DigsFact

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Storyline

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The Problem (in Insurance Underwriting)

Facts

- CoreLogic estimates that three out of five American homes are underinsured by an average of 20 percent

- A survey of 1,000 homeowners commissioned by Insurance.com in February 2019 revealed that:
  - Of the 45 percent of homeowners who did a renovation, 33 percent did not notify their insurance carrier
  - Of the 25 percent of homeowners who said they added a deck or room to their house, 13 percent did not tell their insurance company

The Problem (in Insurance Underwriting)

Consequences

- That means a loss of more than $12 BILLION* in lost premium for home insurance carriers each year, just from underinsured homes

- But it's also bad for policyholders, because it sets them up for denied or significantly reduced payouts at the worst possible time – when they make a claim

- Which in turn leads to policyholder attritions just after the insurer has paid out

    This isn't good for anyone – insurers or policyholders

* Based on 2019 total annual DWP data from Insurance Information Institute and insurance.com

The Problem (in Insurance Claims)

Facts:

- Top 25 home insurance carriers
  - *process around* 64,000 claims per day *for roughly 155 million buildings in the U.S., and,*
  - spend $350 *just to* estimate each claim

Consequences:

- That is more than $5.9 BILLION spent each year by home insurance carriers, just on estimating claims!

The Reason

- Capturing spatial data, such as creating real-time floor plans or drawings, measurements and square footage, updated 3D models of properties, detecting damages, etc., via in person site inspections is:
  – EXPENSIVE, TIME-CONSUMING and ERROR PRONE for the insurer
 – INTRUSIVE for the policyholder

Our Proposed Solution

- Have the policyholder take a photo from their smartphone or tablet, using DigsFact's mobile app - standalone or integrated to your own enterprise mobile app

- DigsFact's proprietary technology turns unstructured photos into a complete digital twin that allows you to take measurements from photos, access a complete 2D sketch / drawing and view 3D models (including CAD models) of the structure

- DigsFact's proprietary technology also detects some early signs of damage from photos, such as potential water leaks, plumbing issues, etc.
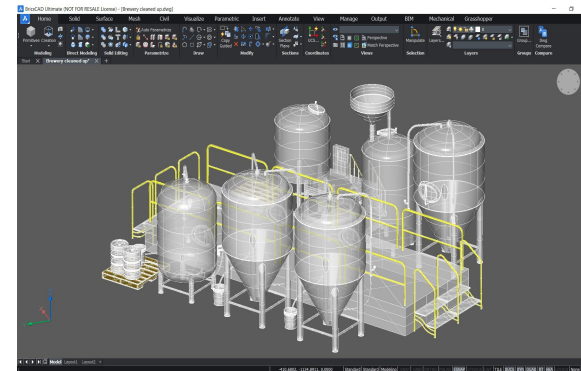
DigsFact's Proprietary Solutions

**Measure
From Photos**
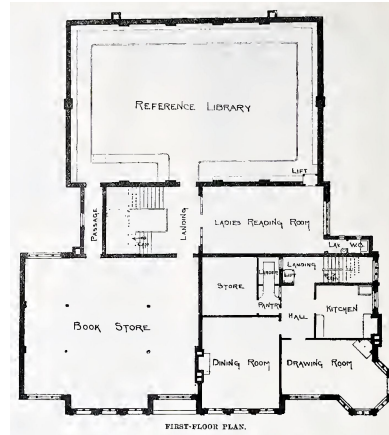
**2D Sketch / Floor
Plan**

**Interactive
3D Model**

**Early Damage
Detection**

Business Benefits (in Underwriting)

■ Reduces the cost of _existing_ inspections

■ Enables wider use of UW inspections, delivering:

   – Increased premiums for insurers, by reducing underinsurance

   – Fewer shocks for policyholders at the point of claim

   – Better policyholder retention immediately after the claim

   – Increased understanding of the risk, through access to real-time data on pre-existing conditions, room sizes, square footage etc.

