery. In addition, if any money is recovered, we will refund your deductible to you. I would like to take a statement at this time while all of the facts are fresh in your mind. Do you have any questions?

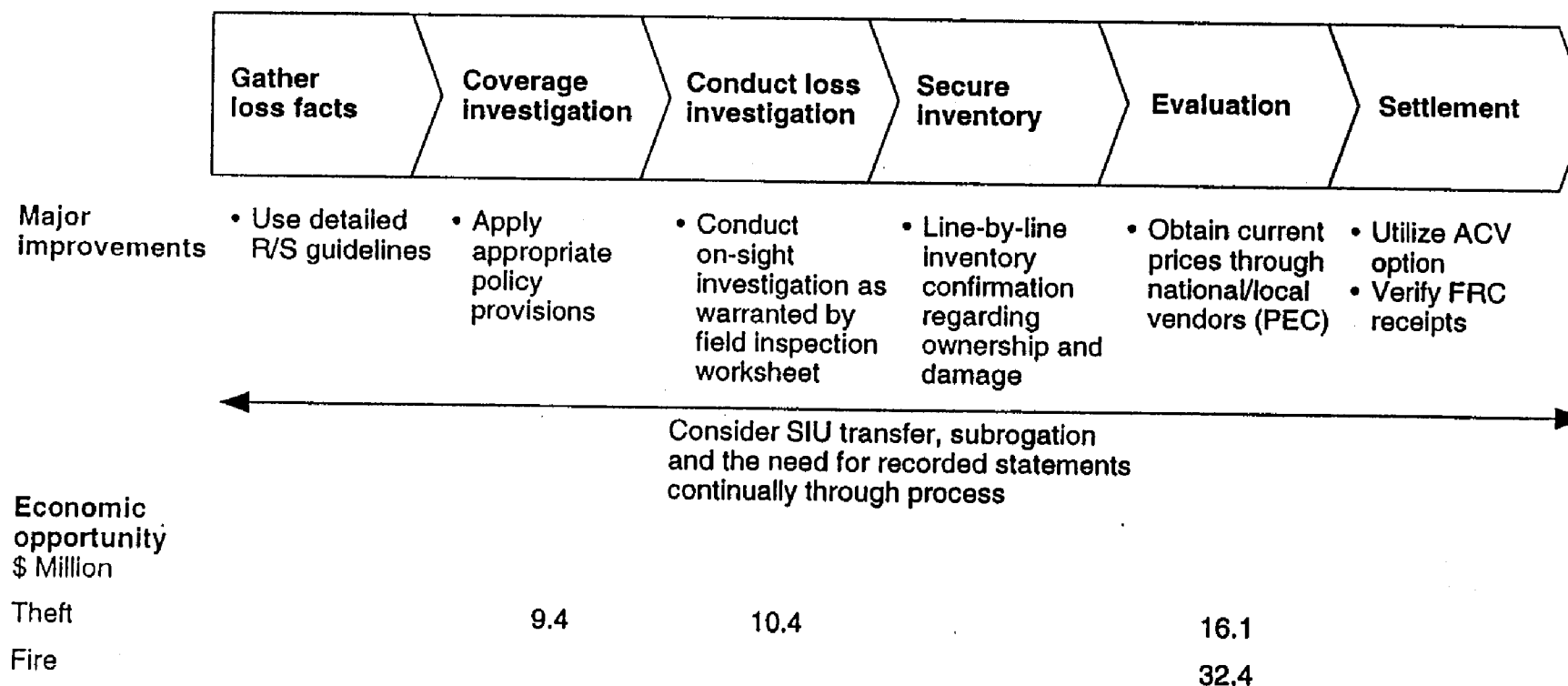
FIRE PROCESS EFFECTIVENESS MEASUREMENTS

Gather loss facts/triage	Customer interview contact	Subro potential	Clean vs. replace	Scope, repair vs. replace	Additional inspection	Settlement
		• Average time to complete causation worksheet • Average customer satisfaction ratings when R/S taken • Expert resources – Average cost of expert – Percent of success in meeting expert objectives – Percent of subro collected when expert involved • Percent of subro files – Collected – Rejected • Percent of files subro identified in category	• Cleaning – Percent of cleaning dollars to total paid – Percent of cleaning dollars later replaced	• Repair – Percent of repair dollars to total paid – Percent of repair dollars later replaced • Percent savings of overlap missed	• Percent of files when additional inspection was identified in category	• Percent of FRC holdback paid

CONTENTS

PROCESS

NEW PROCESS – CONTENTS CLAIMS



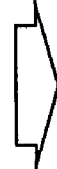
SCRIPT – IN-SIGHT CONTENTS LOSS

What to do	What to say	Script
Introduction	• Introduce self • Make sure insured has time to talk • Empathize with Insured	My name is _____. I am sorry to hear about your loss. I am the adjuster who will be coordinating your claim. I would like to take a few moments of your time to discuss the claim process with you. Is this a good time?
Recorded statement	• Tell Insured R/S needed • Explain importance of permanent record (when required)	One of our standard practices is to obtain a record and statement. This helps us gain a better understanding of the loss facts and preserves the list of items stolen for reference. This will take approximately _____ minutes. Let me explain what this consists of. I will begin by asking you some background information such as your name, address, and telephone number, how long you have lived at this address etc. I will then go on to ask questions pertaining to the loss facts and the inventory that was damaged. Do you have any questions? Do I have your permission to begin recording at this time?
Field inspection	• Ask insured to protect property and not to discard anything • Tell insured that you will need to make inspection of damages • Mention that a cleaning specialist may be employed to assist in the damage evaluation	I would ask at this time that you protect the damaged/destroyed property to prevent any further loss. Please do not discard any of these items I know how important your personal contents are to you. So, I would like to meet with you as soon as possible to inspect and determine the extent of your damages It may be necessary for me to have a cleaning specialist present to assist me with the evaluation of your damaged items. They have the equipment and expertise to clean the various contents, if needed

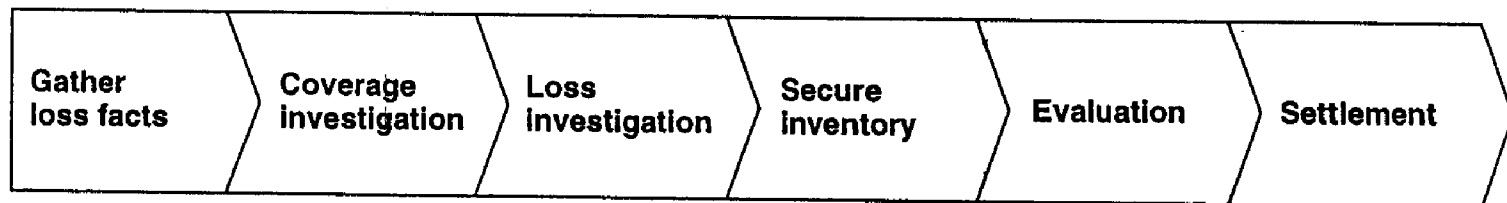
CLEAN/REPAIR JOB AID

Objective – to assist adjuster in the clean/repair decision process; tool must be completed for each content item valued FRC \$400 or greater.

Primary action based on observations checked at left. If indicated selection fails, proceed to next option.

Contents (check all that apply)	Check here	Primary action
Soot/smoke visible on upholstered fabric	_____	 Clean
Soot from furnace puff-back	_____	
Room is not directly affected by fire	_____	
No evidence of heat damage (melting, scorch, warps, burns)	_____	
Cost to clean is less than ACV of item	_____	
Smoke wipes for hard content item/no stain	_____	 Refinish, reupholster, repair, and/or appearance allowance
Evidence of minor fire damage to item	_____	
Cost to reupholster/refinish is less than ACV	_____	
Test clean reveals stain or penetration in wood	_____	
Smoke-stained mica/veneer (test clean fails)	_____	 Consult a professional for repair, service, clean options. Consider a test clean where appropriate
Ability to clean soft furniture is doubted by adjuster	_____	
High-end furniture or fabric	_____	
Electronic item, FRC > \$1,500	_____	
Custom draperies, FRC > \$1,500	_____	 Total loss item at ACV, explain FRC option if applicable OR exercise replace option (consult customer and policy form)
Warping, blister, stained plastic	_____	
Smoke-stained mica or veneer	_____	
Swelling or particle board	_____	
Direct fire damage, reupholstery/refinish not possible	_____	
Entire room damaged directly by fire	_____	
Heat damage to electronic item	_____	

CONTENTS PROCESS-EFFECTIVENESS MEASUREMENTS



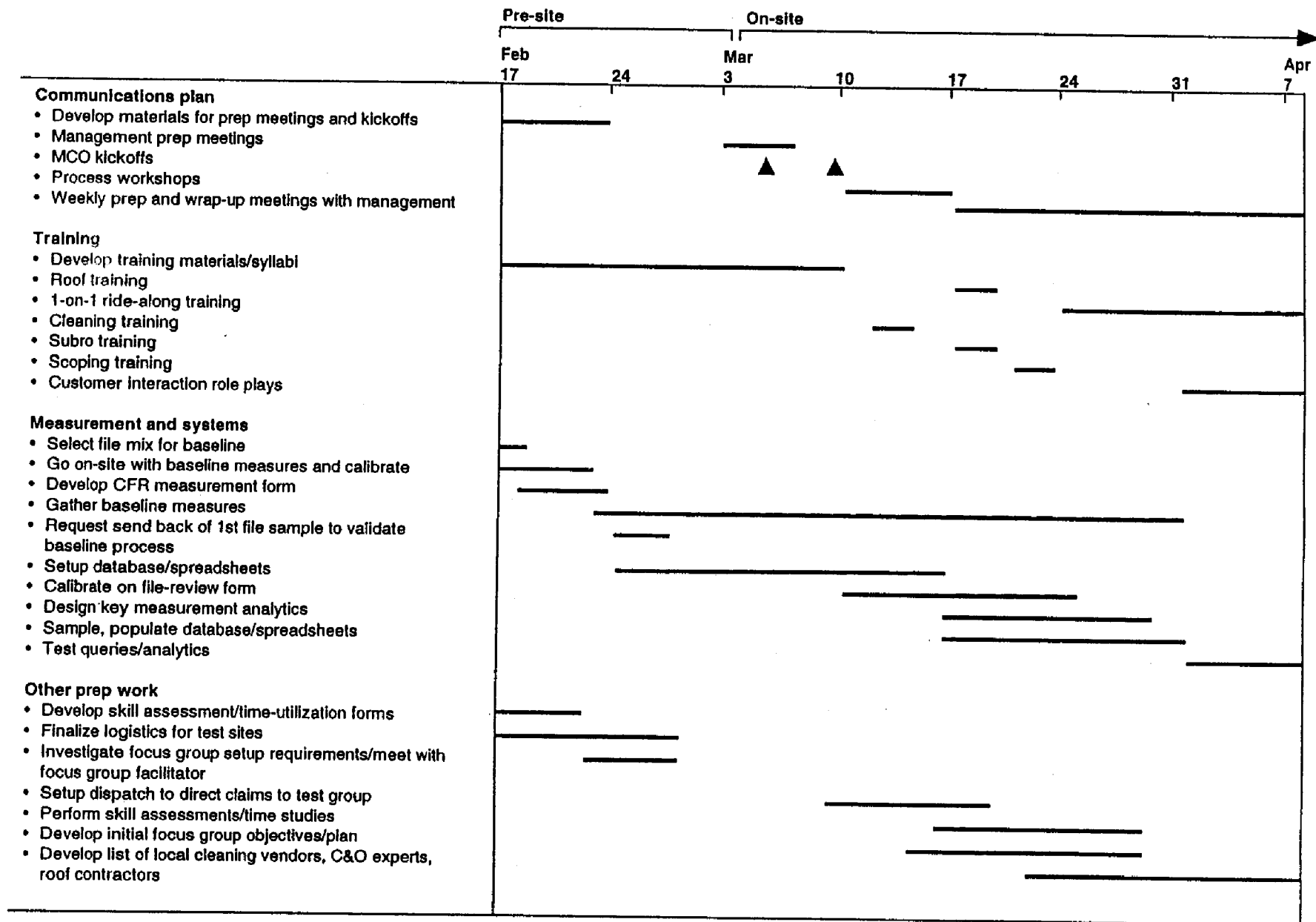
- Percent items' verification not obtained
- Percent items physical location not verified
- Percent average, below average, good, and excellent items
- Percent items without age
- Percent usage not identified

DESIGN COORDINATOR

TONI BOYD

SITE LEADER ROSEVILLE Mike Evanoff Tom Clarkson	SITE LEADER ALBUQUERQUE Jim Tyson Tom Clarkson	ADMINISTRATIVE LEADER BOTH SITES Dave Mateer Mike Donoghue	MEASUREMENT BOTH SITES Brian Dittle Mike Donoghue
<u>Structural</u> Chrisse Bowers - Billie Cohen Diane Collier - Tom Clarkson	<u>Structural</u> Mike Bolts - Dan Hebel Jeanice Johnson - Tom Clarkson Paul Block - Billie Cohen	Reinspections Staffing Mode 1 Measurement	Design, Input Financial Analysis
<u>Contents</u> Wendy Carrick - Dan Hebel Toni McKnight - Billie Cohen	<u>McKinsey Support</u> Giri Sckhar	<u>Customer Satisfaction</u> Kevin Brooks - Mike Donoghue	
<u>Subrogation</u> Doug Poff - Ellen Neary	<u>Oversight</u> Toni Boyd	<u>Dispatch</u> Carlos Sanchez - Dan Hebel	
<u>McKinsey Support</u> Ashwin Bhawe		<u>Measurement</u> Sheldon Wright - Tom Clarkson (Data Capture)	
<u>Oversight</u> Heiki Henning		<u>Oversight</u> Toni Boyd	

HOMEOWNERS CCPR TIMELINE



COMMUNICATION PLAN

Element	Target	Frequency/date/duration	Key messages/topics
Pre-kick-off meetings	• CSM, CPS, MCM, PCM	• Day before kickoff meeting • 1/2 day	• Introduce team leadership • Familiarize them with fact-finding and design work • Layout action plans for test site • Discuss "How we work with the MCO" issues/understand local MCO issues
Kick-off meetings	• Entire MCO	• 3/4 Roseville • 3/6 Albuquerque	• Show senior-level support/ buy-in • Build excitement/momentum
RVP/TAM/Agent briefs		If necessary	• Layout general test plan • Give sales overview of CCPR/test • Build buy-in
Process workshops	CPS, PCM, UCM, affected claim reps	• Series of 2-3 hour workshops	• Detailed workshop first with property management, then with claim reps to explain process detail, test methodology
Week prep meetings	CPS, PCM, UCM (MCM)	• 1-2 hours at beginning of week	• Layout activities/resource needs for week
Management group updates	MCM, CPS, PCM, UCM	• 1-2 hours at end of week	• Keep management in loop on – Current activities/schedules – Key issues – Progress/outcomes
MCO property group updates	Entire MCO property group	• At key points (every 2-4 weeks) • 1-2 hours	• Give overall property group a sense of what is going on
Process group debriefs	CPS, PCM, UCM, affected claim reps	• Nightly as necessary	

HOMEOWNER CCPR BRIEFING

KEY ISSUES

- Skill Levels
- Training Needs
 - Tech Cor
 - AccuPro
 - Mech Dispatch
 - Subrogation
 - Policy/Coverage
 - Technical Training

HO CCPR PROCESS UPDATE
JANUARY 14, 1997

H000001860

HOMEOWNER CCPR PROCESS UPDATE
JANUARY 16, 1997

H000001861

file

CONFIDENTIAL

Homeowner's CCPR Process Update

ALLSTATE INSURANCE COMPANY

Update document

January 16, 1997

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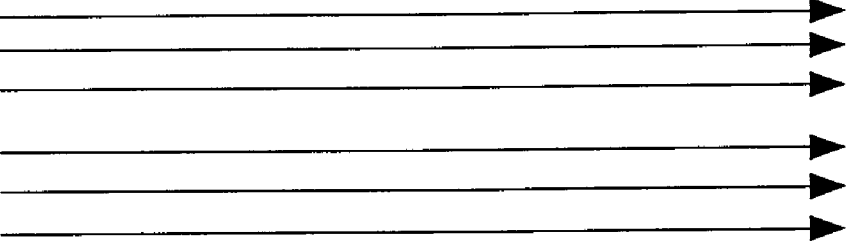
This material was used by McKinsey & Company during an
oral presentation; it is not a complete record of the discussion.

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JANUARY ACTIVITIES TO DATE

- Split into 3 core teams to develop first cut processes and key elements for 3 major opportunity areas
 - Roofs
 - Contents
 - Large fire losses
- Set up AccuPro training for entire team (Jan 23 and 24)
- Met with Tech-Cor to understand current training materials and begin dialogue about property training curriculum
- Established number and focus of test sites, begun selection screening and generated shortlist

SUMMARY OF POTENTIAL SOLUTIONS

	Noncat			
	Fire	Theft	Wind/hail	Cat
Specific process	• Contents • Vendor/independent management • Cause and origin • Scoring	• Contents	• Roofs/exterior dwelling • Vendor/independent management	• Roofs/exterior dwelling • Vendor/independent management
Percent of opportunity	85%	88	70	77
Dollar opportunity	\$114 million	37	32*	119**
Support structures	• Skill levels • Measurements • Management time/focus • Staffing • Training • Incentives			

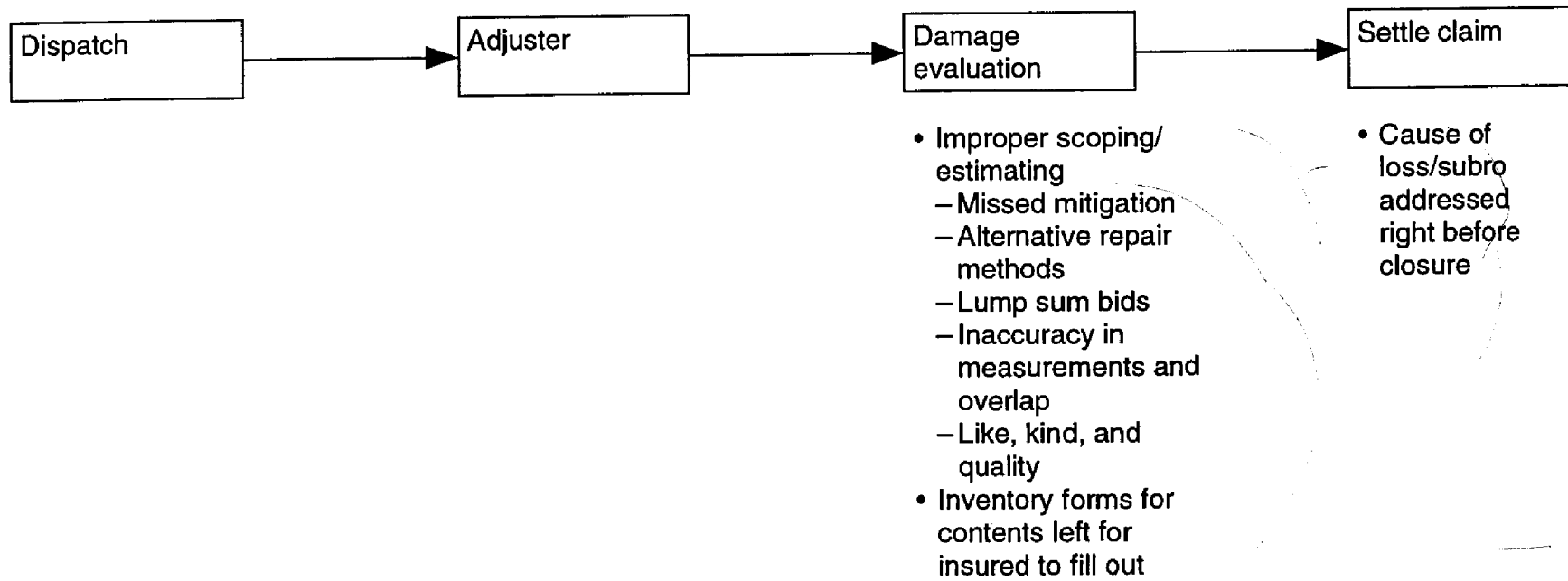
* Based on reinspection opportunity

** Since wind/hail opportunity constitutes 56% of total Cat opportunity

AGENDA

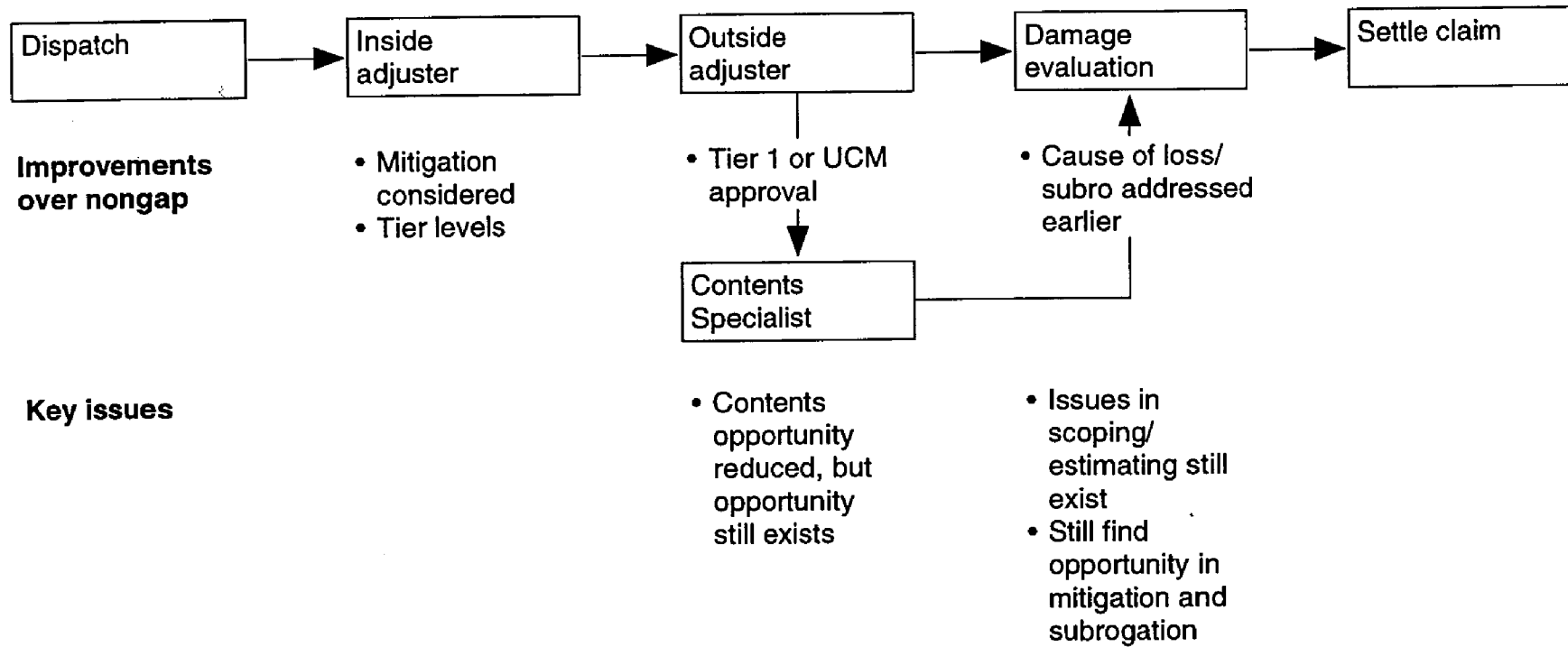


- Fire
- Contents
- Roofs
- Test site selection
- Next steps

NONGAP SITES PROCESS

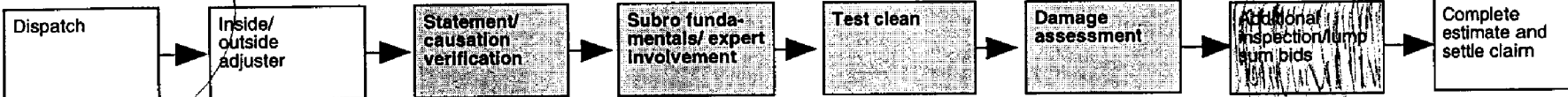
Source: Homeowner CCPR team; CFR

GAP SITES PROCESS



Source: Homeowner CCPR team; CFR

NEW PROCESS



Key improvements

- Address cause of loss/subro up front
 - Secure statement on site (per tier guidelines)
 - Determine negligence

