

chrp

2024 Home Insurance  
Underwriting Handbook:

# Detecting Potential Hazards and Preventing Claims

Artificial intelligence is disrupting every industry. Home insurance underwriting is no exception.

Global events like the [COVID crisis](#) had noticeable impacts on the home insurance industry, including a shift toward automation and integration of AI analytics into the inspection process.

While the industry is [stabilizing somewhat](#), increasing weather events and economic uncertainty have made things more volatile in recent years. Catastrophic claims are frequently not preventable, putting the onus on underwriters to identify and prevent as many non-catastrophic claims as possible.

That's where AI comes in.

AI home inspection software is rapidly transforming underwriting operations by detecting hazards that can lead to non-catastrophic claims. These hazards were previously undetectable.

This guide will offer a glimpse into the future of underwriting automation guided by AI and its corresponding impact on claim mitigation.



# AI Inspection Software Leads Directly to a More Profitable Book of Business

Loss prevention in home insurance underwriting starts with a home checkup. It's no mystery; a thorough and insightful home inspection allows underwriters to avoid future claims by preventing hazards.

AI identifies red flags amongst a sea of inspection and maintenance points with much greater proficiency than the human eye (more on this later).

## How Does Loss Prevention Work with AI?

### **1. Significantly improves evaluation processes for new & existing policyholders.**

An AI home checkup starts with data collection.

Namely, the homeowner conducts a self-inspection of their home using the hardware device over 307 million Americans have in their pocket, a smartphone. The homeowner engages in a guided process to take photos of their home.

### **2. Identifies risks with more precision & compliance.**

From there, powerful artificial intelligence software takes over.

Scrutinizing every detail of each image, carefully trained AI turns images into data to identify potential hazards, from sagging eaves to corrosion in the plumbing under the kitchen sink.



### **3. Helps you build a more profitable portfolio.**

Underwriters then focus only on the conditions identified to make smarter underwriting decisions.

Using AI in this process makes it faster and easier to identify healthy homes, avoiding potential loss conditions and boosting underwriting productivity through accuracy, efficiency, and scale.

## **How Will This Change the Way You Do Business?**

### **Enhancing Efficiency**

AI home inspection software creates efficiency in the underwriting process.

As Chrp President Chin Ma says, “A traditional inspection approach requires an underwriter to look at every image. This process takes thirty minutes per home. Using AI, we target the most important areas for your underwriting team member to focus on, saving time while arming an underwriting professional to focus on the conditions that matter.”

A home inspection from Chrp only takes 60 seconds (or less) to review.

### **Eliminating Human Error**

Not only does this process save significant time throughout your day, but it also eliminates human error.

AI streamlines the underwriting process by removing subjectivity, allowing for better accuracy and compliance when analyzing a home’s condition.