   – Claim reduction through early damage detection

■ Provides a digitized audit trail

■ Delivers a simple, non-intrusive, user experience for the insured

■ Increases take-up of the insurer's app, which will be useful at the point of claim

Business Benefits (in Claims)

- Reduces the cost of _existing_ inspections

- FNOL: Issue the check to policyholder on the same day

- FNOL: Comprehensive capture of all damage by the customer at their convenience

- Claims Assessors and Adjusters can:
  - Inspect damage remotely
  - Measure damage asynchronously
  - Monitor repairs/restoration remotely
  - Digitize the 'post Claim' outcomes

- Delivers a simple, non-intrusive, user experience for the insured

- Increases take-up of the insurer's app, which will be useful at the point of claim

Business Benefits (in Claims) - continued

- Additional benefits during claims if you used DigsFact for Remote Underwriting:
    - Fewer shocks for policyholders at the point of claim
    - Better policyholder retention immediately after the claim
    - Claim reduction (frequency, size, etc.) through early damage detection

Business Model

Underwriting

- $49 / Policy Issued or Renewed

Claims

- $49 / Claims

Please note:

– *Pricing includes measurement from photos capability + 2D Sketch with measurement*

– *Discount available on minimum volume commitment*

– *Comes with FREE AI-based damage detection for first 12 months*

– *CAD models cost extra*

Business Case

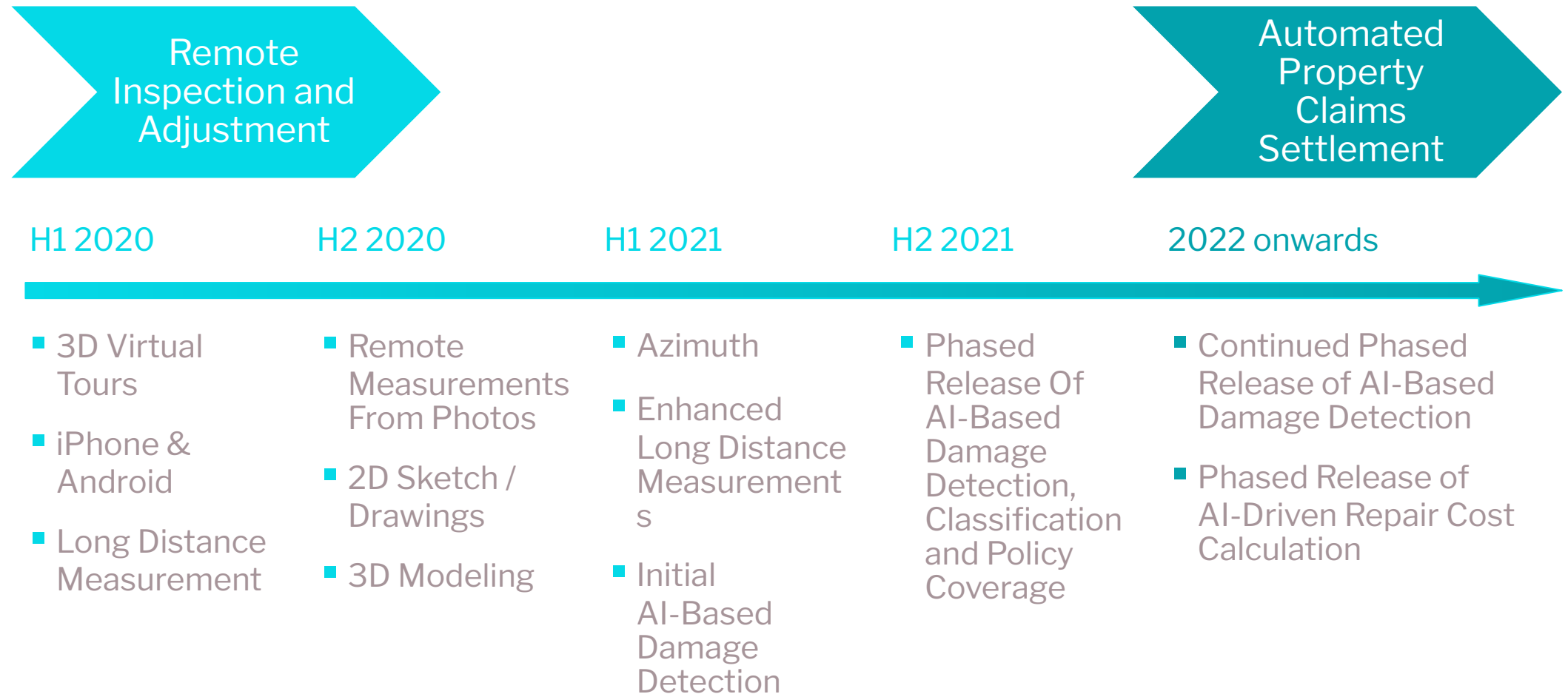## Potential Annual Saving per Million Existing Policies