- Proper utilization of causation template
 - Increase adjuster skill level
 - Initial training
 - Use of causation worksheet
 - When to involve expert
 - Proper type of expert

- Improve scoping
 - Proper mitigation
 - Appropriate clean vs. replace decisions
- Contents process

- Improve scoping/estimating
 - Use of alternative repair methods
 - Accuracy in measurements
 - Reduce overlap
 - Like, kind, and quality
- Contents evaluation process
- Customer service focus

- Eliminate acceptance of lump-sum bids
 - Develop ACCUPRO templates
 - Utilize specialty tradesmen
- Additional inspection
 - Scope after controlled vendor cleaning
 - Customer quality service follow-up
 - Charges in scope (unseen damages)
 - Specialty vendor involvement
- ~~FRC~~ vs. ACV
- ALE containment

Additions for large fire process (\$15 K+)

- Detail initial contact/visit with insured

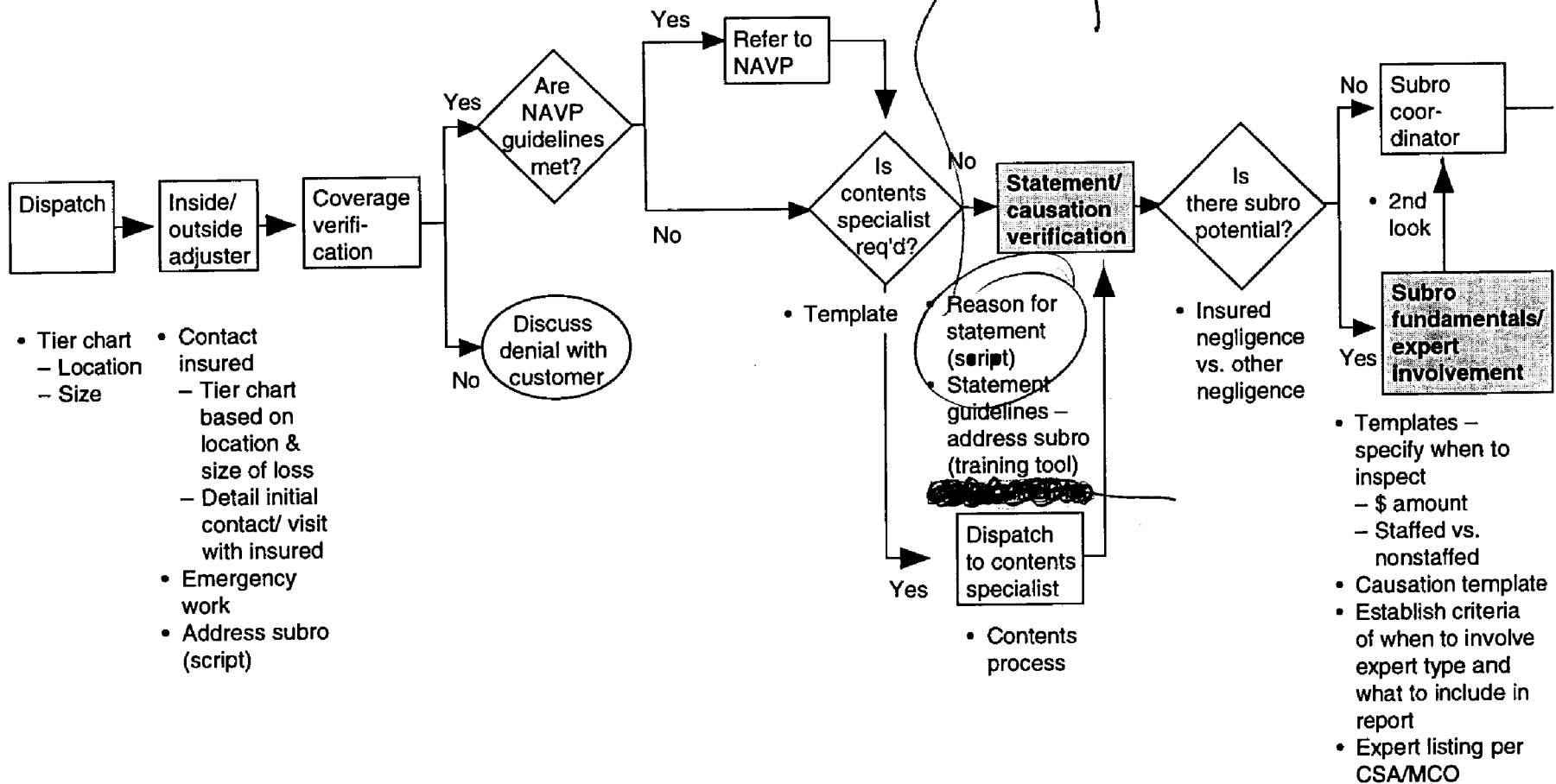
- Contents specialist involved

- Causation worksheet/ Section B
- NAVP guidelines

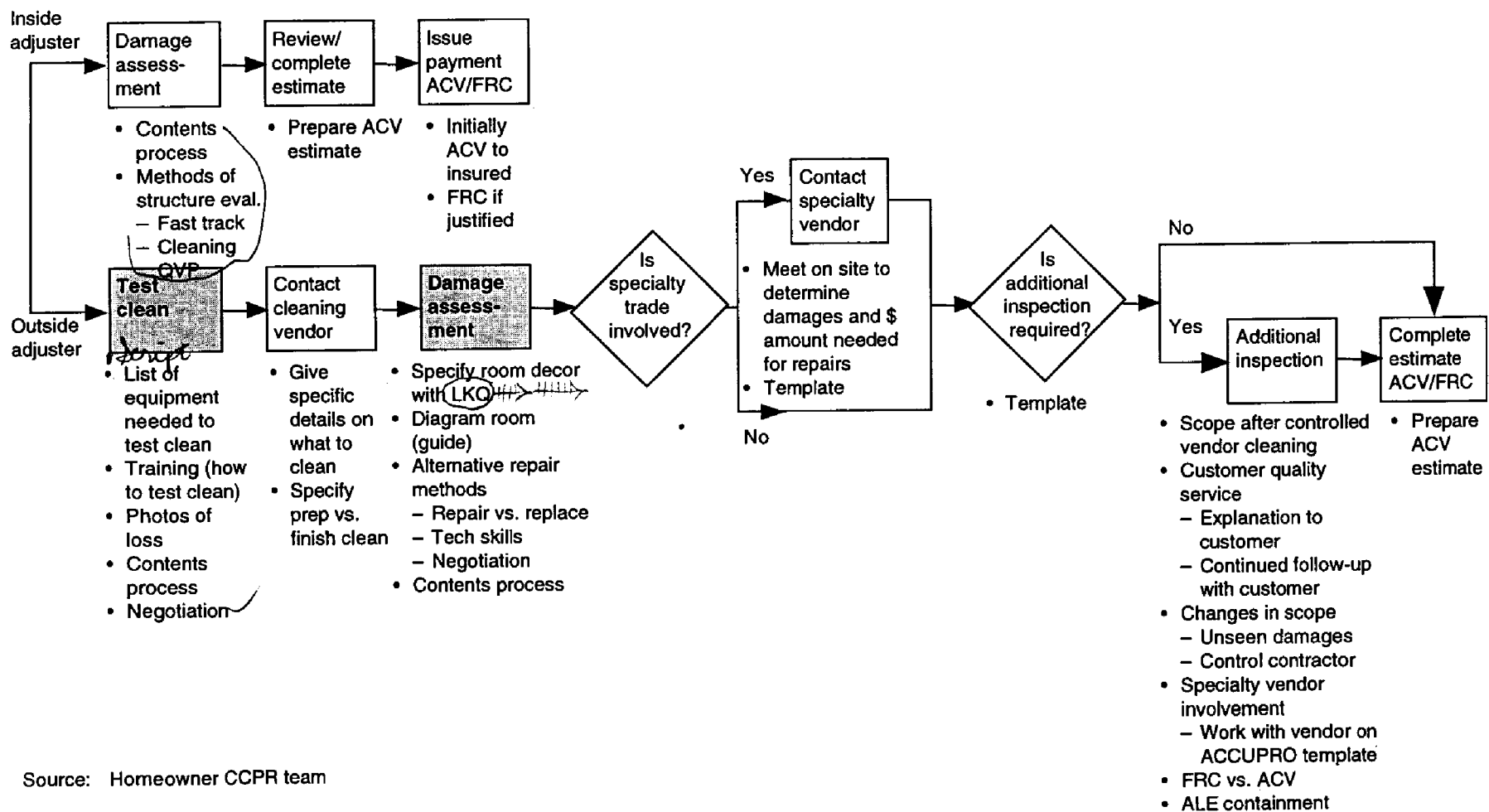
- Controlling specialty items and changes in scope

Source: Homeowner CCPR team

DETAIL OF NEW PROCESS



DETAIL OF NEW PROCESS (CONTINUED)



Source: Homeowner CCPR team

FIRE PROCESS C&O KEY PRESSURE POINTS

Pressure points	Key issues	Desired behaviors
Statement/causation verification	• Accept loss facts from insured without questioning • Subro/cause of loss not addressed up front	• Adjuster capable of taking a detailed statement of facts of loss • Adjuster capable of taking detailed statement regarding what started the fire and initiates subro process
Subro fundamentals/ expert involvement	• Adjusters lack of fundamental skill to determine cause of loss • Reports do not reflect information necessary to pursue subro – Improper experts called – Lack of direction from adjuster/NAVP to expert on determining what started the fire	• Need to develop adjusters technical skills • Increase adjusters knowledge of functions performed by different types of experts – Understanding of report objectives • Timely contact of proper expert

FIRE PROCESS C&O TOOLS AND TRAINING

Pressure points	Tools	Training
Statement/causation verification	• Develop statement guide • Scripting – Explain why statement is necessary • Equipment – Hand held recorders – Phone recorders • Subro statement filter – Automated statement summary (cannot close file until screen is completed) • Establish consistent SIU guidelines	• Role play for taking a statement
Subro fundamentals/ expert involvement	• Job aid – Develop fundamental skills to determine what caused the fire • Listing of expert resources – Description of expert – Pricing – What should be included in expert report • Subrogation template – Causation worksheet – When to involve an expert • Tier chart – When adjuster should inspect (dollar amount, within staffed area or nonstaffed area) – When to involve expert	• Training program (developed with NAVP) – To determine what caused loss • Ongoing communication workshops – Subro coordinator in conjunction with natl. subro – Outside experts • Role play – To properly utilize causation worksheet and increase fundamental skill levels – For loss determination

FIRE PROCESS C&O MEASUREMENTS

Pressure points	Process measurements	Outcome measurement
Statement/causation verification	• File reviews – To ensure compliance that statement was taken – To ensure quality of statement (listen to tapes – facts developed) • Use of statement guide (observational)	
Subro fundamentals/ expert involvement	• Proper use of tier chart and expert listing • Appropriate use of subrogation template • Reinspections/ride-alongs to evaluate fundamental skill level	• Number of files submitted to subro • Percent of dollars collected to payout • Customer satisfaction – Deductible pursued • Number of subro rejections (vs. baseline)

FIRE SCOPING KEY PRESSURE POINTS

Pressure points	Key issues	Desired behaviors/changed process
Test clean	• Replacing items before determining if they can be cleaned • Limited mitigation attempted with no vendor direction	• Attempt test to clean at initial inspection • Adjuster promptly contacting mitigation/cleaning vendor and directing per adjuster's scope
Damage assessment/ additional inspection	• Replacing items without consideration of repair (adjusting the loss, e.g., replacing 1 cabinet door instead of all cabinets) • Replacing items without consideration of alternate repair allowance (selling technique, e.g., ceramic tile hearth for fireplace instead of entire carpet) • Undeveloped technical scoping skills (e.g., overlap, LKQ, measurements)	• Ruling out repair before items can be replaced • Consideration of alternate repair allowance before replacement • Adjuster capable of accurately preparing detailed diagram and scope of damages
Lump sum bids/ additional inspection	• Lump sum bids accepted without any breakdown of scope and pricing (e.g., electrical, plumbing, HVAC) • Scope to replace • Accepting changes in scope without question	• Adjuster prepares scope and pricing • Scope after controlled vendor cleaning • Verifying any changes in scope by inspection

FIRE SCOPING TOOLS AND TRAINING

Pressure point	Tools	Training
Test clean	• List of equipment, e.g., – Chem sponge – Rags – Water, etc. • Scripting – Explain to insured why test cleaning – Directing vendor per adjuster's scope (role play)	• Prework training – Hands-on training with cleaning company • Role play for scripting • Role play for negotiation skills enhancement
Damage assessment/ additional	• Templates – Cabinets – Sheetrock • Job aid – Listing various alternative repair allowances, e.g., paneling, ceramic tile, carpeting to linoleum/hardwood • Template/diagram (ACCUPRO) • Process to price LKQ – Reference books (Lowes, Home Depot)	• Preparing diagrams and scope • Role play for negotiation skills enhancement
Lump sum bids/ additional inspection	• Template (ACCUPRO) – Electrical – Plumbing – HVAC • Additional inspection template	• Specialty trade training – Expert assistance to be phased out as skill gap closes

FIRE SCOPING MEASUREMENTS

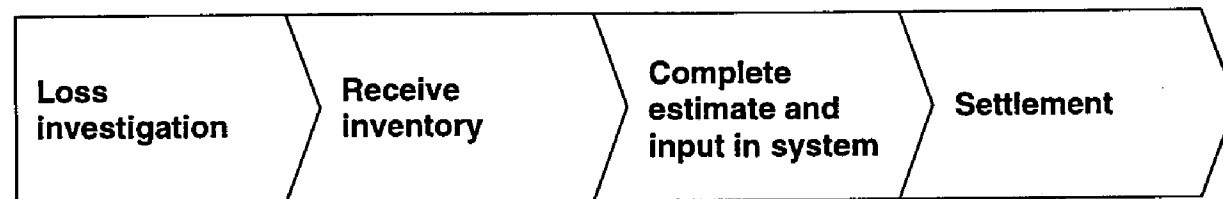
Pressure point	Process measurements	Outcome measurements
Test clean	• Reinspections/ride-alongs – Timing based on size of loss (prior to restoration, 48 hours after test cleaning) • Evaluation/cleaning worksheet (automated) • Use of scripts (observational)	• Measure number of times cleaning vendor involved in claim and number dollars to total (HDS breakout vs. baseline) • Severity (comparison to baseline) • Customer satisfaction – Better understanding of claim process regarding test cleaning
Damage assessment/ additional inspection	• Reinspections/ride-alongs – During repairs • Exceptions to alternative repair template • Evaluation worksheet – Ruling out repair before items are replaced – Use of alternate repair allowance (managers track) • Use of templates	• Severity (comparison to baseline) • Customer satisfaction • Customer satisfaction – Follow up with insured
Lump sum bids/ additional inspection	• Use of ACCUPRO templates • Exceptions to additional inspection template (file reviews) • Customer complaints/call backs	• Severity (comparison to baseline) • Customer satisfaction (ICSS) • Cleaning measurement sheet – Determine cleaning • Dollar savings on large items, i.e., carpet, sheet rock, flooring, paint

AGENDA



- Fire
- **Contents**
- Roofs
- Test site selection
- Next steps

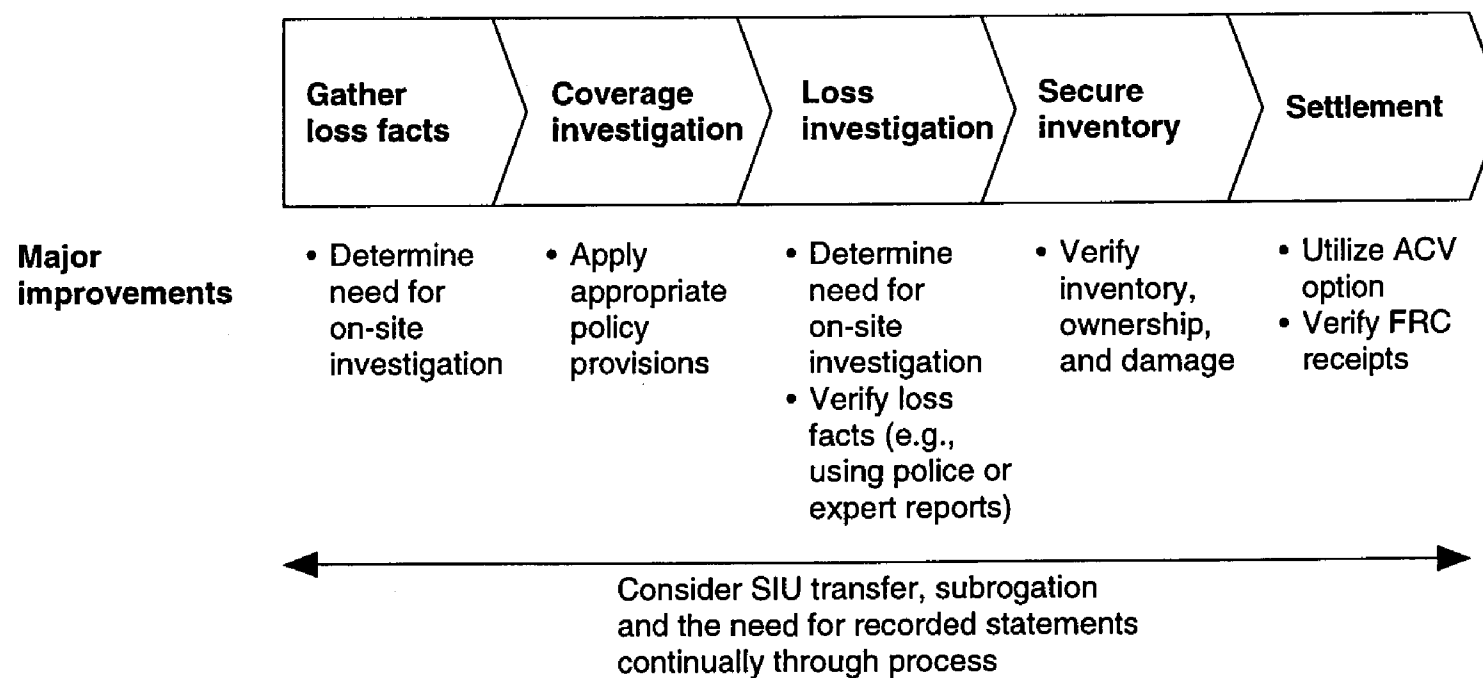
CURRENT PROCESS – CONTENTS CLAIMS



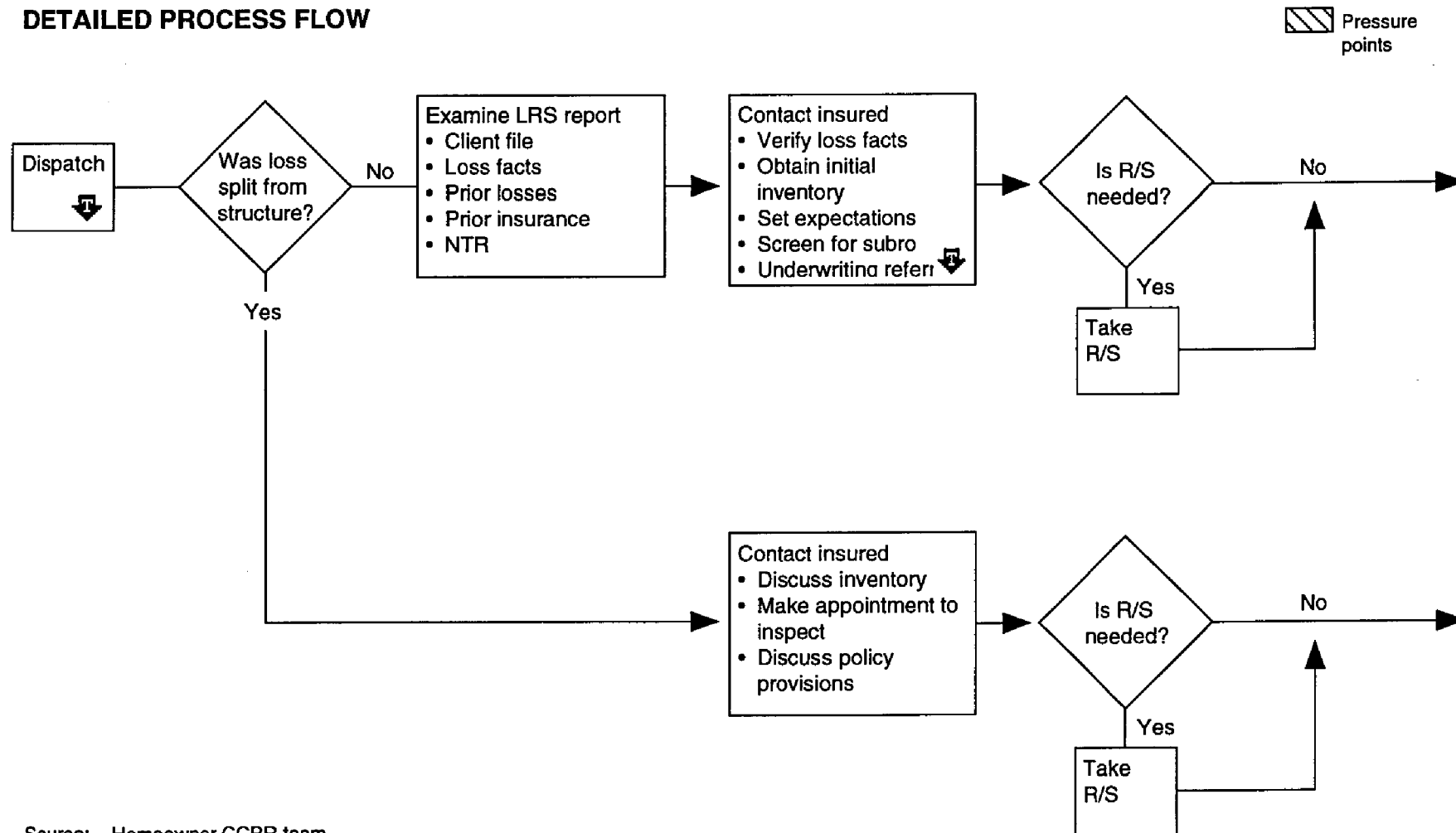
Key issues

- | | | | |
|--|--|--|---|
| <ul style="list-style-type: none"> • Minimal coverage investigation • Inconsistent loss facts and verification • Minimal recognition of subrogation and SIU | <ul style="list-style-type: none"> • Insured provides inventory • Minimal on site investigation and verification | <ul style="list-style-type: none"> • Insured provides pricing • Inaccurate depreciation • Clean/repair options overlooked | <ul style="list-style-type: none"> • Up-front FRC cash out |
|--|--|--|---|