**“An AI home inspection software like Chrp evaluates every pixel,”**

- Chin Ma | President

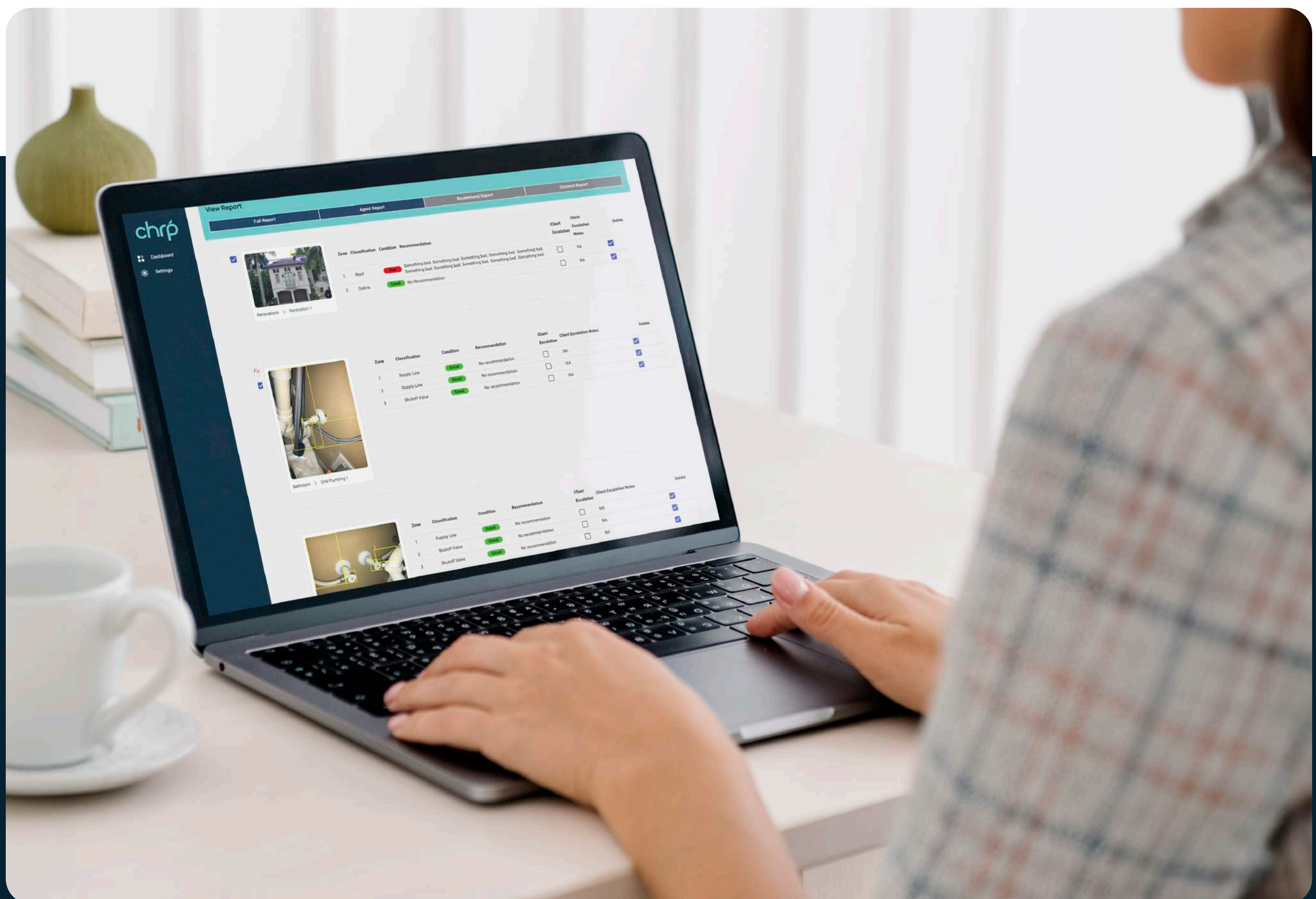
“It is designed to not make mistakes due to a home inspector’s subjectivity, tiredness, or lack of training. This means an underwriting organization consistently relies on a consistent determination of risk.”

## Ensuring Compliance on Your Terms

All insurance company possesses unique underwriting guidelines.

Chrp provides a simple visual guide to the results of its analysis, color-coding each item as passing or failing its evaluation and targeting key areas for closer review by an underwriter.

If any hazard produces a doubtful or inconclusive result, the algorithm will highlight the item in question, ensuring underwriters can decide on what is a potential hazard and what isn’t.



## **AI Inspection Software Draws from Experience to Reduce Conditions**

The traditional approach to evaluating PDFs of home inspections leaves each inspection isolated, treating each home as a separate event, uninformed by history.

On the other hand, Chrp's AI draws from 'condition data,' which includes metadata that provides a descriptive analysis of an inspection point.

### **Machine Learning Can Identify Conditions Humans Miss or are Unaware of**

For example, consider a toilet supply line. There is a coupler nut at the bottom of the toilet tank, where the supply line meets the porcelain. You'll see the words "hand tighten only" stamped on the coupler.

Unfortunately, people frequently tighten these couplers with pliers or other tools.

Tools like this can deform or over-tighten the nut, crack the plastic, and lead to leaks and failures. If a supply line or coupler nut fail while the homeowner is on a weekend vacation, they could be facing severe water damage from a running supply line.

Chrp's home inspection software can prevent this problem by identifying minuscule teeth marks on the coupler nut, which would likely go unnoticed in a traditional home inspection.

Identifying an improperly tightened nut can alert your evaluator to a potential hazard and prevent thousands of dollars in totally preventable claims.

# AI Gives You Proactive Steps for Loss Prevention

An AI home inspection is a dramatic improvement to inspection-based loss prevention; it also allows you, as the home insurance underwriter, to become a partner in protecting your client's homes.

Continuing from our toilet supply line example, you can treat this information about a potential upcoming claim as preventative healthcare for your client's home.

Rather than waiting for that expensive water damage and dealing with the fallout after the fact, you can take a more proactive approach and advise your client to have the nut replaced and, this time, tighten it by hand.

**"We put claims out of business,"**

- Micah Kalisch | CEO

## What Is a Healthy Home?

Healthy Homes—coined by Chrp—receive a Chrp Green Score. These homes are well-maintained properties with zero potential hazards.

The concept of healthy homes can change the relationship between home insurance providers and their policyholders.