Key Assumptions	
Number of Household Policies on the Books	1,000,000
Proportion of New Policies Added per Year	10%
Number of New Policies per Year	100,000
Proportion of New Policies Requiring Underwriting Inspections	20%
Proportion of Underwriting Inspections to be Switched to DigsFact	100%
Cost of an Existing Underwriting Inspection	$350
Average Base Premium per Home (Based on Data from the Insurance Information Institute)	$1,200
Proportion of Homes Currently Underinsured (Using Corelogic Numbers)	60%
Percentage Average Underinsurance on Underinsured Homes (Using Corelogic Numbers)	20%
Percentage of Lost Premium Recaptured by Doing Inspections	50%
Cost of a DigsFact Inspection	$49
Annual Claims Frequency (Based on Data from the Insurance Information Institute)	5%
Proportion of Claims Requiring Tours or Inspections	50%
Average Number of Claims Tours/Inspections per Claim Requiring Tours/Inspections	2
Proportion of Claims Tours/Inspections to be Switched to DigsFact	50%
Cost of an Existing Claims Tour/Inspection	$350

Key Outputs - All Figures Annual	
Number of Underwriting Inspections Switched to DigsFact	20,000
Current Cost of Underwriting Inspections Switched to DigsFact	$7,000,000
New Cost of Underwriting Inspections Switched to DigsFact	$980,000
Annual Saving from Using DigsFact for Underwriting	**$6,020,000**
First Year Premium - Current State	120,000,000
Uplift from Doing Inspections Using DigsFact	**$7,200,000**
Number of Claims Tours/Inspections Switched to DigsFact	25,000
Current Cost of Claims Tours/Inspections Switched to DigsFact	$8,750,000
New Cost of Claims Tours/Inspections Switched to DigsFact	$1,225,000
Annual Saving from Using DigsFact for Claims	**$7,525,000**

And that's *without* re-assessing the existing book at annual renewal or factoring in reviewed retention

Product Roadmap

Remote Inspection and Adjustment

Automated Property Claims Settlement

H1 2020	H2 2020	H1 2021	H2 2021	2022 onwards
▪ 3D Virtual Tours ▪ iPhone & Android ▪ Long Distance Measurement	▪ Remote Measurements From Photos ▪ 2D Sketch / Drawings ▪ 3D Modeling	▪ Azimuth ▪ Enhanced Long Distance Measurements ▪ Initial AI-Based Damage Detection	▪ Phased Release Of AI-Based Damage Detection, Classification and Policy Coverage	▪ Continued Phased Release of AI-Based Damage Detection ▪ Phased Release of AI-Driven Repair Cost Calculation

Financial Roadmap

Total Ask

■ $750,000 - $1,000,000

Planned Allocation of Fund **(12 - 18 months)**

■ Onboarding Talent

– *Technical: $400,000 - $500,000*

– *Sales & Marketing: $250,000 - $350,000*

■ Operating cost: $100,000 - $150,000

Revenue

■ **2020**: $214,000

■ **Target for 2021**: $2,000,000+

ENHANCE THE DIGITAL EXPERIENCE WITH DIGSFACT

THANK YOU

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