NEW PROCESS – CONTENTS CLAIMS

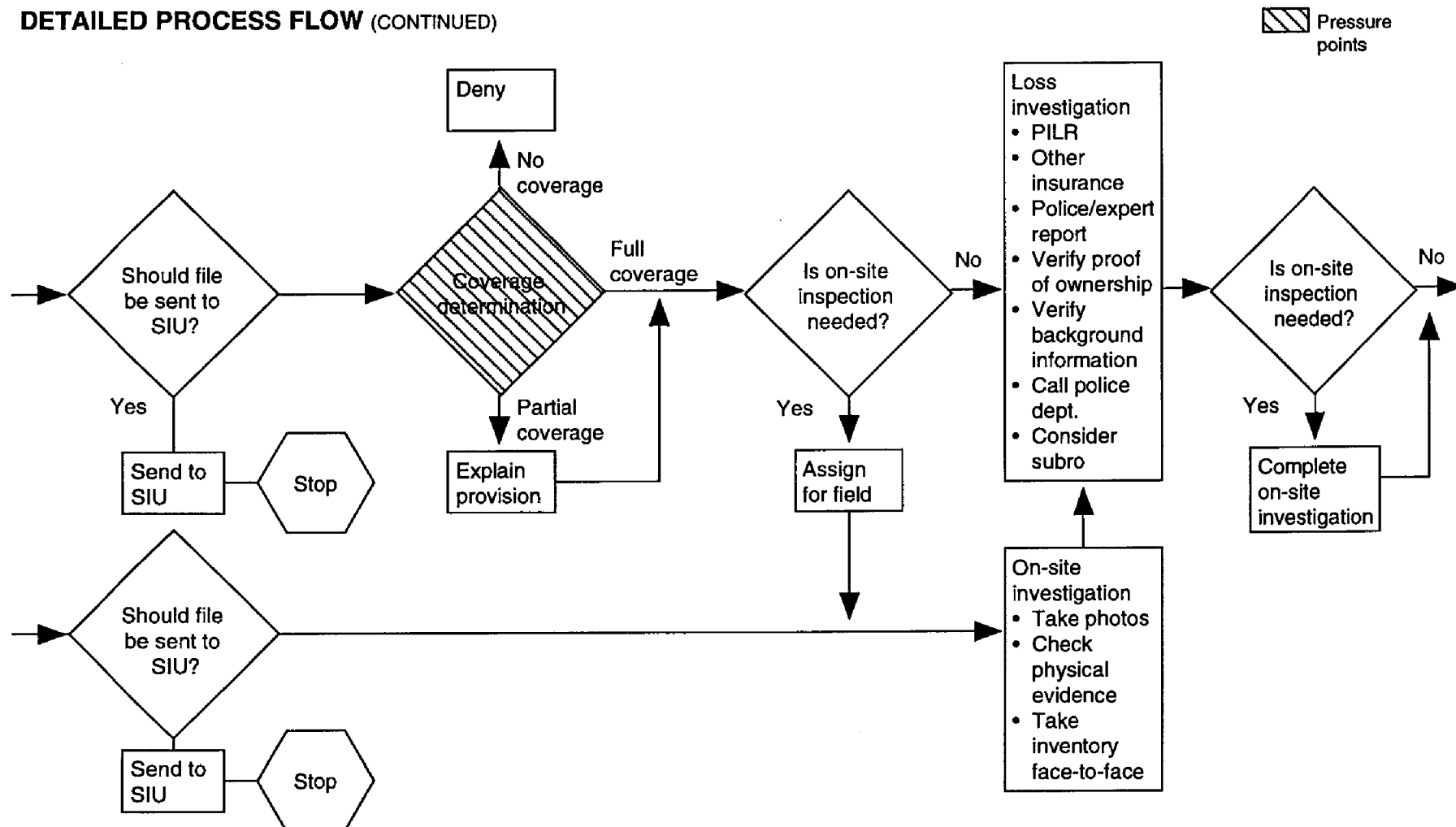


DETAILED PROCESS FLOW



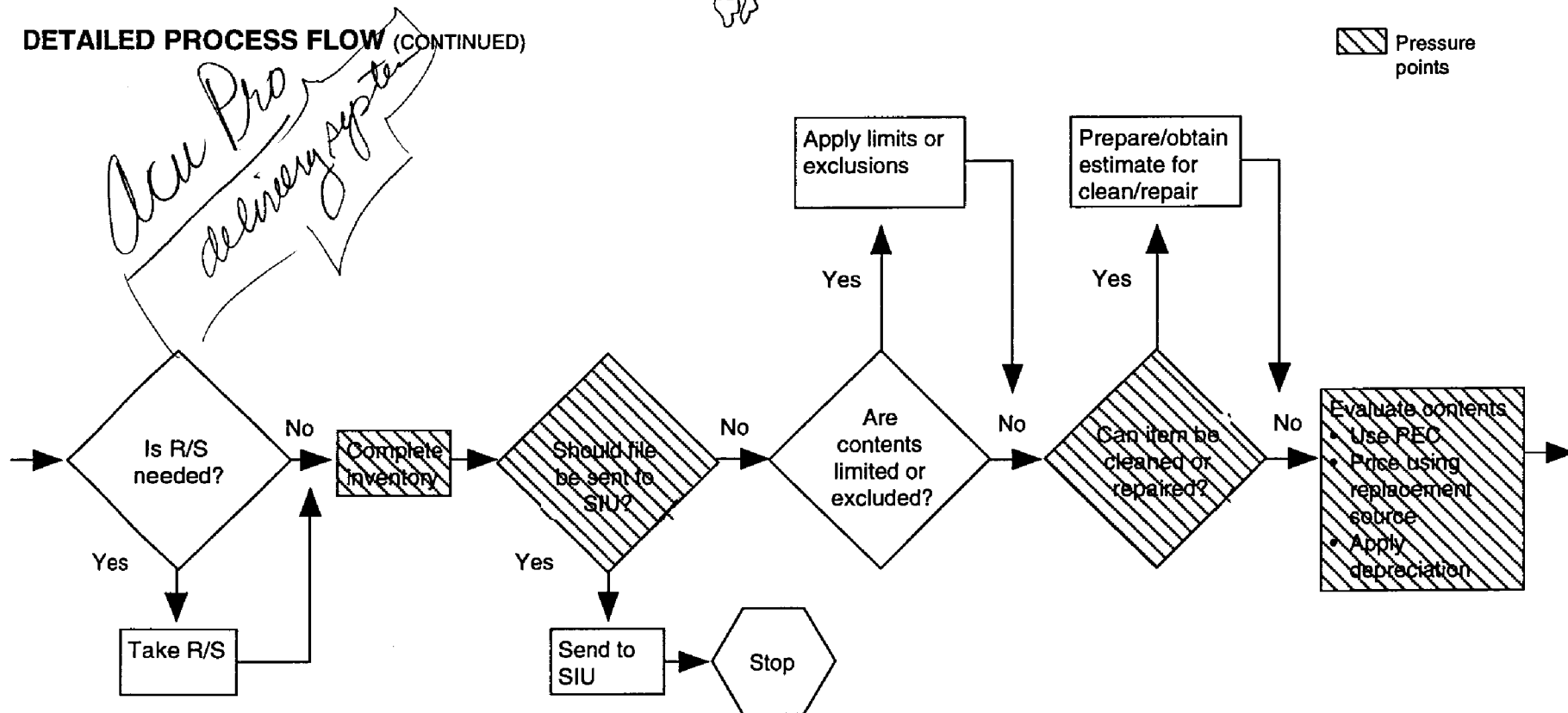
Source: Homeowner CCPR team

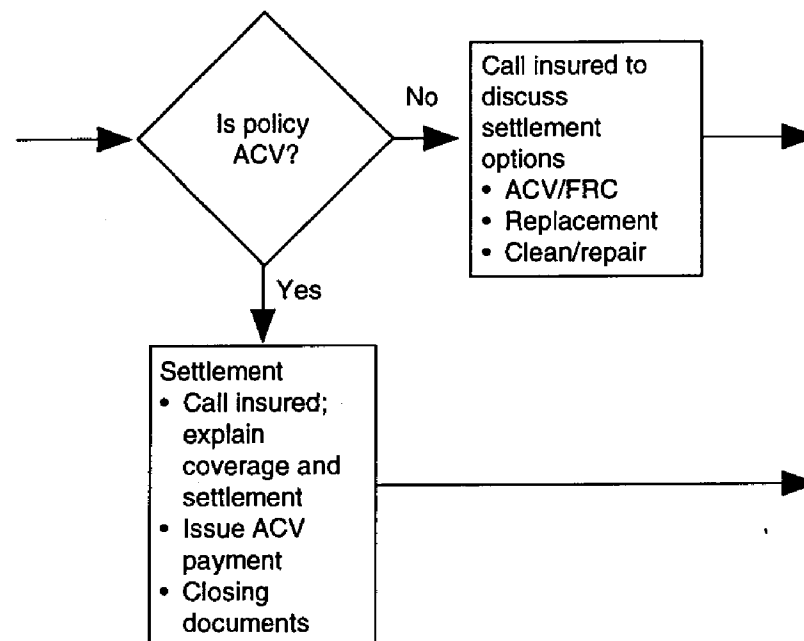
DETAILED PROCESS FLOW (CONTINUED)

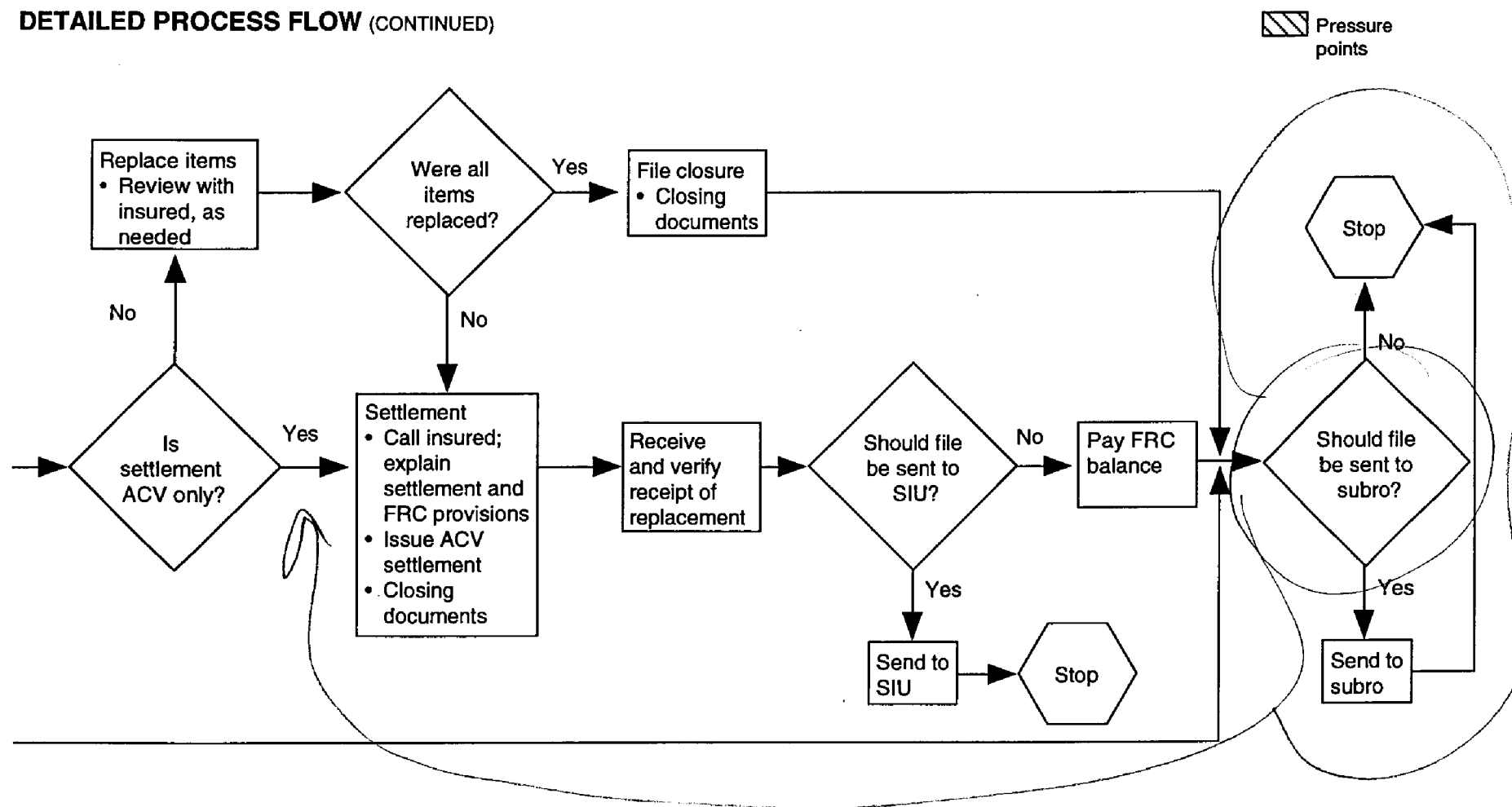


Source: Homeowner CCPR team

DETAILED PROCESS FLOW (CONTINUED)



DETAILED PROCESS FLOW (CONTINUED) Pressure points

DETAILED PROCESS FLOW (CONTINUED)

PRESSURE POINTS, KEY ISSUES, AND DESIRED BEHAVIORS

Pressure points	Key issues	Desired behaviors/change in process
Pricing	• Adjusters do not price, insured does pricing • PEC not adequately used – Not up-to-date – Adjusters lack knowledge • Non-PEC items priced inconsistently	• Adjuster prices inventory after adequate research • Adjuster uses system prices whenever available • Consistent sources used for pricing items not in system; LKQ attempted for more variable items
Depreciation	• Right questions to estimate depreciation not asked • Adjusters try to avoid confrontation on depreciation issues • Depreciation not applied often because – PEC does not always have rates – Adjuster wishes to close claim or avoid paperwork	• Adjuster asks appropriate questions • Depreciation evaluated and explained • Depreciation applied in every appropriate situation
Clean/repair/replace	• Adjuster does not know when to apply each option • Cleaning/repairing not done to avoid confrontation • On-site inspections inadequate	• Claim rep identifies and chooses clean/repair/replace option appropriately • Adjuster explains clean and repair options • Field inspections as needed

PRESSURE POINTS, KEY ISSUES, AND DESIRED BEHAVIORS (CONTINUED)

Pressure points	Key issues	Desired behaviors/change in process
Policy application and interpretation	• Improper policy application – Lack of policy knowledge – Policy not checked • Right questions to properly apply the policy not asked	• Adjuster understands policy, and checks to ensure proper application of limits, exclusions, and conditions • Questions that will lead to proper policy interpretation asked
Secure inventory	• Insured provides inventory • Proof of ownership not requested and/or verified • No on-site inspection	• Work with insured to prepare contents inventory • Adjuster requests and verifies proof of ownership • On-site inspections as needed
SIU	• Fraud indicators not recognized • Inconsistent fraud indicators and guidelines for transfer	• Adjuster recognizes fraud • SIU transfers based on consistent fraud guidelines and indicators

TOOLS AND TRAINING

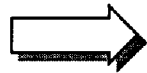
Pressure points	Tools	Training needed
Pricing	• PEC • Pricing checklist/template	• Overall PEC training
Depreciation	• Script for LKQ, depreciation, and pricing • Inventory worksheet	• Customer interaction training for ACV/FRC • Contents depreciation training (techniques, application)
Clean/repair/replace	• Ride-alongs and reinspections • Cleaning vendor list • Script for customer interaction • Template to decide need for on-site vendor to test clean	• Training for clean/repair/replace
Policy application and interpretation	• Specific policy forms • Exclusion/limitation template • Recorded statement scorecard • UCM sit-alongs; coaching	• Policy awareness training
Secure inventory	• On-site inspection decision tool • Inventory worksheet • Ride-alongs	• Role plays
SIU	• SIU indicator transfer scorecard • On-site visit tool	• SIU awareness training

Role Play

MEASUREMENTS FOR NEW CONTENTS PROCESS

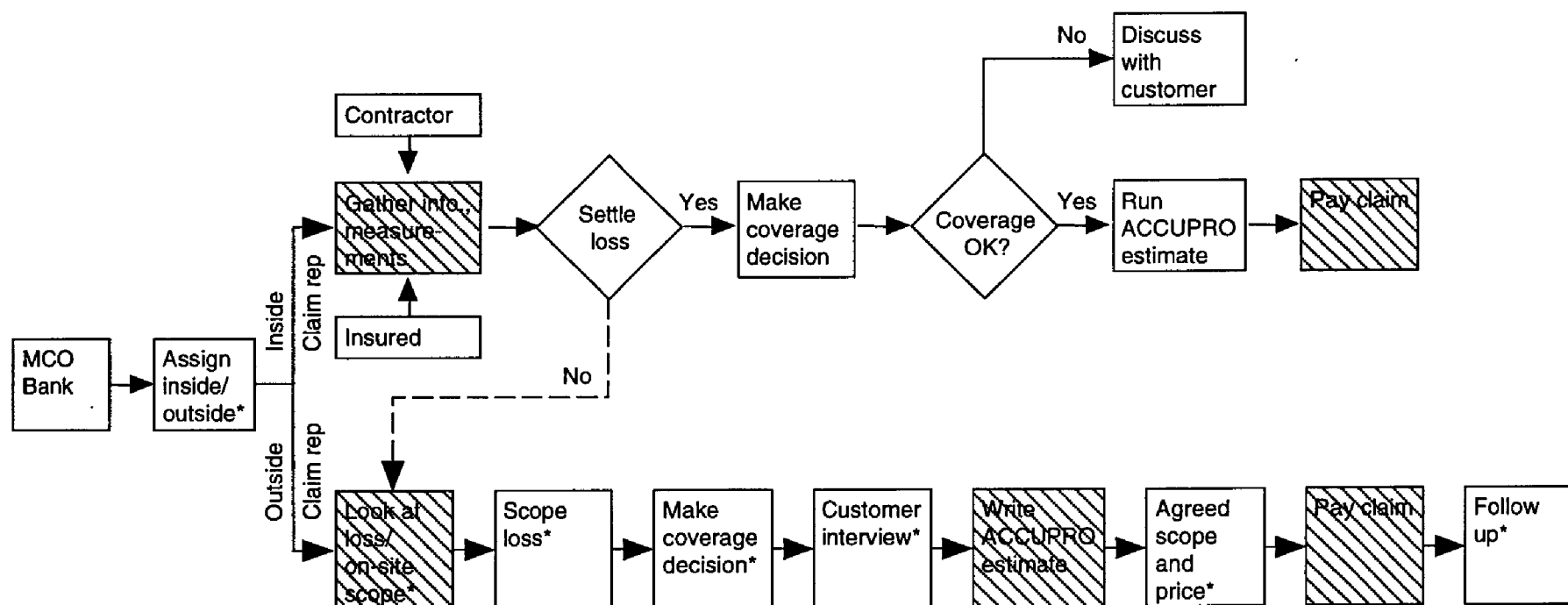
Pressure point	Process measurements	Outcome measurements
Pricing	• Spot-check of pricing source • No. of complaints on price	• Theft and jewelry severity • Avg. ACV estimate before deductible
Depreciation	• Depreciation script usage • No. of items depreciated/total no. of items • No. of complaints on depreciation	• Average percent depreciation • Average ACV estimate before deductible
Clean/repair vs. replace	• No. of items repaired or cleaned/no. of total items estimated • No. of vendor contents cleaning estimates/number of content claims • No. of on-site visits/no. of contents claims • No. of estimates with cleaning/no. of total estimates	• Total cleaning dollars/total estimate dollars
Policy application and interpretation	• Policy tool compliance • No. of complaints for partial denials and limitations	• Percent CWP
Secure inventory	• No. of on-site visits/no. of contents claims • On-site visit tool compliance	• CWA severity for theft and jewelry • CWA severity for fire contents
SIU	• SIU transfer compliance • No. of on-site visits/no. of content claims • On-site visit tool compliance	• Percent of claims transferred to SIU • Dollars impacted