Much like how we've evolved with wearable technologies, "we never realized how vital calorie count and steps were before Smart Watches. Today, we make sure to burn a certain amount of calories and walk every day to hit our health goals. We view home checkups the same way. Why wouldn't we do a home check-up regularly on our homes? Why shouldn't your home insurance company help?" says Chin Ma.

At Chrp, it all starts with better insights about the home.

## How Will Healthy Homes Change Your Approach to Loss Prevention?

Chrp envisions a future where a home inspection isn't just a one-time event to help you decide whether to add a home to your book of business.

Instead, home insurance underwriters can become long-term partners in maintaining the wellness of their client's homes. Proactive loss prevention looks like this:

### **Periodic updates to photos of high-risk areas.**

Monitoring for changes lets you continue to check in and guide your clients in maintenance actions that will protect their homes while eliminating future claims.

### **Home checkups every 3-4 years.**

This allows home insurance companies to reach out and correct upcoming issues before they lead to disaster.

If that water heater is about to hit its statistical failure point, a home insurance provider can now contact the homeowner and connect them with resources to install a new unit affordably, whether that means offering a discount through a trusted retailer or even covering part of the cost in premium discounts.

### **Improved relationships with your policyholders.**

"Insurance companies can do more by providing insight, educating, and investing in their clients' homes," Micah Kalisch explains. This approach gives insurance customers a more positive home insurance and home ownership experience.



# What to Look for in AI Inspection Software

Suppose you're looking for an AI home inspection app. In that case, you probably fall into one of two groups: either you're considering integrating AI into your inspection process for the first time, or you've tried an AI home inspection app and found it doesn't live up to the hype.

Whether you're interested in trying AI home inspection software for the first time or on the hunt for a new one, here are a few things to look for in an AI home inspection app.