AGENDA



- Fire
- Contents
- **Roofs**
- Test site selection
- Next steps

CURRENT PROCESS FLOW



* Not consistently happening

Source: Homeowner CCPR team

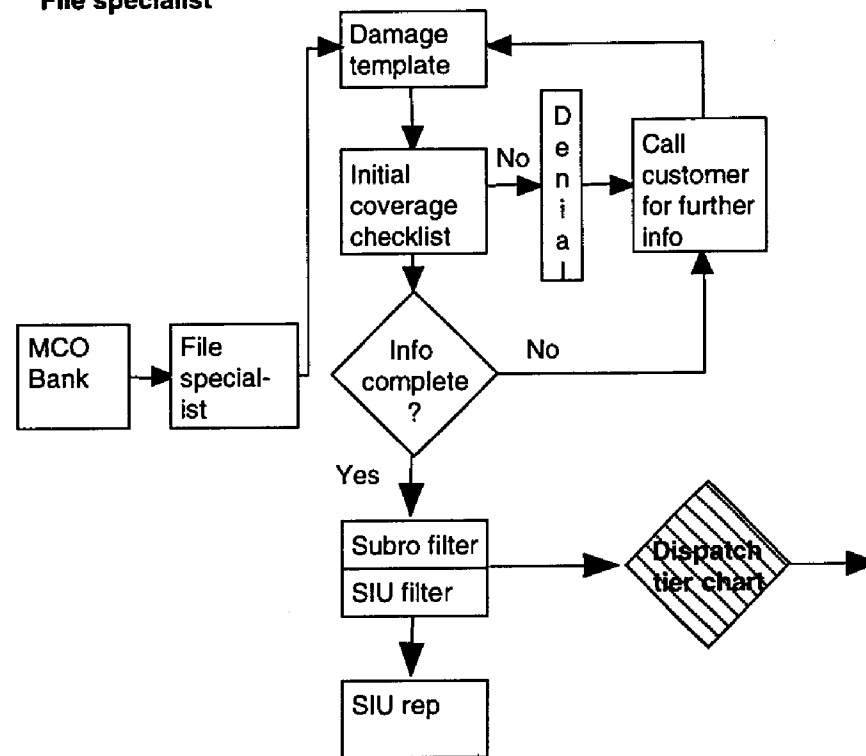
PROPOSED ROOF PROCESS FLOW

 Pressure point

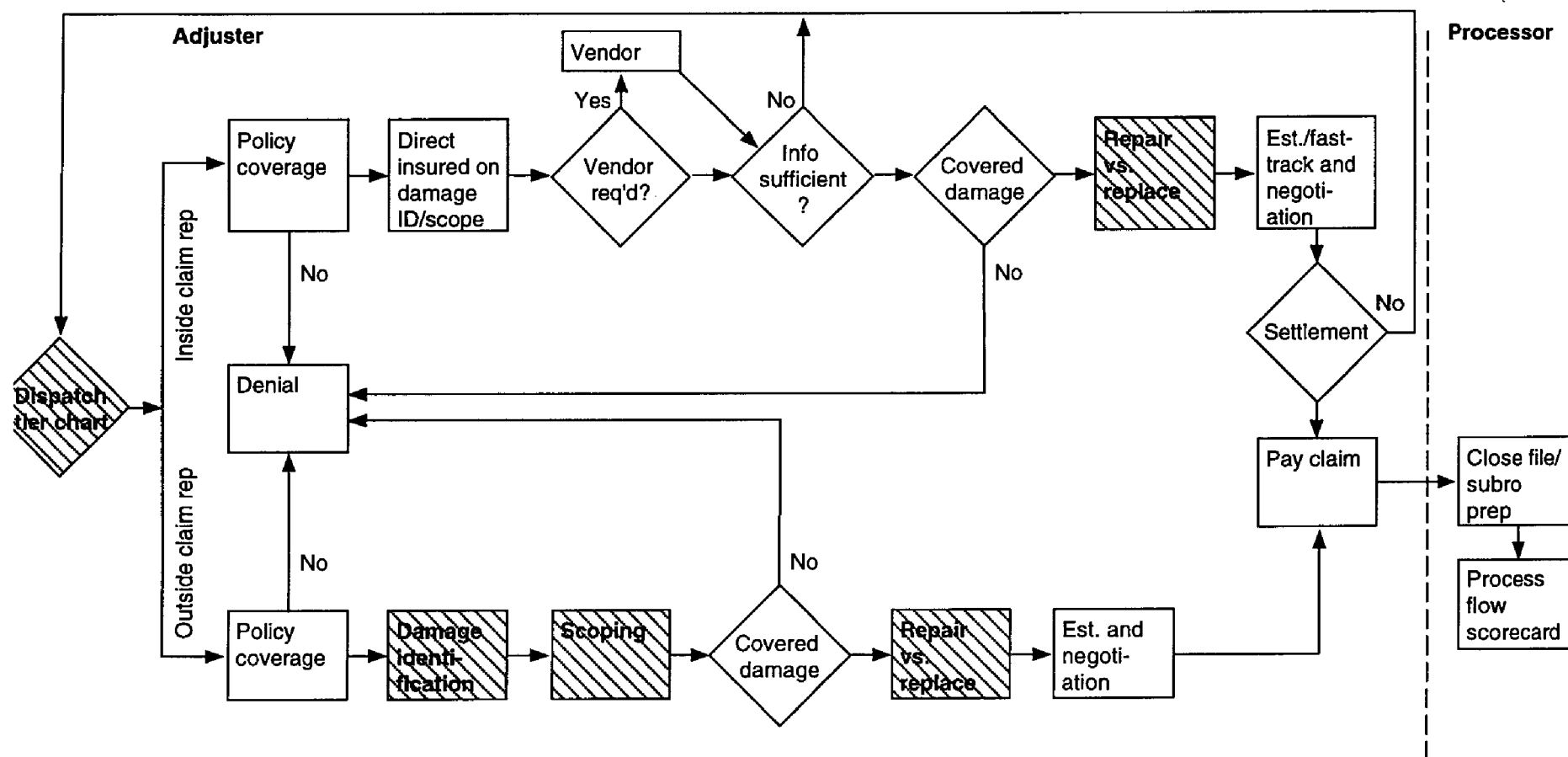
Key process changes

- Certification and verification of roof estimating skills
- Repair vs. replace template
- Damage identification template
- Policy coverage template
- Consistent investigation and assigning practices through use of file specialist
- Process verification through use of process flow scorecard

File specialist



Source: Homeowner CCPR team

PROPOSED ROOF PROCESS FLOW (CONTINUED)
 Pressure point


Source: Homeowner CCPR team

ROOF PROCESS KEY PRESSURE POINTS

Pressure point	Key issues	Desired behavior
File triage	Inconsistent process of assigning losses and gathering initial loss information	• Create process that sustains consistent gathering of information, and proper coverage analysis • Systematic tiering of claims based on opportunity
	Shortage of in-depth policy expertise	• Development of in-house policy expertise
	Inconsistent customer service	• Explanation of roof adjusting process that sets customer expectations
	Current measurements inconsistently taken and shared with adjusters	• Consistent measurements to ensure process compliance

ROOF PROCESS KEY PRESSURE POINTS

Pressure point	Key issues	Desired behavior
Repair vs. Replace/ Proper damage recognition	• Replace where repair would be sufficient • Pay for damages not owed under the policy • Insufficient technical skills in identification of roof damage and repair methods • Misunderstanding of state statutes • Path of least resistance (skill vs. will)	• Adjuster understands and follows consistent logical steps in determining repair vs. replacement of roof • Proper policy analysis • Accomplish required training and maintain technical expertise • Adjuster well-versed in local legal limitations vs. assumed common practices • Enhance communication skills via role play and scripting (customer service skills) • Adjusters understand and are driven by how we measure success
Scoping	• Scopes not consistently being prepared; when scopes are done, there is not sufficient information to write an estimate away from the loss site	• Prepare scope on every loss; follow guidelines in preparing accurate scope
Direct insured on scoping/ID scoping	• Not enough information obtained to write an estimate • Insured unclear on what information to provide	• Obtain information to scope loss and prepare estimate – Measurements – Photos

ROOF PROCESS TOOLS AND TRAINING

Pressure point	Template	Scripts	Training
File triage	• Triage tier chart • Coverage checklist • Damage template	• Explanation of claim process	• Technical • Coverage analysis • Process requirements
Repair vs. replace/damage recognition	• Preparation checklist • Inspection procedure • Repair/replace analysis, e.g., how, when, where • Coverage checklist	• Explanation of claim process • Explanation of inspection results	• Technical – Damage analysis – Repair methods – Scoping techniques – ACCUPRO – Subro recognition – Coverage analysis • Interpersonal skills – Role playing – Communication skills – Conflict resolution/
Scoping (outside rep)	• Scoping checklist • Accupro template		• Scoping requirements/ techniques
Direct insured on scoping (inside)	• Damage assessment checklist, e.g., – Measurements – Damage description	• Extraction of information from the insured	• Scoping requirements • Interpersonal skills – Communication – Role playing

OPTIONS FOR FILE SPECIALIST

	Dedicated non-exempt	Dedicated exempt	Rotating exempt
Responsibilities		• Complete coverage and damage templates • Triage losses • Complete subro and SIU filter • Process compliance scorecard - submitted weekly to UCM • Direct adjuster on findings • Identify issues to investigate • Coverage interpretation - develop indepth policy expertise • Assist in identifying training issues	
	←		→
			→
		Necessary Skill Inventory • Subro recognition • Vendor management • Policy knowledge • Systems management – SAR – Mech dispatch – PEC – Client file	• Coverage interpretation

ROOF PROCESS MEASUREMENT

Process measurement	Outcome results
Sit-alongs/ride-alongs • Use of scripts • Use of templates • Process steps • Use of checklists • Use of tier charts Process scorecard updated daily • Daily tracking reports • Early id of process compliance Customer service (interviews) • Use of scripts • Use of procedures Reinspections • 25% reinspection requirement – Half of reinspections on repaired roofs – Half of reinspections on replaced roofs • 100% file review requirement • Activity shadow of file specialist, adjuster, processor, and UCM Leadership compliance • Re-re's of field inspections • Re-re's of file reviews	Field reinspection results • Percentage of repair vs. replace compared to baseline • Roof severity vs. baseline • Coverage opportunity • Subro opportunity • FRC vs. ACV File reviews • Economic opportunity • Mix of losses, including CWPs/CWAs Customer satisfaction – internal/external • ICSS • Satisfaction with roof process (interviews) – CWAs – CWPs/denials – Reinspections • QLMS

ROOF PROCESS – FUTURE CONSIDERATIONS

- Vendor management process
- Development of Accupro templates
- Development of training process
- Calibration of team members

AGENDA

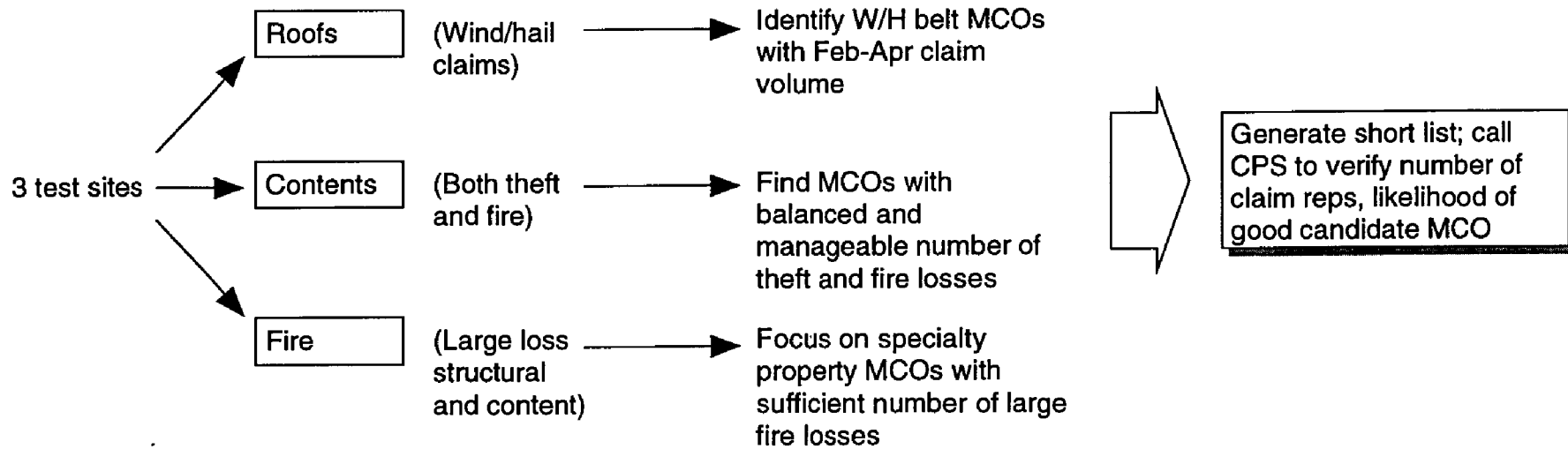
- Fire
- Contents
- Roofs
- **Test site selection**
- Next steps



TEST SITE SELECTION

**Determine number
of test sites and
focus of sites**

**Sort through list of
MCOs for baseline
claim counts**



TEST SITE TOP PICKS

Test focus	Primary sites	Disposition	Back-up sites	Disposition
Roofs	1. Albuquerque <i>Roofs</i>	• Good claim count • Right staffing levels • Enthusiastic management	1. Oklahoma City	• Switching CSAs to Texas
	2. Black Canyon	• Arizona centralizing on 4/1	2. Atlanta	• Good claim count • Large staffing but probably OK • Some concern about management buy-in
	3. Carolina	• Too big • Limited management buy-in	✓ 4. NOVA	• Probably too big
	4. Denver	• Too big	4. Little Rock	• Right numbers • Interested in participating
Fire	1. Roseville	• Sufficient number of large fire claims • Talented, supportive management		
	2. Atlanta	• High volume • Large staff • Concern about management buy-in		
	3. NOVA	• Good numbers		

Next steps
Small team
visit top 1-2
sites for each
test

TEST SITE TOP PICKS

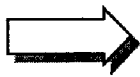
Test focus	Primary sites	Disposition	Back-up sites	Disposition
Contents	1. Dallas	• Too big (9 theft specialists)	1. Roseville	• Good claim/rep numbers • Strong management • Good fire candidate
	2. Albuquerque	• OK size, maybe too big (4 theft specialists)	2. Rochester	• Too small (1 theft specialist)
	3. Nova	• Strong management • Want to be test for content	3. Baton Rouge	• No management interest
		• Too big? (7 theft specialists)	4. Memphis	• Good size (3 theft specialists) • Management strength/interest?
			5. New Orleans	• Approximately the right size (4 theft specialists, a little big) • Receptive management
			6. Salt Lake City	• Manageable size (2 theft 1 fire) • Same CSA as Albuquerque

OTHER SITES CONSIDERED BUT DROPPED

Site	Test focus	Reason
Oregon, Washington	Roofs	Current CATs
Texas	Roofs	Size, legal issues
Florida, Southern California	Contents, fire	Auto PD, management support
New York, Chicago/Illinois, Indianapolis	Contents, fire	Size, winter accessibility
Salt Lake City, Macon, Tulsa, Nashville, Honolulu	Roofs, contents	Limited size

AGENDA

- Fire
- Contents
- Roofs
- Test site selection
- **Next steps**



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RP ANNEX #2

NO. 1071 P. 2

HOMEOWNERS CCPR PRETEST WORK PLAN

	1/20	1/27	2/3	2/10	2/17
Complete initial process design					
• Complete tool/training/measurement definitions					
• Adapt roof process tools, etc. for CATs					
• Flesh out cross-process vendor management issues					
• Complete detailed design of all templates, scripts, job aids					
• Write 1st draft rough-cut process manuals					
Prep for field test measurement					
• Complete outline of all measurements and sources					
• Design collection tools, including paper logs, spreadsheets, review forms					
• Prep any special collection needs, e.g., computers, temps					
• Work with Jack Pepping to understand early work needed to prep for HDS design					
• Train team members, as needed, on laptop and software usage					
CCPR team technical training					
• Entire CCPR team to go through ACCUPRO 20 training					
• CCPR team to go through fundamental PEC training					
• Roof team to go through HAAG engineering training					
Develop pretest/preimplementation property prework training pack					
• Consolidate basic training needs across processes which should/could be addressed prior to CCPR					
• Identify key training elements necessary during CCPR					
• Working with Tech-Cor to develop overall training curriculum modules					
• Develop prework training/communication pack					

HOMEOWNERS CCPR PRETEST WORK PLAN

	1/20	1/27	2/3	2/10	2/17
Complete test site selection	////	////			
• Get general leadership agreement on site selection methodology and top picks • Contact senior management (AVPs, CSMs) to discuss participation • Visit top 1-2 sites for each test to ensure fit		----	////	////	----
Prepare for test site					
• Determine all logistical needs (computers, space, administrative support) • Develop introductory communications package • Get site started on pretest activities – Training/skill assessment – Establishing measurement baseline • Develop CSM, CPS conference presentations					
Push other key analysis activities forward		----	----		
• ACCUPRO – Develop deeper ACCUPRO expertise in subteam – Outline potential value-added extensions/adaptations to ACCUPRO (similar to Casualty, Auto PD decision tools) • UCM/management activities/skills – Refine UCM/management time/activity tracking analysis – Start UCM activity studies in team home offices as time permits – Complete management skill assessment across all CSAs • Focus groups – Outline customer focus group topics/intended output – Locate and meet with research group to prepare			////	////	----
			////	////	////

Appendix – sample templates

Sample templates

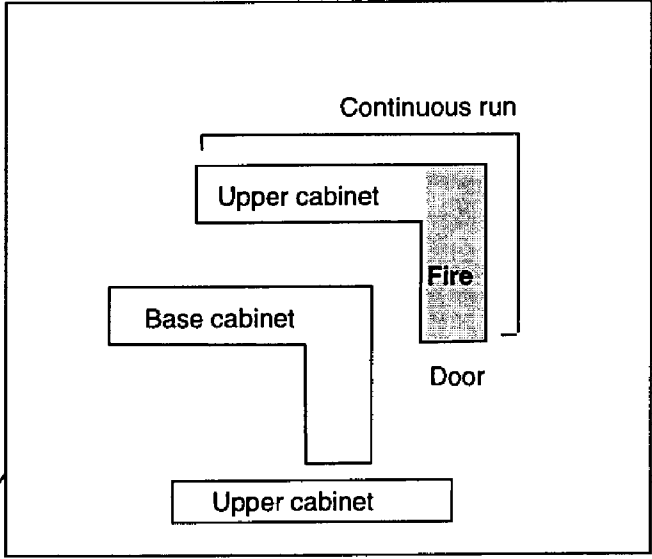
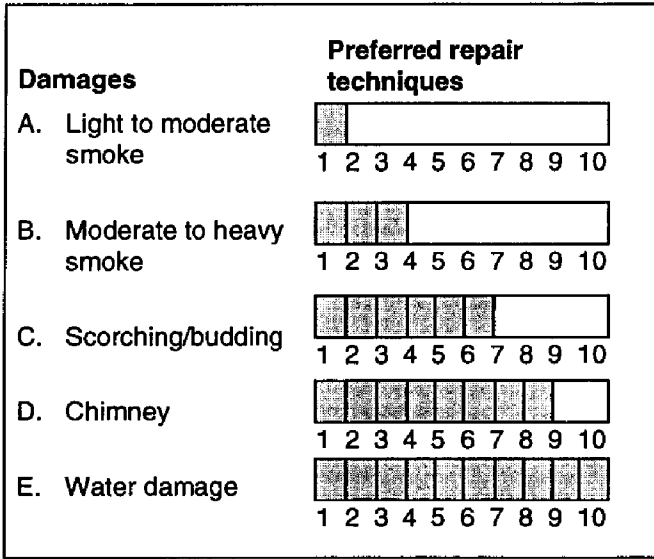
➡ • Fire

- Contents

- Roofs

A – 1

TEMPLATE – CABINET REPAIR VS. REPLACEMENT



Alternate repair tech

- Paint

Repair technique – cabinets

1. Clean
2. Sand and refinish only damaged area
3. R____/reface only damaged door/area
4. Sand and refinish all doors on continuous run area
5. Sand and refinish all continuous run area
6. Sand and refinish all upper and lower cabinets
7. R____/reface continuous run area
8. Replace continuous run cabinets
9. Replace all upper and lower cabinets
10. Replace both upper and lower cabinets

Alternate repair

- 1-10 does not exactly match – negotiate allowance

A

FIRE SUBROGATION TEMPLATE – OUTSIDE ADJUSTER

If under \$2,500

- Complete causation worksheet
- Submit to subro coordinator
 - To Roanoke

If \$2,500-\$10,000

- Complete causation worksheet
- Submit to subro coordinator
 - Call Roanoke 800 number for C&O/expert involvement
 - Coordinator handles per Roanoke instruction

If \$10,000 to NAVP guidelines

- Skip to Section B of causation report
 - Call C&O upfront

*Where is this
Decision
Tree?*

Causation worksheet (checklist)**Section A**

- _____ Secure evidence
- _____ Identify claimant
- _____ Rule out all other causes
- _____ Photos
 - Item which c_____ loss
 - _____ area
 - _____ area
- _____ Diagnosis (with _____ pattern)
- _____ Fire department report (if available)
- _____ Statement from third party (if needed)

Adjusters' opinion (specify cause and origin)

Section B

- Call C&O upfront
- Direct C&O per _____ guidelines

A

Sample templates

- Fire
- ➡ • **Contents**
- Roofs

A – 5

FIELD INSPECTION SCORECARD

Objective – to determine when out-of-sight losses need to be field inspected

Check each item that applies and total up points. If total score equals or exceeds 100, the loss needs a field inspection

Observation	Points	Check here
<i>Theft & non-theft losses</i>		
Large loss (theft over \$2500, and over 10 items; non-theft to be determined)	100	_____
NTR 0	50	_____
Prior similar loss in past 4 years	50	_____
Questionable business use of items	75	_____
Key loss facts change from loss report, police report, and/or initial contact	50	_____
Insured has a room-mate/other party, but only insured's items are stolen or damaged	50	_____
Subro evidence needs to be secured and no structure adjuster is involved	100	_____
Cause of loss questionable	100	_____
Antiques claimed	25	_____
<i>Theft losses only</i>		_____
Insured overly anxious to settle	25	_____
Atypical things stolen (e.g. fur coat stolen from vehicle in summer)	75	_____
No forced entry	50	_____
No or minimal proof of ownership	50	_____
Insured unemployed at time of loss	25	_____
Vandalism along with theft	100	_____
Total score		

Note: If the score falls below the 100-point threshold, inspection can be made at the claim rep's discretion

A – 6

H000001912

GUIDELINES TO ESTABLISH NEED FOR RECORDED STATEMENTPRELIMINARY

Objective – to determine when recorded statements need to be taken

Check each item that applies and total up points. If total score equals or exceeds 100, the loss needs a statement

Observation	Points	Check here
NTR0/recent policy or coverage changes	50	_____
When coverage for loss is in question	100	_____
No forced entry	75	_____
Suspicious circumstances	100	_____
When customer has other similar losses during the past 4 years	75	_____
When key loss facts or inventory change from loss report and initial contact and/or police report	100	_____
Insured unemployed at time of loss	50	_____
PILR indicates similar price claim	100	_____
Loss is in excess of \$2,500	50	_____
When there are internal policy limits	25	_____
Late notice	50	_____
Total score		

A - 7

H000001913

INSPECTION CHECKLISTPRELIMINARY**Objective – to ensure adjuster does not miss any key element of a field inspection**

- Verify area of forced entry (home or vehicle) and photograph
 - Make sure damage consistent with loss facts
 - Glass and/or debris consistent with point of entry (e.g., is glass/debris on inside or outside of house?)
 - Does location of item prior to loss make sense?
 - Are there any visible signs of the item's presence in the location? (e.g., dust ring, depression in carpet, hanger, empty stand)
- Verify where things were (home or vehicle) and photograph area and entire room where items were prior to loss
- Canvas immediate neighbors for possible witness accounts
- Verify the standard of living being claimed and conditions of the residence
- Verify usage for depreciation purposes
- Discuss loss facts with person who discovered loss
- Discuss forms of verification of items with insured (e.g., photos, warranties, receipts)

A – 8

H000001914

CONTENTS COVERAGE WORKSHEET

Objective – to ensure adjuster does not miss any key element of coverage

1. Policy type _____
 - 1a. Deluxe Plus _____
 - 1b. Deluxe _____
 - 1c. Renters _____
 - 1d. Condo _____
 - 1e. Standard _____
 - 1f. Other policy _____
2. Loss occurred within policy period: _____ (yes/no)
3. Insurable interest: _____ (yes/no)
4. Peril
 - 4a. Water Page _____ Item _____
 - 4b. Fire Page _____ Item _____
 - 4c. Theft Page _____ Item _____
 - 4d. Lightning Page _____ Item _____
 - 4e. Other (specify) Page _____ Item _____
5. Are there any subperil conditions or exclusions? _____ (yes/no)
6. Endorsements _____ (specify type)
7. Policy exclusions
 - 7a. Page number _____ item no. _____
 - 7b. Page number _____ item no. _____
 - 7c. Page number _____ item no. _____
8. Internal limits
 - 8a. Page number _____ Item nos. _____
 - 8b. Page number _____ Item nos. _____
 - 8c. Page number _____ Item nos. _____
9. Other applicable coverage (i.e., auto, business, SPP) _____
10. Coverage (check one)

A – 9

SIU PROPERTY/THEFT TRANSFER GUIDE

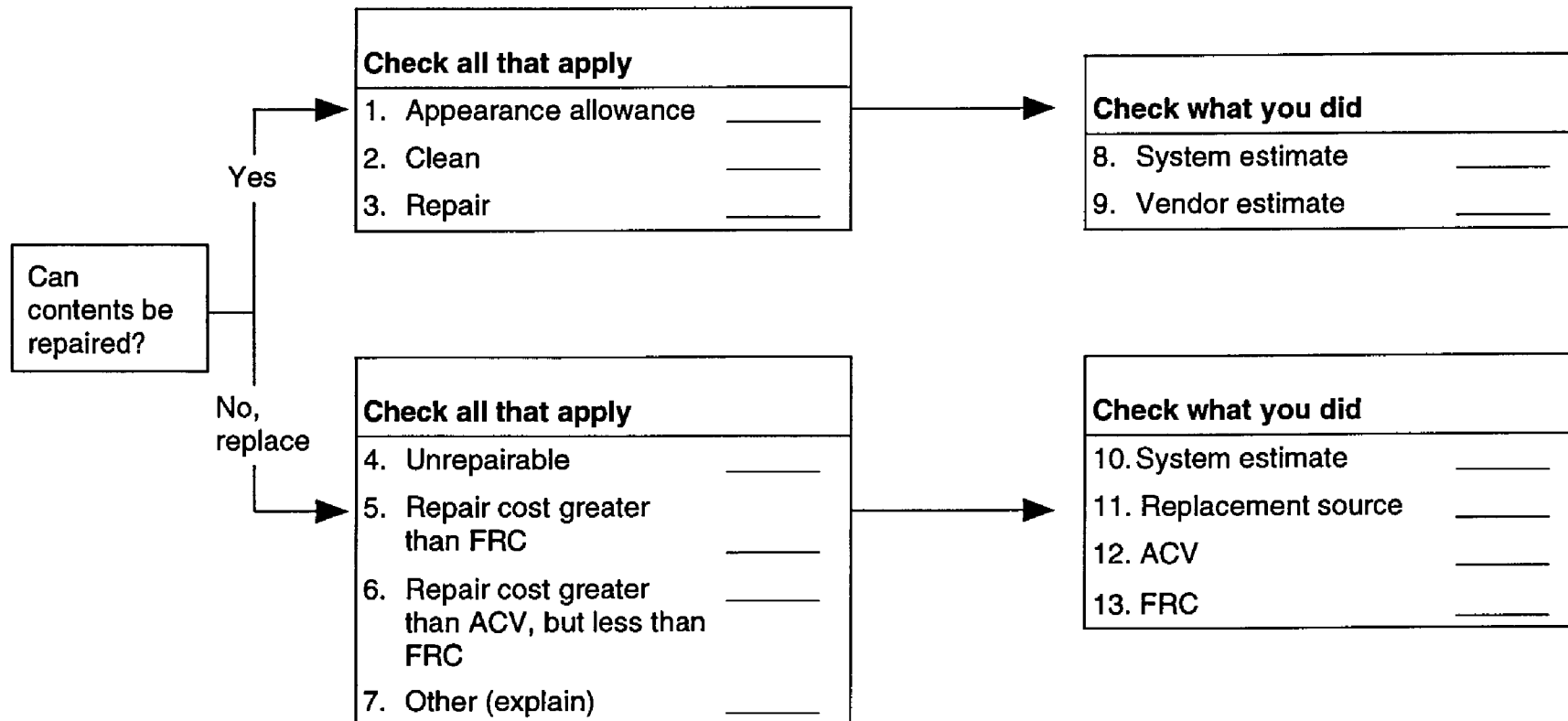
CLM # _____

Delay in reporting (7 days or more after excluding vacation)	<u>50</u>
Large bulky items or entire contents taken	<u>75</u>
Insured has roommate and only insured's items were stolen	<u>75</u>
No proof of ownership for large-ticket items (recently purchased)	<u>50</u>
Insured unusually knowledgeable of insurance terminology and settlement process	<u>25</u>
Inconsistent items stolen (i.e., TV but not VCR on top; SPP items and no other items)	<u>75</u>
No forced entry	<u>75</u>
All cases where we have received a tip from law enforcement or private person	<u>100</u>
PILR response indicates similar prior claim	<u>100</u>
Insured utilizes post office boxes, answering services, and is difficult to contact	<u>50</u>
Questionable bills/invoice/receipts, e.g.	<u>100</u>
• Appears altered	
• Same sequence number for multiple items purchased	
• Different handwriting on same bills	
• Multiple bills with same handwriting	
• Sales tax is inappropriate	
Refusal to cooperate – will not give statement – will not send receipts – refuses face-to-face meeting	<u>100</u>
Items stolen from car – no forced entry – car locked	<u>50</u>
NTR0/recent policy or coverage changes	<u>75</u>
Inconsistent facts and statements developed in initial investigation	<u>50</u>
Loss inconsistent with lifestyle, occupation, income	<u>75</u>
Financial indicators, e.g.	<u>75</u>
• Foreclosure/default pending	
• Insured in arrears on mortgage payments	
• Building for sale at time of loss	
• Bankruptcy or behind in loan payments	
Prior recent theft loss	<u>75</u>
Insured overly anxious to settle and/or will accept less rather than documented loss	<u>50</u>
Insured unable to describe in detail one or more significant items stolen	<u>50</u>
Policy in cancel or term status	<u>75</u>
List of stolen items changes from original report	<u>75</u>
Avoids use of mail; handled claim in person	<u>50</u>
Burglar alarm fails to work properly or is not on when loss occurs	<u>75</u>
Large amount of stolen cash and jewelry claimed	<u>75</u>
No police report filed	<u>50</u>
Insured recently separated or in process of divorce (within 1 year of date of loss)	<u>75</u>
New SPP endorsement	<u>75</u>
Insured fails to advise us of large, expensive and obvious items on first contact	<u>75</u>
Total (file qualifies as a referral when transfer guide totals 100 points or more)	<u> </u>

A – 10

CHECKLIST AND PROCESS FLOW FOR EVALUATION

Objective: To ensure that adjuster explores repair options before deciding to replace



A - 11

Sample templates

- Fire
- Contents
- ➡ • **Roofs**

A – 12

ROOF PROCESS – DAMAGE TEMPLATE

1. Is home livable _____(yes/no)

2. Description of storm

Wind:

0-30 mph _____ (light) 50-70 mph _____ (strong)
30-50 mph _____ (moderate) 70+ mph _____ (severe)

Hail:

Small (pea) _____ Medium (golf ball) _____ Large (softball) _____
Do your neighbors have damage? yes _____ no _____ do not know _____

3. Type of roof

- 3a. Asphalt/fiberglass shingle _____
- 3b. Wood shake/shingle _____
- 3c. Tile/slate _____
- 3d. Build up/flat _____
- 3e. Metal/other _____

4. Type of building structure

- 4a. 1 story _____
- 4b. 1-1/2 stories _____
- 4c. 2 or more stories _____
- 4d. Approx. number of square feet _____
- 4e. Approximate age of roof _____
 - 0-5 years _____ 10-20 years _____
 - 5-10 years _____ 20+ years _____

5. Condition of roof

- 5a. Has the roof ever leaked? yes _____ no _____
- 5b. Has roof ever been replaced? yes _____ no _____
If, yes: When _____ By whom _____
- 5c. Has roof ever been repaired? yes _____ no _____
If yes: When _____ By whom _____

5. Condition of roof, continued

5d. What does roof damage look like?

Lifted _____ Torn _____ Curled _____
Frayed _____ Missing _____ Pitted _____

6. Extent of damage

- 6a. Is more than one side of roof damaged? _____
- 6b. How many shingles are missing? _____
- 6c. Are there any openings in roof? _____
If so, have temporary repairs been made? _____
- 6d. Are there other exterior damages _____
(i.e., gutters, fence, siding, awnings, other structures)
- 6e. Are windows broken? _____
- 6f. Are there interior damages? _____
Water stains _____ Warping or sagging ceilings _____

7. Are there any trees on your home? _____

- 7a. Have they been removed? _____
If yes, by whom? _____
What was cost? _____
- 7b. If not, can you remove them? _____
- 7c. If a neighbor's tree has hit your home, was it diseased or dead prior to storm? _____

8. Have roof damages been inspected by a contractor? _____

- 8a. Did the contractor get on the roof? _____
- 8b. Did he/she prepare an estimate? _____
- 8c. If so, what is the estimate amount? _____

9. If an inspection is required, when will you be available? _____ A – 13

ROOF PROCESS – INITIAL COVERAGE CHECKLIST TEMPLATE

- 1. Loss within policy period _____
 - 1a. Loss within 60 days of inception of policy _____
- 2. Prior wind/hail roof losses _____
- 3. Loss location – property listed on declaration page _____

A NOTE ON HAIL DAMAGE

**Recognizing hail
damage is not as
important as
recognizing what
is not hail damage!**

A – 15

H000001921

ROOF PROCESS – DAMAGE IDENTIFICATION TEMPLATE

Preparation

Clothing	Soft sole shoes
Materials and equipment	• Chalk, ladder, pitch card, clipboard, tape measure (50 ft.), 35 mm camera, binoculars, pen • Beeper, cell phones/adapters • IBM Think Pad/laptop/Accu-pro • Portable printer • Access to Accu-pro (inside only) • Calculator • Flashlight

Inspection procedure

	Completed
• Get on the roof	_____
• Photos that provide value	_____
• Scope – measurement	_____
• Diagram	_____
• Cause of loss	_____
• Evidence of prior loss	_____
• Evidence of prior repair	_____
• Maintenance issues	_____

Damage recognition

Work in progress

A – 16

HOMEOWNER CCPR DESIGN REVIEW

HO CCPR DESIGN REV.
January 30, 1997

H000001924

File

CONFIDENTIAL

Homeowner's CCPR Design Review

ALLSTATE INSURANCE COMPANY

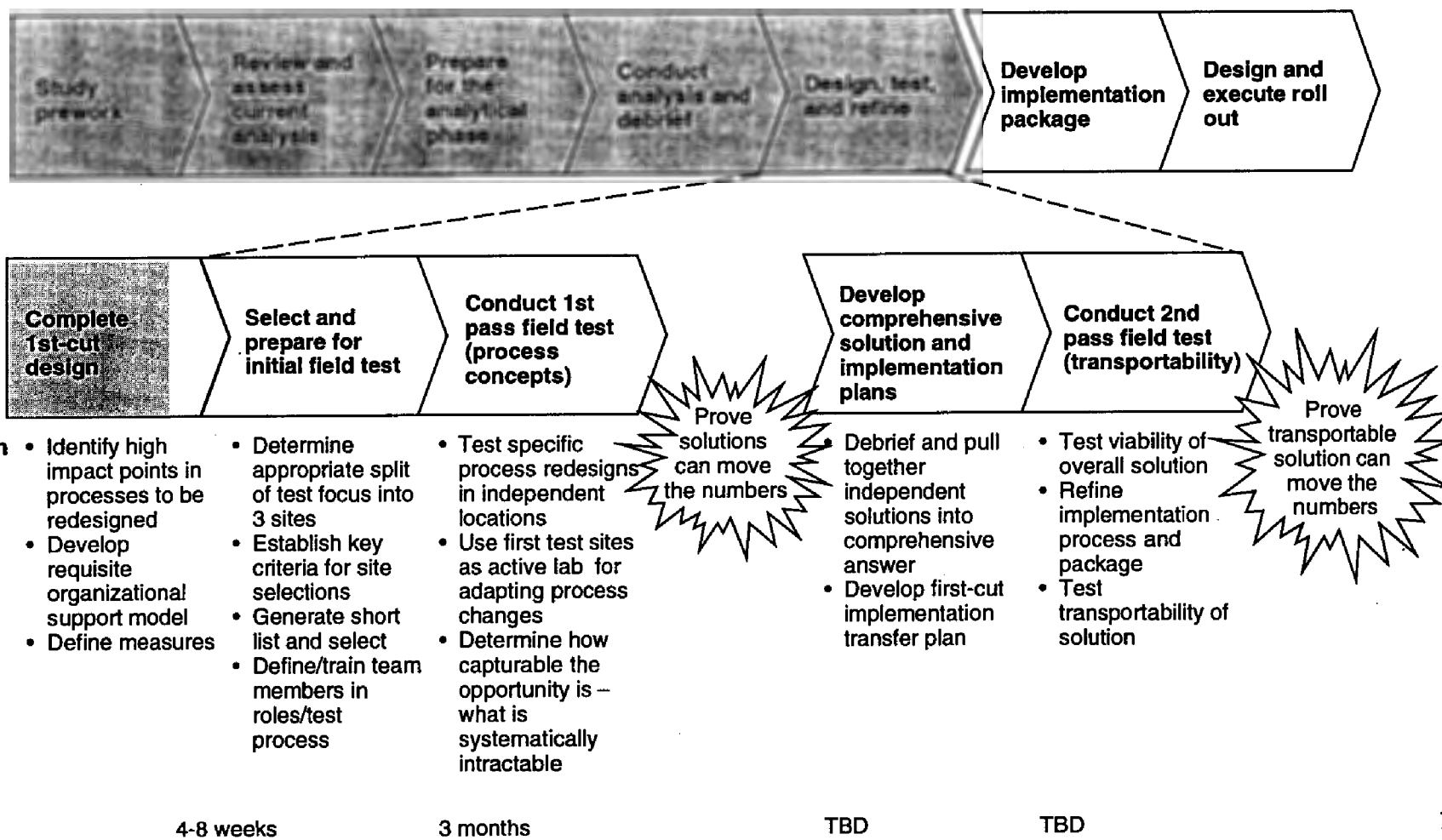
Team debrief

January 30, 1997

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oral presentation; it is not a complete record of the discussion.

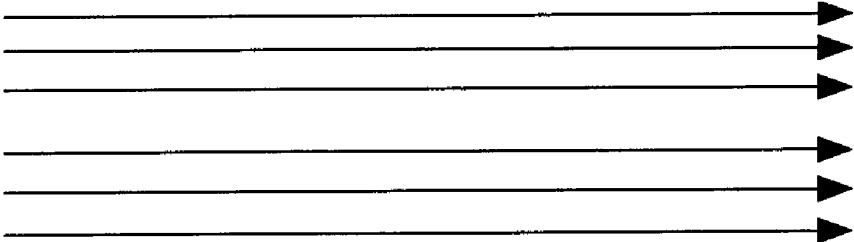
HOMEOWNER'S CCPR GAME PLAN



JANUARY ACTIVITIES TO DATE

- Formed 3 core teams to develop 1st-cut processes and key elements for major opportunity areas
 - Roofs
 - Contents
 - Fire
- Formed subteam to develop options for efficiently handling claim dispatch
- ACCUPRO training for entire team (Jan 23 and 24)
- Met with Tech-Cor to understand current training materials and begin dialogue about property training curriculum
- Established number and focus of test sites, began selection screening and generated short list

SUMMARY OF POTENTIAL SOLUTIONS

	Noncat			
	Fire	Theft	Wind/hail	Cat
Specific process	• Contents • Vendor/independent management • Cause and origin • Scoping	• Contents	• Roofs/exterior dwelling • Vendor/independent management	• Roofs/exterior dwelling • Vendor/independent management
Percent of opportunity	85%	88	70	77
Dollar opportunity	\$114 million	37	32*	119**
Support structures	• Skill levels • Measurements • Management time/focus • Staffing • Training • Incentives			

* Based on reinspection opportunity

** Since wind/hail opportunity constitutes 56% of total Cat opportunity

AGENDA

- Dispatch
- Roofs
- Fire
- Contents
- Next steps

AGENDA



- **Dispatch**
- **Roofs**
- **Fire**
- **Contents**
- **Next steps**

DISPATCH PROCESS – DESIGN OBJECTIVES AND KEY ELEMENTS

Design objectives

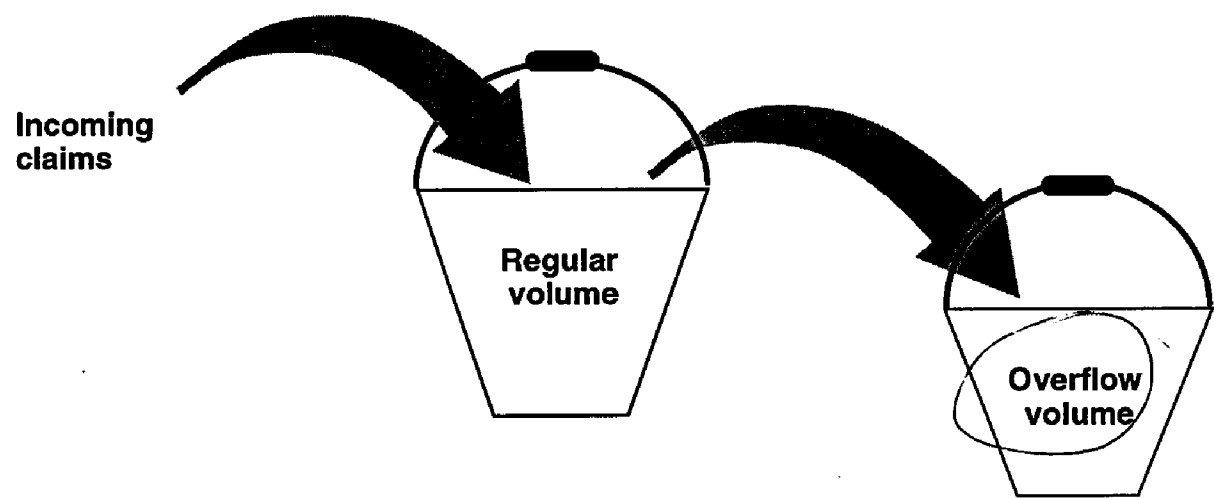
- Assign the right losses to the right people at the right time
- Establish guidelines for vendor utilization during overflow
- Incorporate all processes under one dispatch model



Key elements of dispatch process

- NCSC collects additional process-specific information
- Process-specific prioritization based on economic opportunity
- Assignment to Allstate reps vs. vendors based on priorities and claim volume
- Dispatch model accommodates all processes