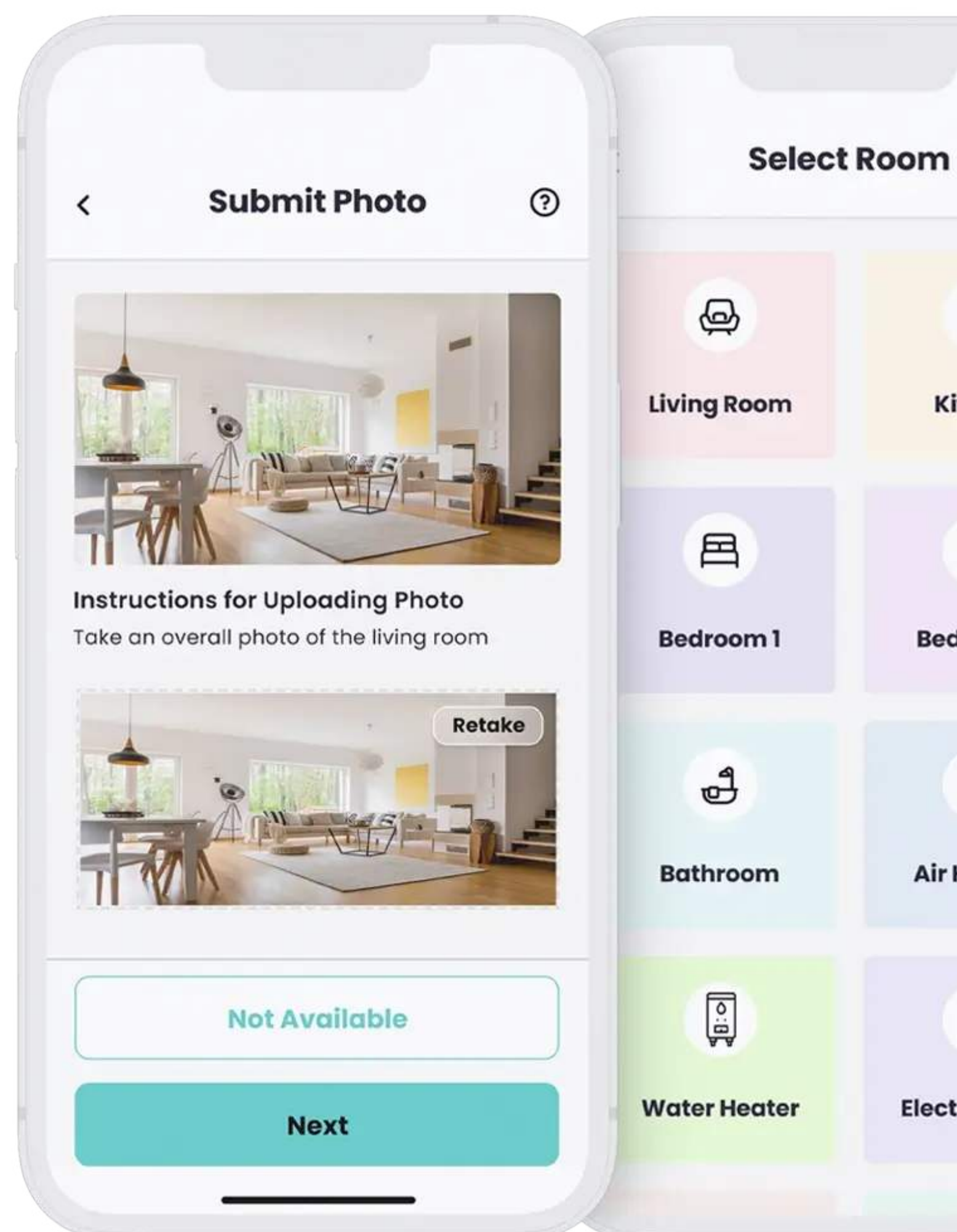
## Accuracy

The AI models that detect hazards should deliver accurate results with no margin of error.

## Ease of Use

Regarding data collection and evaluation, the software should decrease workload and streamline your process.

Ease of use also means the software has the flexibility to integrate seamlessly with what's already working for your business. The software should allow you to set guidelines and give evaluators the ultimate say in whether an item flagged as a potential risk passes or fails.



## Powerful Analytics

One of the main benefits of an AI inspection over a traditional approach is the capability to analyze thousands of data points and extrapolate valid conclusions within moments.

If you're considering integrating AI home inspections into your risk prevention strategy, look for software that pulls from a wealth of previous evaluations and claims and applies what it has learned to every new inspection.

Analytics that incorporate a depth and breadth of previous knowledge beyond what human evaluators can do on their own will give you a powerful tool to prevent claims and build the most profitable book of business possible.

As an example, ask your underwriting team, 'how many toilet coupler nuts were tightened with a pair of pliers?' If your team cannot answer that question, then you are exposed to potential non-catastrophic claims in your book of business.



# Why Place Your Trust in Chrp?

There are several options for AI inspection software, each with unique claims for ROI and how their algorithm will benefit an insurer.

So why choose Chrp AI?

## Combined Expertise for Truly Intelligent AI Inspection Software

Beyond proven results for improved loss prevention, Chrp takes a distinctive approach to AI home inspections informed by its unique blend of expertise.

Artificial intelligence algorithms are designed to operate beyond their programming to some degree, but ultimately AI is only as good as its education.

This is one area where Chrp stands head and shoulders above other AI inspection software. Its leadership team combines 40+ years of experience in home insurance and, more importantly, construction, giving Chrp's algorithm insight from both perspectives.

"Most underwriters have never built or renovated a home. On the flip side, a person in construction likely never worked in insurance," Chin Ma says.



**Micah Kalisch** | CEO

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*Industry Experience*

**20** Years in Home Construction

**10** Years in Insurance Loss Prevention



**Chin Ma** | PRESIDENT

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*Industry Experience*

**15** Years in Insurance Industry

Blending these perspectives enhances the accuracy and usefulness of Chrp's algorithm, with over 200 use cases applied to every inspection review.

"When you combine those skill sets, it brings a unique view of the risks that most insurance companies never paid attention to."

## **Customizable Automation That Blends Seamlessly Into Your System**

Technology should adapt to what's already working for you.

We understand every insurance company possesses its own underwriting guidelines.

Chrp provides a simple visual guide to the results of its analysis, color-coding each item as passing or failing its evaluation and targeting key areas for closer review by an underwriter.

Suppose any hazard produces a doubtful or inconclusive result. In that case, the algorithm will highlight the item in question, ensuring underwriters can decide on what is a potential hazard and what isn't.

Chrp's platform also includes messaging between the insurance carrier, agent, and homeowner to ensure open and immediate communication, improving the process for everyone involved.

## **Demonstrable Record of Loss Reduction**

While results vary, this figure has been borne out of Chrp's years of service since its inception in Florida, one of the most notoriously difficult states for running a successful home insurance business.

With Chrp AI, you can grow your portfolio with safe, reliable analytics that will streamline your workload, drastically improve the accuracy of your inspections, and provide preventative healthcare for your client's homes.

**"We reduce loss ratios by 8% annually."**

- Chin Ma | President




## See How Chrp A.I. Makes Insurers More Profitable

Schedule your Chrp demo to experience first-hand how our superior accuracy and scalable automation can help you grow a more profitable business book!

[Speak to Specialist](#)



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