OVERVIEW OF DISPATCH PROCESS



Normal claim load

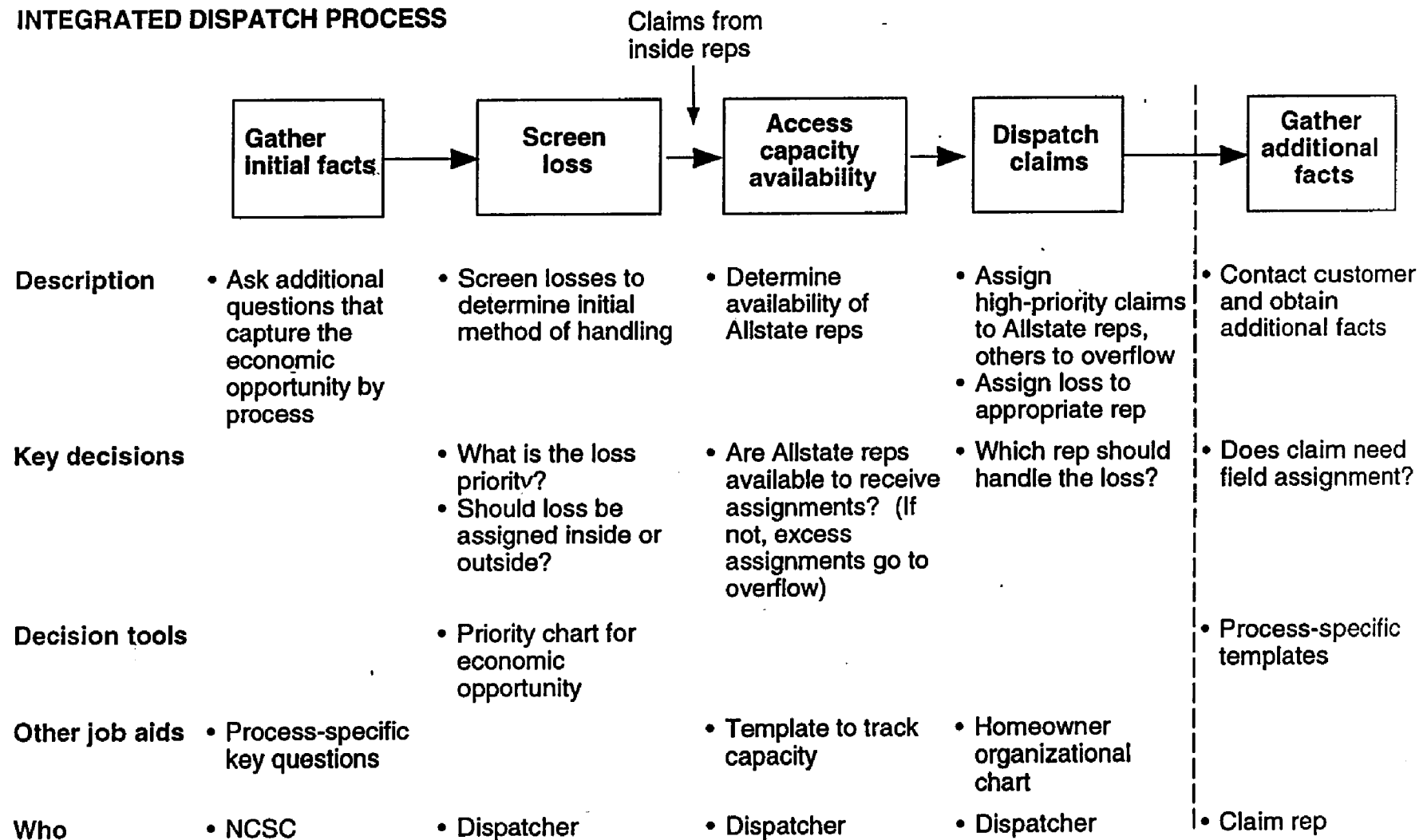
Allstate handles all claims through regular processes

High claim load

Allstate handles high-opportunity claims through regular processes

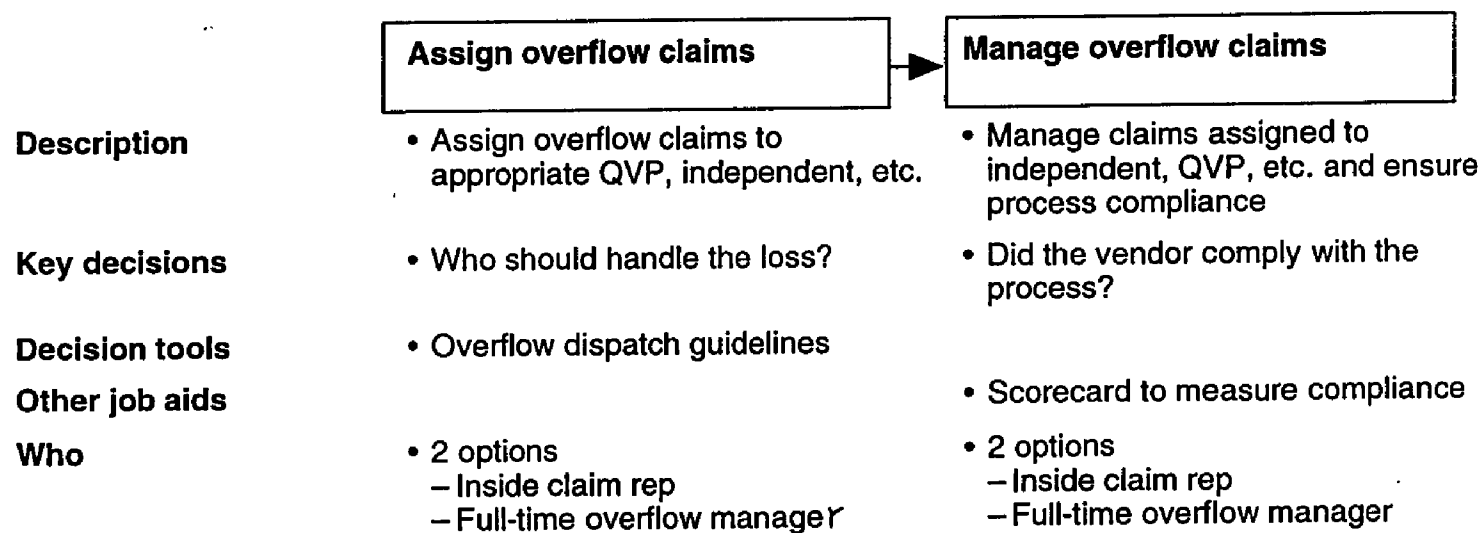
Remainder (low opportunity) claims handled by overflow process

INTEGRATED DISPATCH PROCESS



DISPATCH PROCESS – OVERFLOW CLAIMS

Overflow process initiated when regular process-specific personnel reach maximum capacity



NCSC – ADDITIONAL QUESTIONS**Fire**

- Is more than 1 room burned?
- Do more than 4 rooms have smoke damage?
- Are utilities presently not working?
- Is there a hole in the roof?

Roof

- Is there any other damage to your home besides the roof, such as gutters, fencing, siding, awnings/canopies?
- As a result of the storm are there any holes in your roof?

Theft

- How many items were stolen?
- What is the approximate total value of all items stolen?
- Are there damages to the home or vehicle?



Objectives of questions –
obtain information to assist
in the prioritization process

PRIORITY CHART FOR ECONOMIC OPPORTUNITY

Level	Fire	Roofs	Contents	Theft
A	Total fire loss • Roof collapsed • Multiple rooms gutted	• Home unlivable • Loss within 60 days of policy	• Losses with 25 line items equal to or greater than \$3,500	• Losses greater than or equal to \$2,500
B	Large losses • ALE involvement • Heavy smoke (4 or more rooms) • Multiroom damage (more than one room burned)	• Roof damage with minimal other exterior damage • Opening in roof • Vendor estimate >\$1,500	• Policy in cancel or terminated status	• Same type loss within 3 years • Theft with vandalism
C	Medium losses • Moderate damage – 1 room with multiple repairs and clean, seal, paint • Minor/moderate smoke – less than 4 rooms of smoke damage	• NTR0 • Woodshake shingles	• Loss within first 60 days of the policy	• Loss within first 60 days of the policy • Policy in cancel or terminated status
D	Small losses • Single trade – counter top, flooring • Minor damage – one room repair plus clean and paint	• All other roof losses	• Same type of loss within 3 years	• No forced entry when property stolen within a residence, temporary residence or vehicle

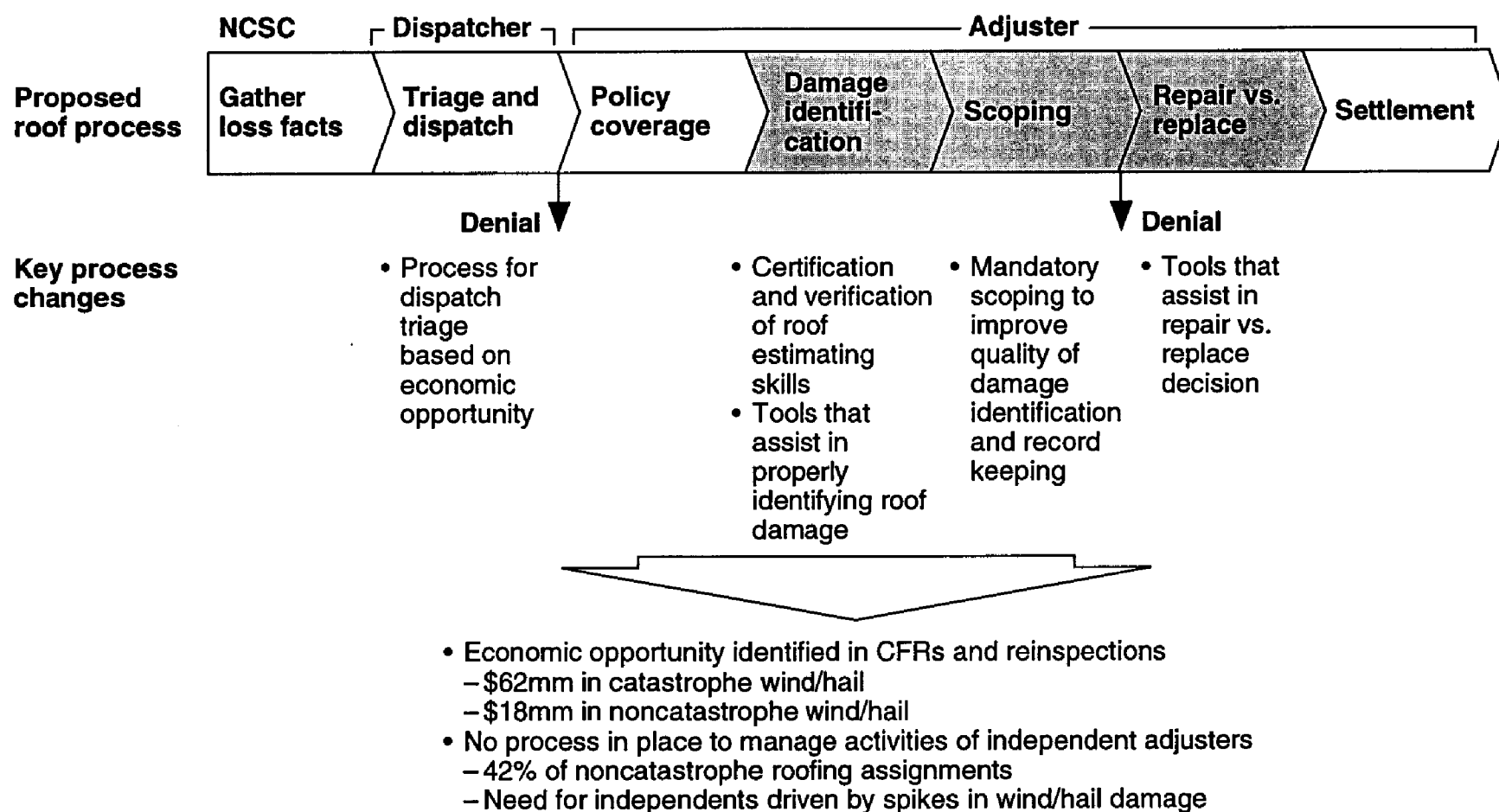
add P.A.

AGENDA



- Dispatch
- **Roofs**
- Fire
- Contents
- Next steps

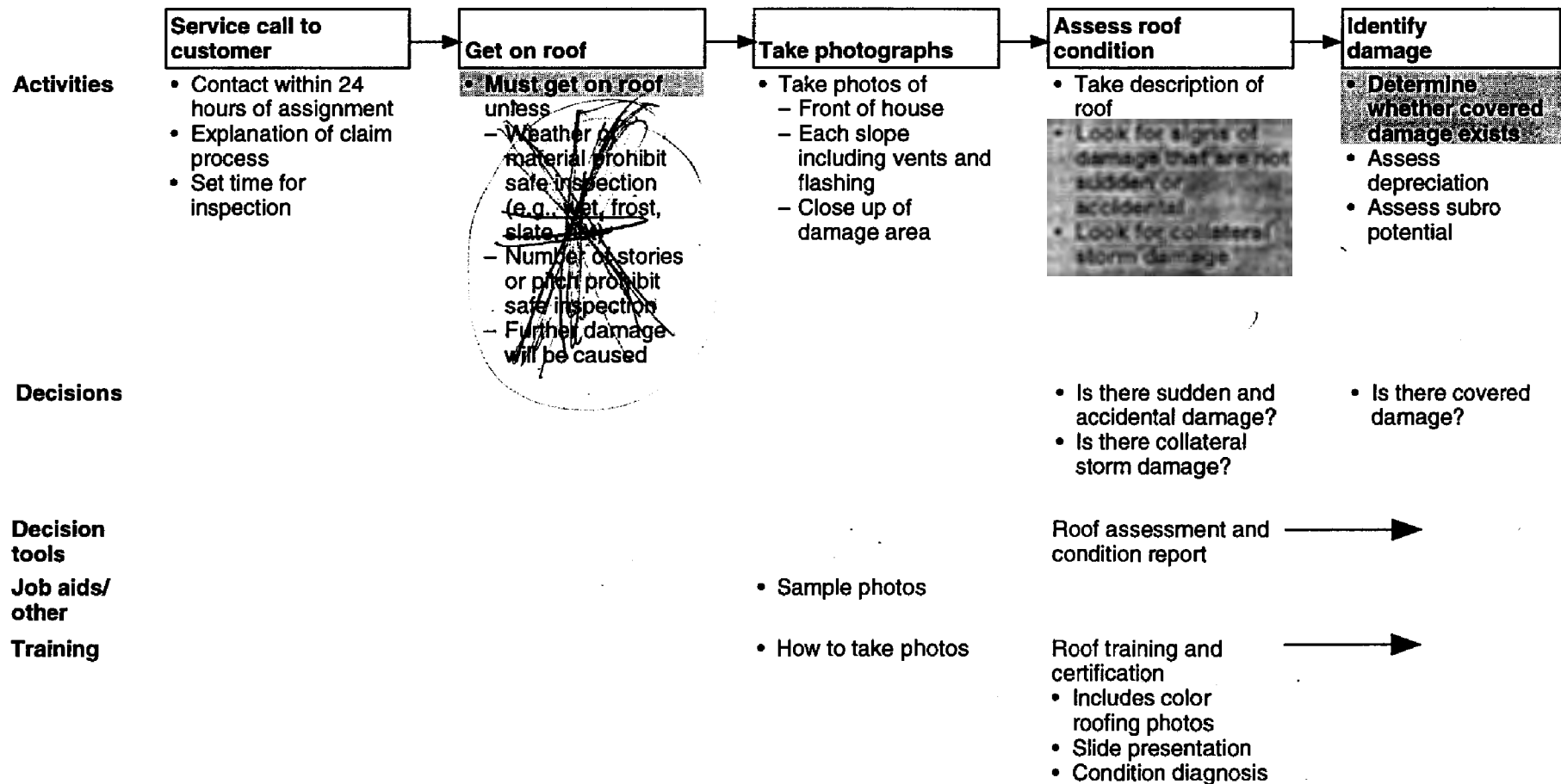
PROPOSED ROOF PROCESS

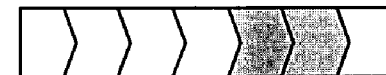


What is economic return?

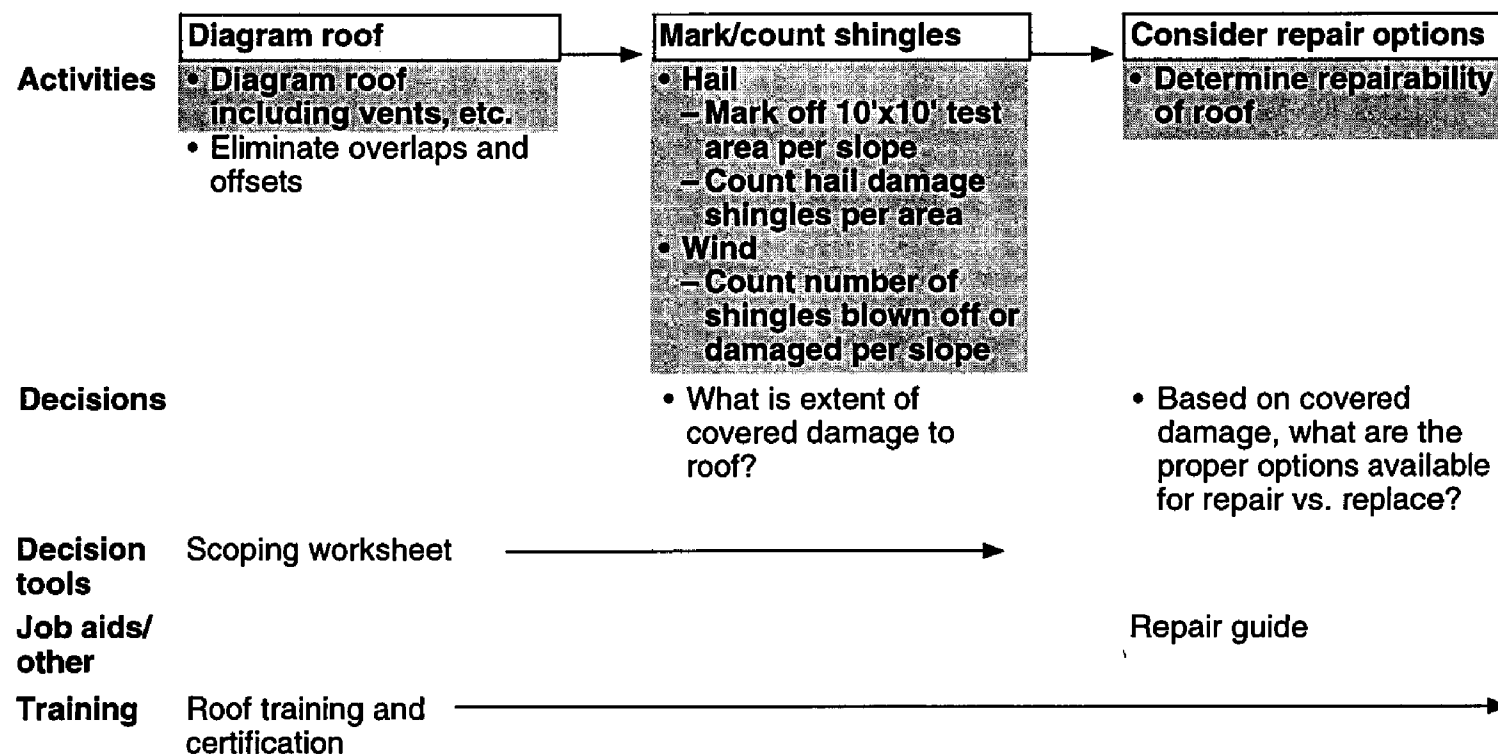


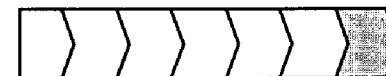
DAMAGE INSPECTION PROCESS – OUTSIDE ADJUSTER



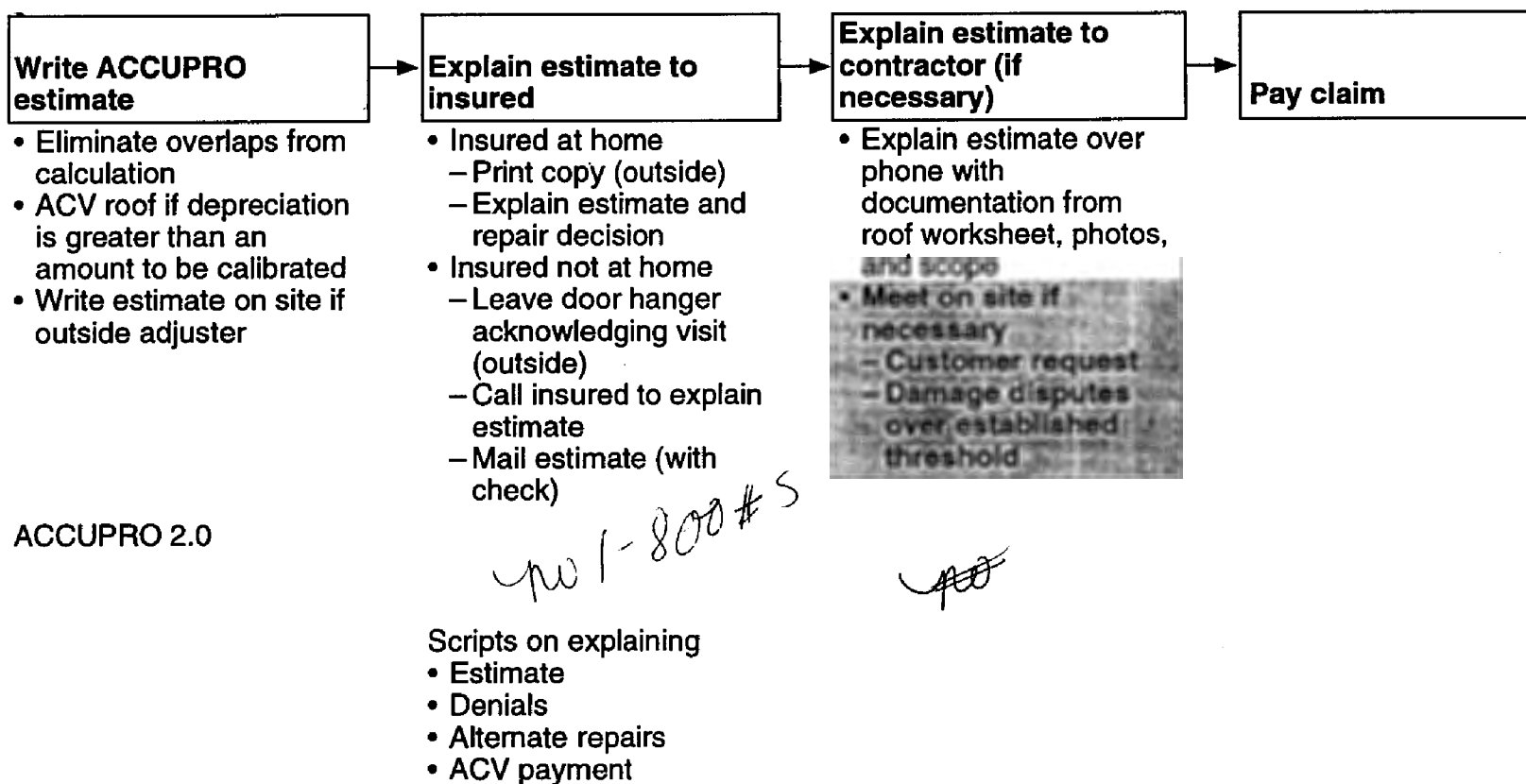


ROOF SCOPING AND REPAIR VS. REPLACE





ROOF SETTLEMENT PROCESS



PROPOSED CATASTROPHE ROOF PROCESS

	Gather loss facts	Triage and dispatch	Policy coverage	Damage identification	Scoping	Repair vs. replace	Settlement
Non-catastrophe	Facts gathered by NCSC to assist in triage	- Dispatch losses based on economic opportunity - Use of independents - Inside fast track as last resort 24-hr contact requirement	- Basic policy coverage check – Policy in force – Residence address	- Complete roof assessment and condition report – Identify noncovered damage – Identify collateral damage – Determine covered damage	- Complete scoping/repair worksheet – Diagram – Mark/count damage – Photos		- Write estimate on site – ACV where applicable - Explain estimate to insured
Catastrophe	Facts gathered by NCSC to assist triage	- Inspect all roof losses - Use of independents for all claims - Same 24-hr contact requirement	Same coverage check	Roof training and certification	- Same requirement for roof assessment; consider streamlined process based on test site time study - Establish/enforce requirements for roof certification: – Verifiable formal roof training, or – Formal calibration process		Write estimate same day – ACV where applicable

MANAGING ROOF PROCESS AT A WIND/HAIL CATASTROPHE

Issue	Activities
Adjuster selection	• Select adjusters to work catastrophe site based on – Prior performance at Allstate catastrophe site – Certification of roof training
Adjuster preparation	• Use orientation meeting to review Allstate roof process • Hand out packets with decision tools and scripts • Set expectations regarding reinspections
Adjuster performance	
• Reinspections	• QCR must initiate reinspections within the first week • 10% reinspections per adjuster per week • Reinspections must continue through cleanup process
• File reviews	• NCMT file examiners must complete process compliance scorecard • NCMT file examiners must conduct CFRs for economic opportunity on 3 CWAs per adjuster per week
• Performance review	• Formal briefings with vendor manager and adjuster to include inspection results, compliance reviews, CFR results, and customer service must occur every 2 weeks • Adjuster performance recorded and sent to NCMT independent adjuster database
Compensation	• Eliminate sliding scale for wind • May need to adjust compensation if adjuster productivity is affected by process
Testing of process	• 2 sample groups tested at same site; 1 includes new processes, training, and calibration, 1 does not • Time studies to measure process compliance and how it will affect adjuster productivity • Evaluation of process at non-CAT test sites will determine if streamlining of process is required at CAT sites

MEASUREMENTS – ROOF PROCESS

	Key Issue	Measurement	Claims measured Percent	Methodology
Compliance measurements	• Process compliance	• Percent files meeting process compliance	100	• Process scorecard • Re-reinspections of MCOs
Outcome measurements	• Alternate method of repair	• Percent roofs repaired to total	100	• Process scorecard
		• Percent dollars saved by repair	25	• Closed file reviews
	• Customer service	• Customer satisfaction	20	• Mail or phone survey
	• Damage evaluation	• Economic opportunity	25	• Reinspections – 50% on repaired roofs – 50% on replaced roofs
	• Damage identification	• Percent CWA vs. CWP	100	• System report
	• File quality	• Economic opportunity	25	• Closed file reviews
	• Severity	• Average gross roof estimate	100	• Process scorecard
Process effectiveness measurements	• Are thresholds right for supplement handling?	• Supplement Process compliance	100	• Supplement process scorecard
	• Does Roof Assessment Form identify covered/noncovered damage?	• Percent proper noncovered damage identifications	25	• Reinspections/file reviews
	• How long does new process take?	• Average time to complete roof process	n/a	• Time study
	• Is repair template the right tool to determine repair vs. replace	• Percent proper determination repair vs. replace	25	• Reinspections/file reviews

*Before!
during
after*

*Communication gach -
entire MCO*

ROOF PROCESS PREWORK/IMPLEMENTATION ACTIVITY TIMELINE

Pework activities

Type of activity	Develop training package	Process review for validity and state required legal issues	ACCUPRO templates	Skill assessment	Baseline measurements	Vendor identification	Finalize measurement forms
Weeks prior to implementation	3-4	2-4	1-3	1-3	1-2	1-2	1-2
Source	Haag, team	Team, Allstate legal Engineering firm	Team	CSA	CSA	CSA	Team

Test site

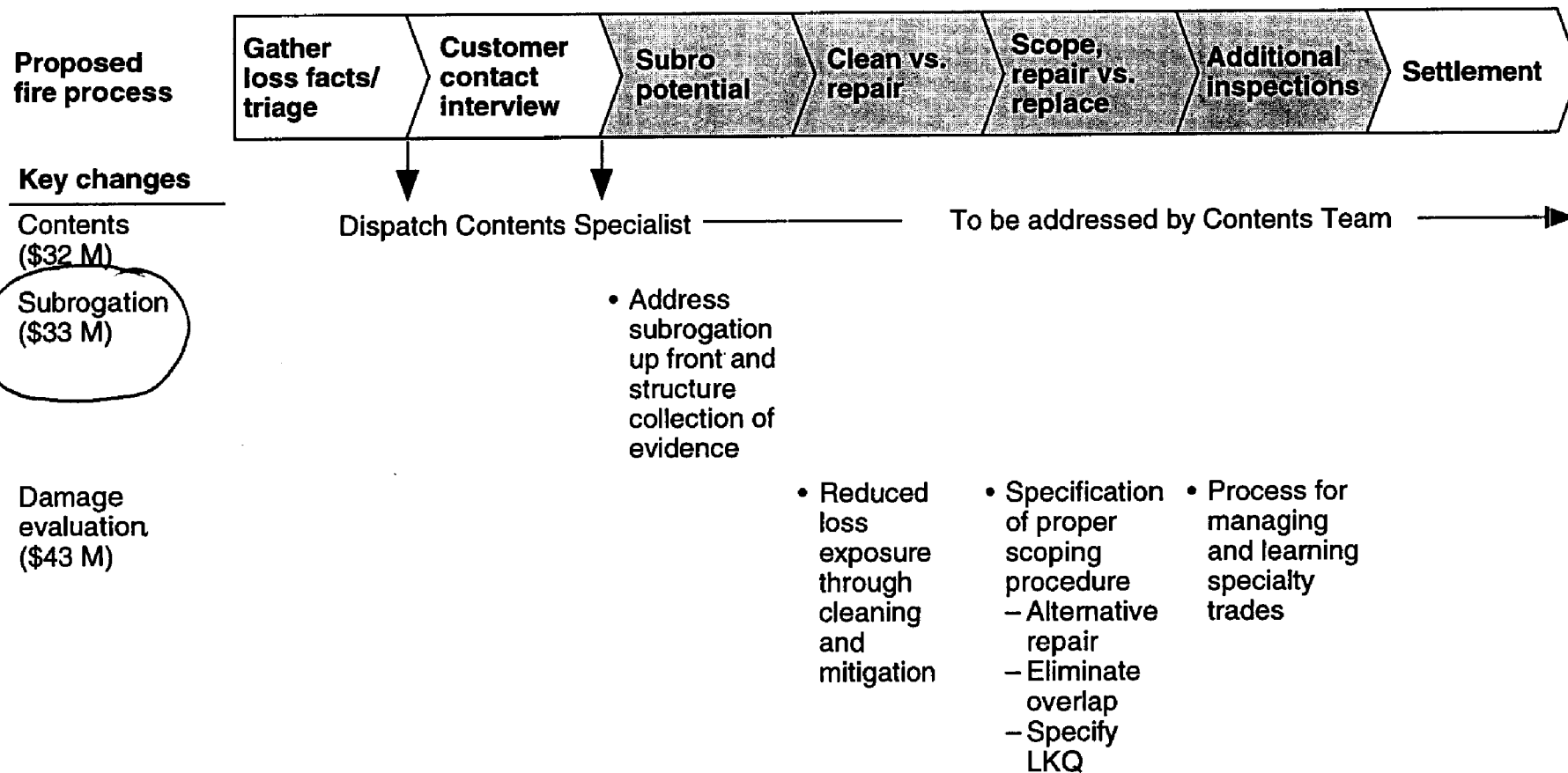
Type of activity	Roof skills training	Calibration on worksheets, guides, templates	ACCUPRO training and calibration	Scripts, role play
Week	1	1	1	1
Source	Team	Team	Team	Team

AGENDA



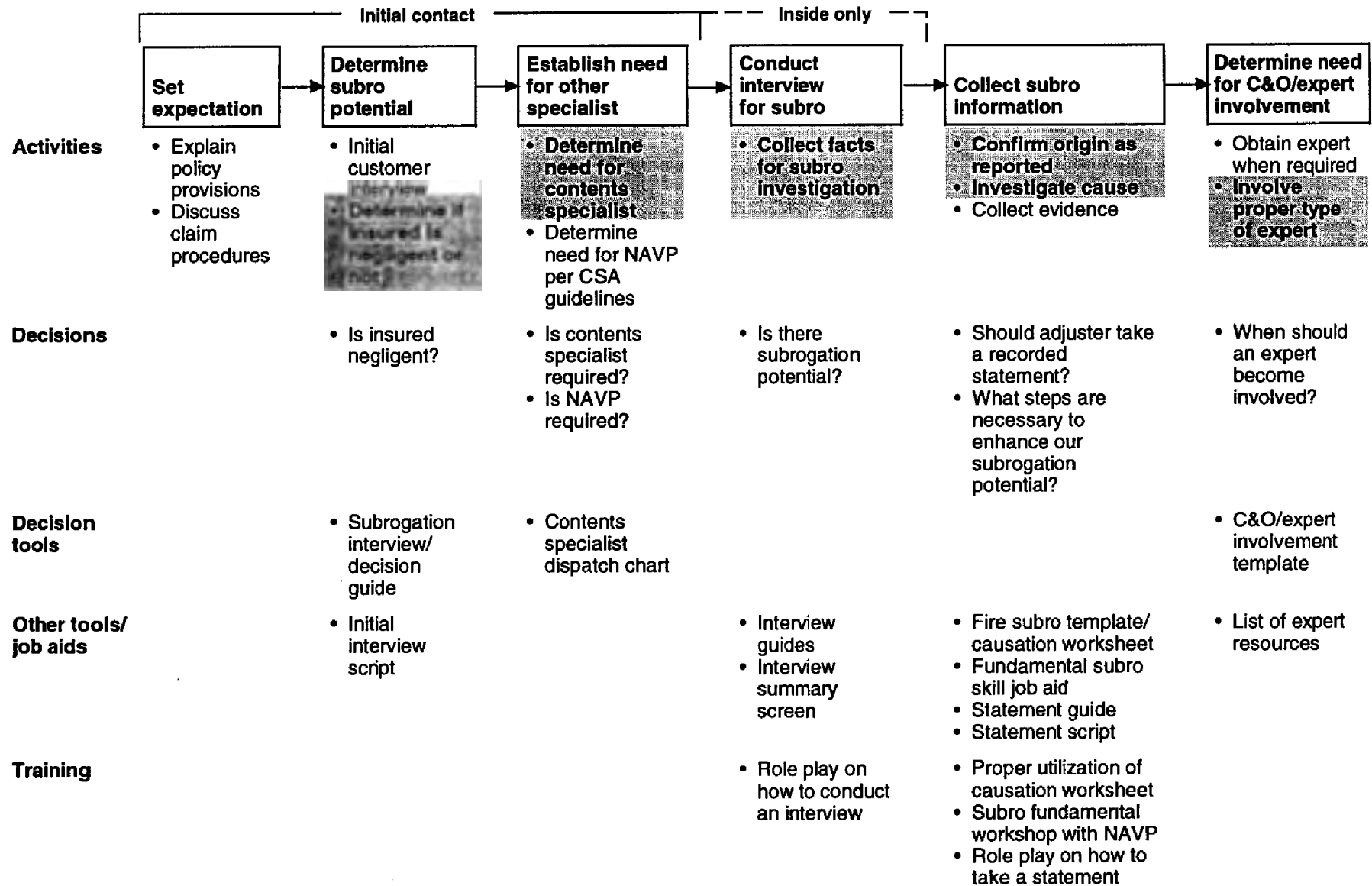
- Dispatch
- Roofs
- **Fire**
- Contents
- Next steps

PROPOSED FIRE PROCESS





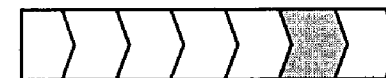
DETAIL OF NEW FIRE PROCESS – TOOLS



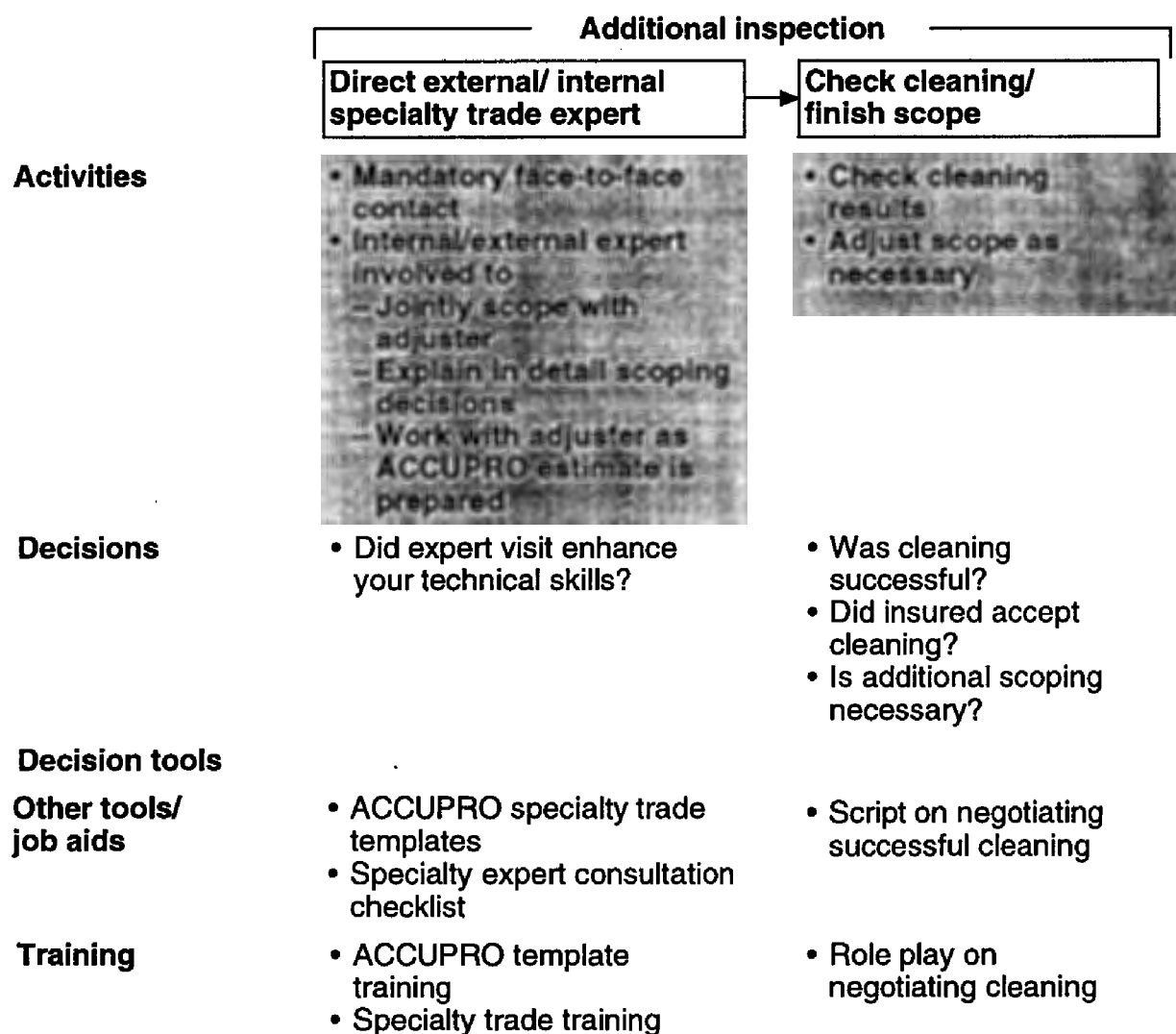


FIRE DAMAGE EVALUATION – CLEANING AND SCOPING

	Determine cleaning potential	Diagram room	Explore repair options
Activities	• Test clean structure • Direct cleaning vendor on cleaning scope	• Document significant features • Note measurements including openings	• Use of proper repair methods • Consider alternative repair allowance techniques
Decisions	• Did structure clean? • Should cleaning vendor be contacted?		• Can structure be repaired?
Decision tools			
Other tools/ job aids	• Test cleaning script • Cleaning guide • Cleaning template • Vendor directing script	• ACCUPRO diagram template	• Trade templates • Alternative repair allowance job aid • Alternative repair allowance worksheet
Training	• Hands-on training with cleaning company • Role play for scripts • Role play to enhance negotiation skills	• Room diagram training	• Role play to enhance negotiation skills

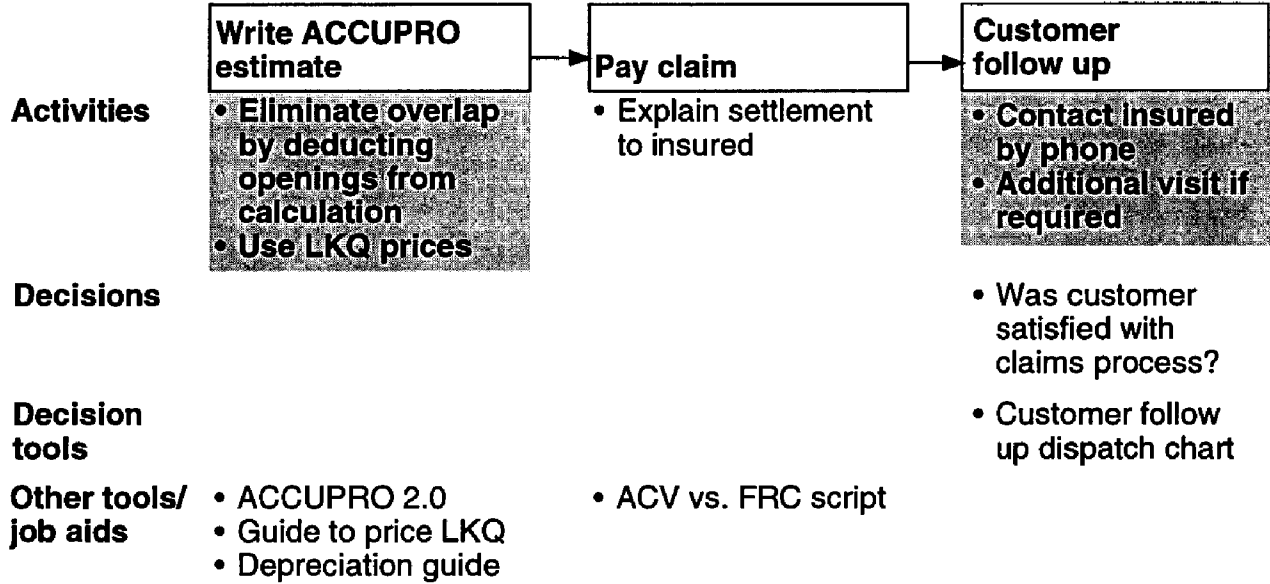


FIRE ADDITIONAL INSPECTION PROCESS





FIRE SETTLEMENT PROCESS



MEASUREMENTS – FIRE PROCESS

	Key issue	Measurement	Claims measured Percent	Methodology
Compliance measurements	Process compliance	• Percent files meeting process compliance	100	• Process scorecard
	Specialty expert	• Percent of dollars paid by lump sum against baseline	100	• File review
Outcome measurements	Alternative repair/ allowances	• Percent of files with alternative repair/ allowances	100	• File review
		• Percent of dollar savings from alternative repair/allowances	100	• File review
Process effectiveness	Cleaning	• Percent of cleaning dollars vs. replace	100	• File review
		• Percent of files with cleaning involved	100	• File review
	Customer satisfaction	• Customer surveys	20	• Phone survey
	File quality	• Economic opportunity	20	• File review
	Overlap/measurement	• Economic opportunity	20	• Reinspection/file review
	Severity	• Average gross dwelling CNA	100	• System report
	Alt repair/allowance	• Percent alt repair/allowance dollar later replaced	20	• File review
	C&O/expert contacted when appropriate	• Percent of files with expert involved	100	• File review
		• Percent of files with appropriate expert involvement	100	• File review
	Cleaning	• Percent cleaning dollars later replaced	20	• File review
	Subrogation	• Percent of file submissions	100	• File review
		• Percent of rejects	100	• File review
		• Percent of collected to paid/submitted	100	• File review

PREWORK/TESTING ACTIVITY TIMELINE

Pework activities

Type of activity	Cleaning vendor training Hands-on	Skill assessments	Develop ACCUPRO templates for specialty trades	Expert listings	Baseline measurements
Week prior to testing	2-4	2-4	2-4	1-3	1-3
Source	Service master	Team	Team/A-Pro/CPS	Team/NAVP	CSA

Testing

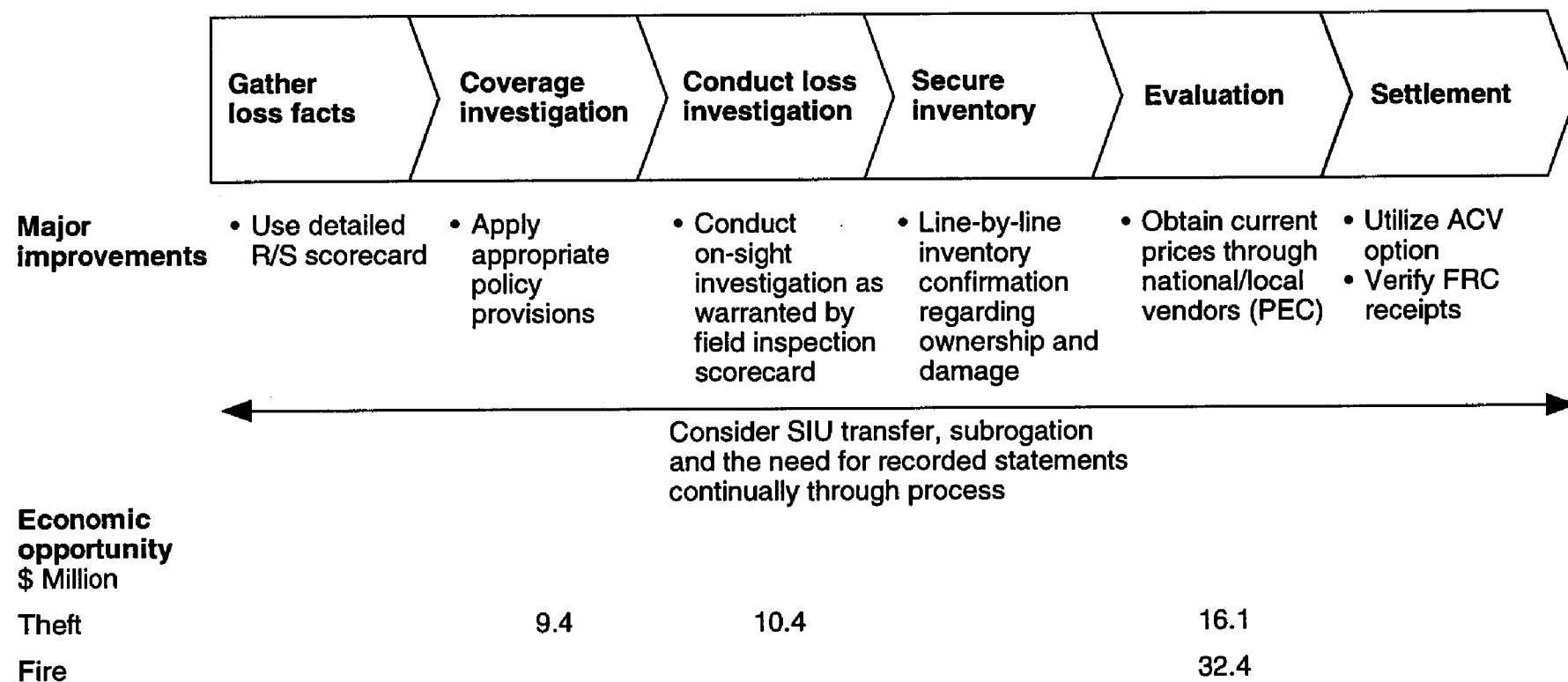
Type of activity	Subrogation fundamental skill training	Recorded statements role play	Negotiation role play	Room diagram training	ACCUPRO specialty vendor template usage	Calibration on all worksheets, guides and templates
Week	1	1	1	1	1	1
Source	NAVP/Roanoke personnel	Team	Team	Team	Team	Team

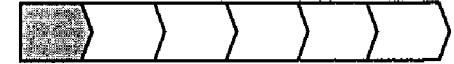
AGENDA



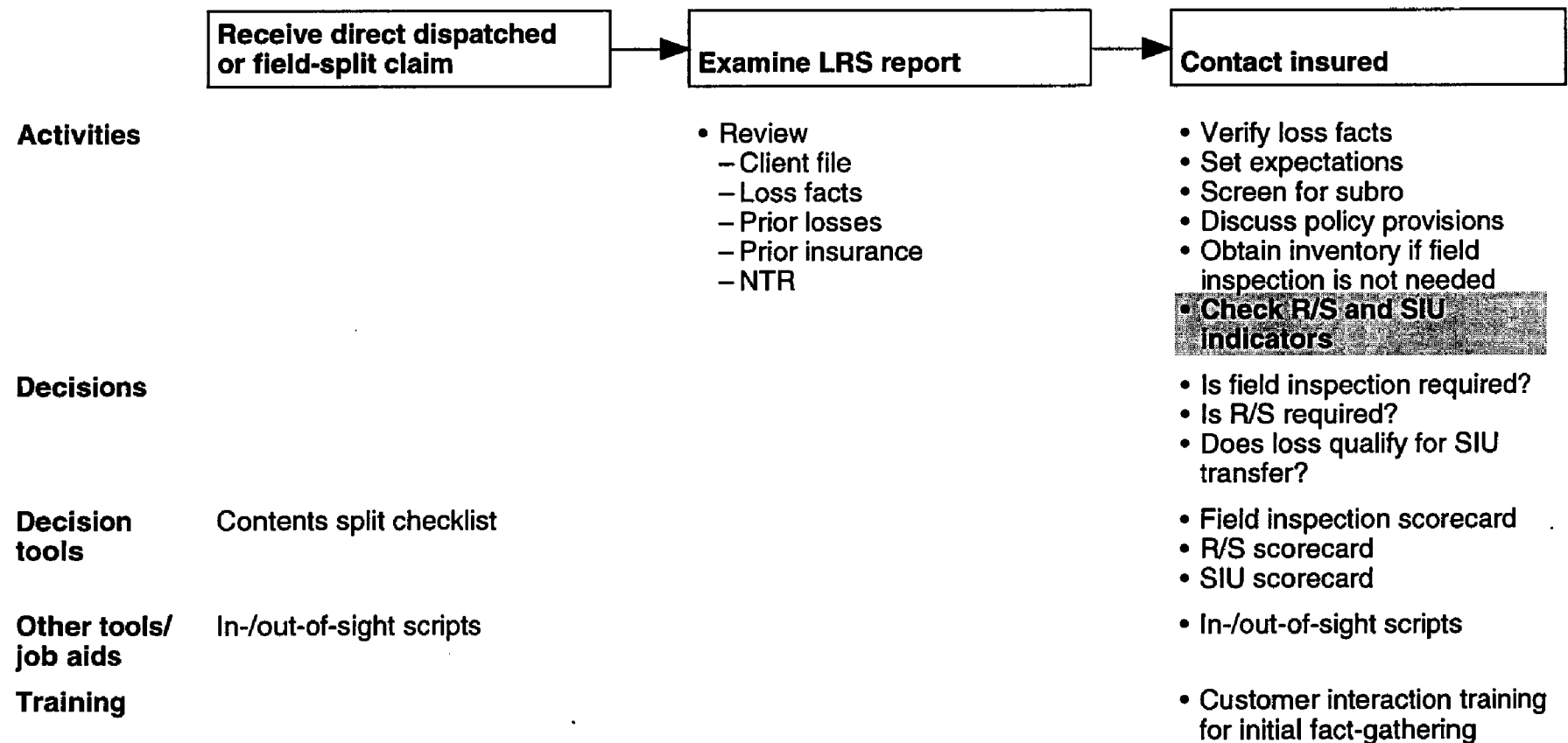
- Dispatch
- Roofs
- Fire
- **Contents**
- Next steps

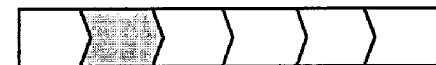
NEW PROCESS – CONTENTS CLAIMS



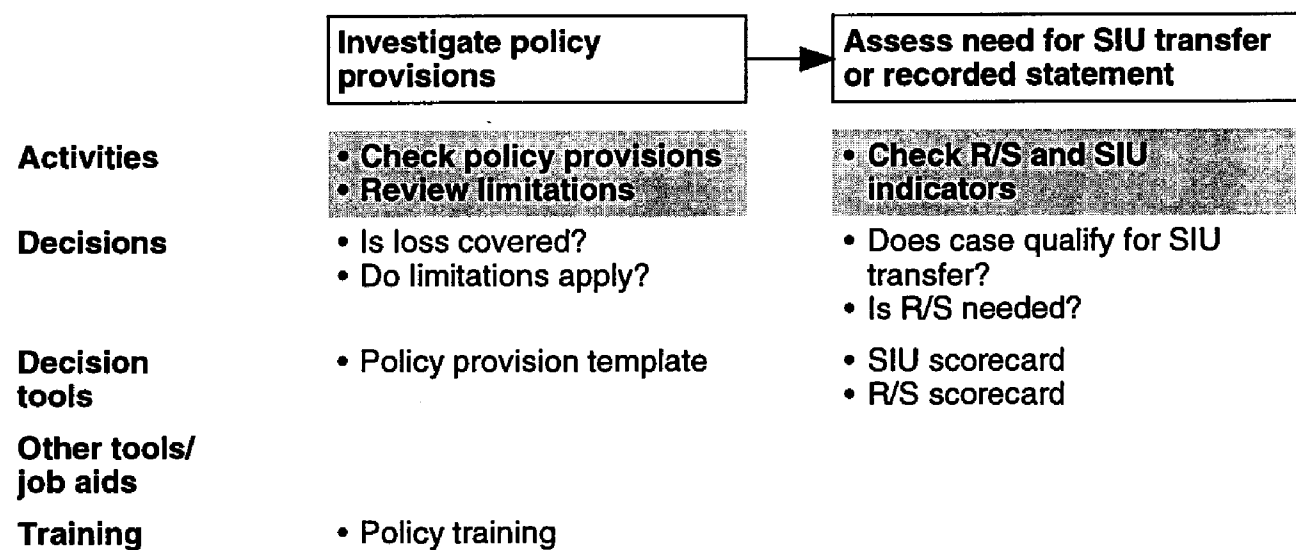


DETAILED PROCESS FLOW – GATHER LOSS FACTS



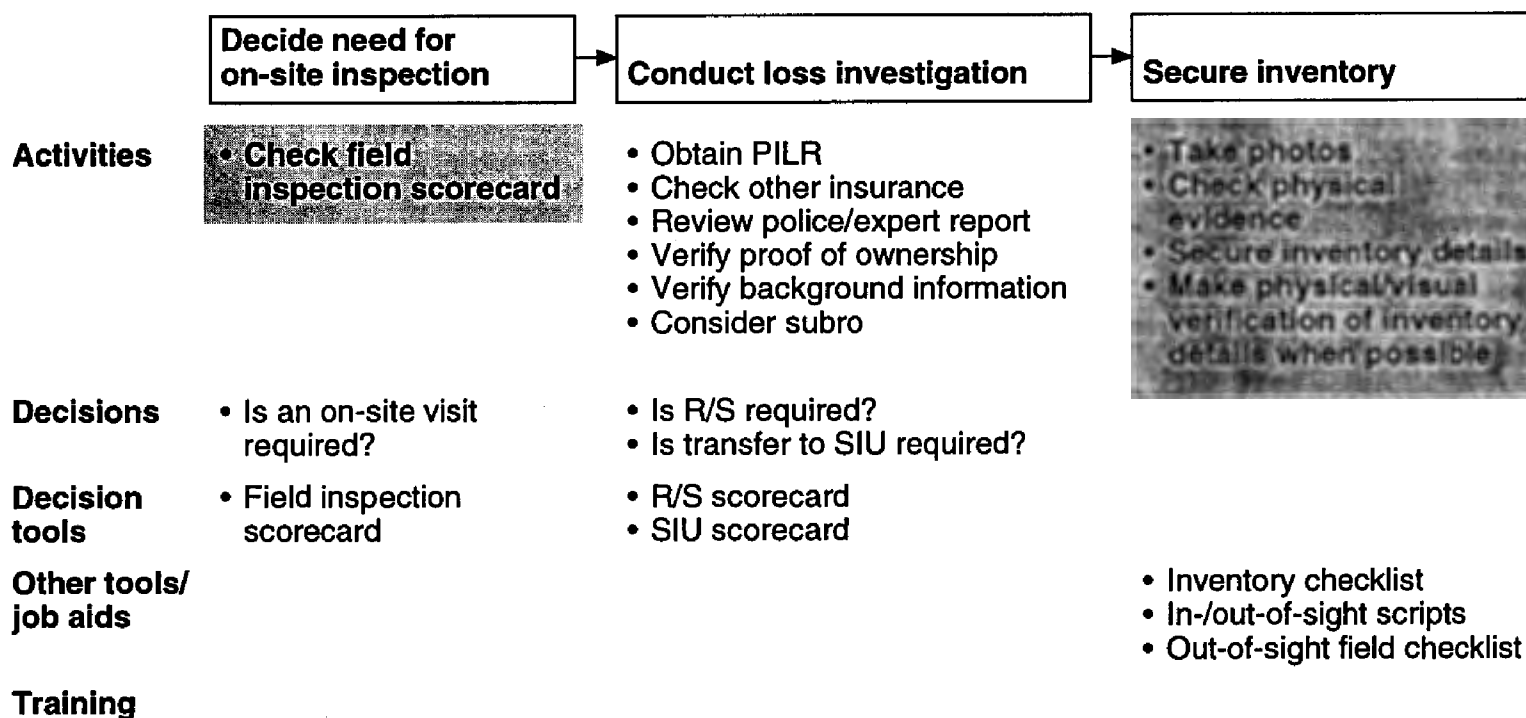


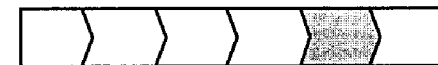
DETAILED PROCESS FLOW – COVERAGE INVESTIGATION



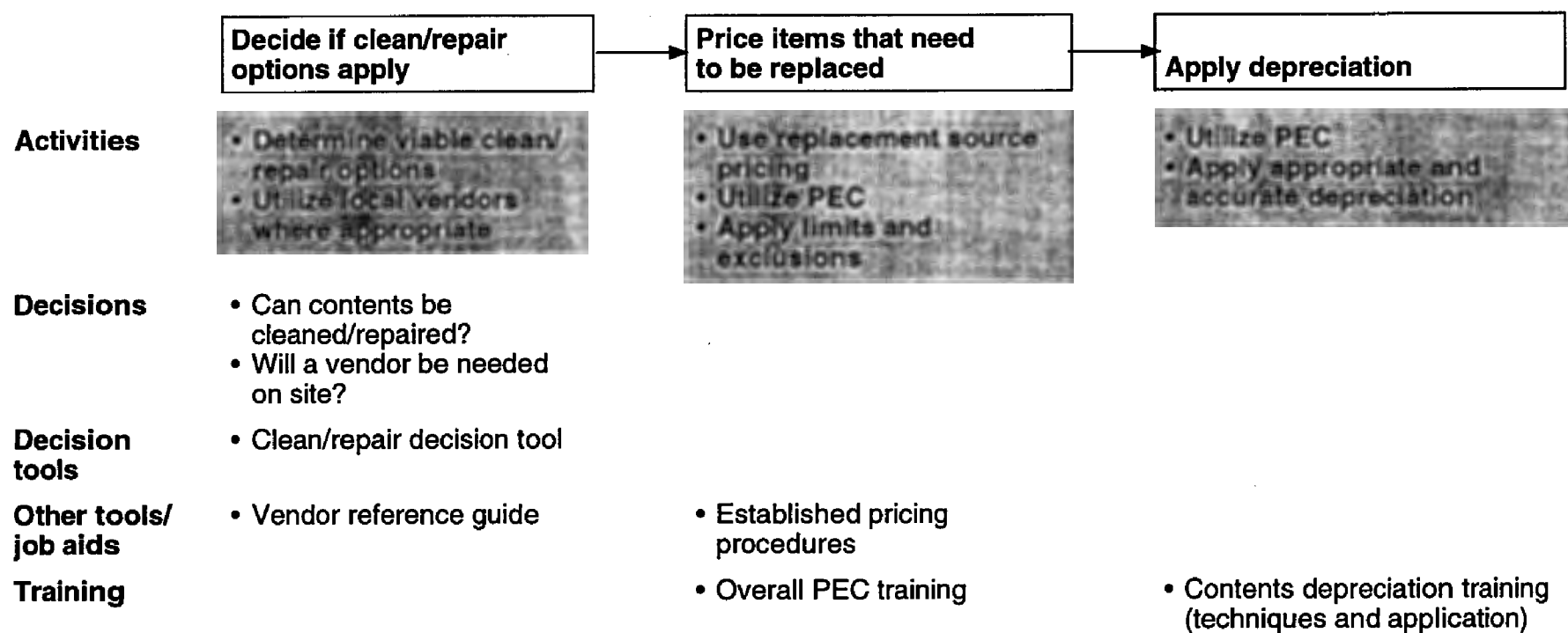


DETAILED PROCESS FLOW – LOSS INVESTIGATION AND SECURING INVENTORY



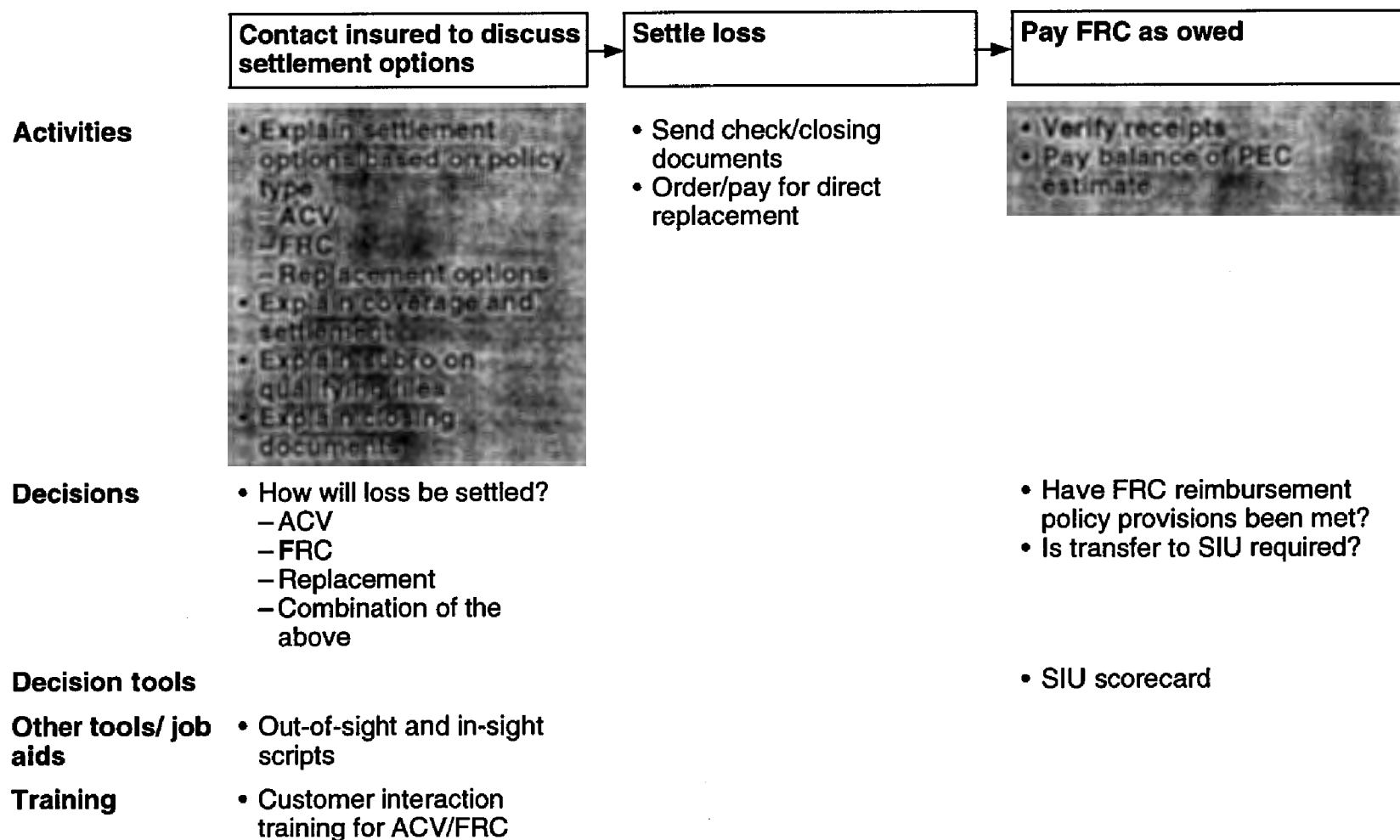


DETAILED PROCESS FLOW EVALUATION





DETAILED PROCESS FLOW – SETTLEMENT



PROCESS MEASUREMENTS – CONTENTS CLAIMS

Peril	Opportunity area	Measurement	Purpose
All contents	• Pricing	• Pricing source check for items over \$150	• To measure pricing source compliance
	• Depreciation	• Percent of contents line items depreciated	• To measure how open depreciation is applied
	• Securing inventory, recognizing SIU claims, and making clean/repair vs. replace decisions	• Percent of claims with one field visit or more	• To measure the extent to which field inspections for contents is happening
	• Recognizing SIU claims	• Percent of properly completed SIU scorecards	• To measure compliance with scorecard completion requirement
Theft	• Policy application and interpretation	• Percent properly completed coverage worksheets	• To measure coverage tool compliance
Other than theft	• Clean/repair vs. replace	• Percent estimates with clean/replace	• To measure the extent to which clean/repair decisions are being made

OUTCOME MEASUREMENTS – CONTENTS CLAIMS

Peril	Opportunity area	Measurement	Purpose
All contents	• Pricing and depreciation	• Total closed ACV dollars before deductible to total CWA claims	• To measure ACV payment trends
	• Recognizing SIU claims	• Percent files transferred to SIU	• To measure extent to which fraud is being spotted
Theft	• Pricing, inventory, policy interpretation	• Theft and jewelry severity	• To measure theft severity trends
		• Total paid dollars including FRC payments to total closed claim dollars	• To measure trends in closed claim costs
Other than theft	• Securing inventory, pricing, clean/repair vs. replace	• Total fire contents paid dollars to total fire closed claim dollars	• To measure trends in average claim costs for fires
	• Clean/repair vs. replace	• Percent clean/repair dollars	• To determine the extent to which adjusters are making clean/repair decisions

AGENDA

- Dispatch
- Roofs
- Fire
- Contents
- **Next steps**



HOMEOWNERS CCPR NEXT STEPS – JANUARY 30, 1996

- Finalize initial process design
- Complete design of dispatch process
- Prepare for field test measurement
- Design process for managing non-CAT independents
- Prepare for test sites