



AICA BULLETIN

September 2014

Volume 13 Issue 1

GUEST SPEAKERS: PAUL HILL & ANDY MARKHAM

MEETING TOPIC: CURRENT ISSUES WITH INSURANCE FRAUD

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Paul Hill obtained variety of experience during his career in the criminal justice field. Paul honorably retired from the Phoenix Police Department after 27 years of service. During his time on the Phoenix Police Department as an officer, Paul was assigned to patrol, walking beat, the tactical response unit, community relations and then detectives. When Paul became a detective he spent ten years in the homicide unit and five years in document crimes unit. While assigned to the documents crimes unit he investigated check forgeries, credit card frauds, identity thefts, fraud schemes and employee embezzlements. After retiring from the phoenix police department Paul worked at the Arizona Department of Insurance (DOI), assigned to the Fraud Unit, investigating insurance fraud. During the 2009 recession Paul work for a short time as a licensed private investigator providing litigation support for law firms, business and private individuals. Paul returned to government life as a special agent with the Office of the Attorney General for the State of Arizona, until he could return to the Arizona DOI in 2012. Paul is a Certified Fraud Examiner through the Association of Certified Fraud Examiners. His education includes a Bachelor of Arts in Human Resources and an Associate of Applied Science in Criminal Justice. Paul has taught classes and guest lectured in related subjects such as; crime scene investigations, death investigations, identity theft, white collar crime investigations and insurance fraud.

Andy Markham is an investigator with the Arizona Department of Insurance focusing on the investigation of insurance producers in Arizona. Much of Randy's experience came from his time spent as an SIU investigator in the private insurance industry. During his time in the private sector, Randy advanced quickly in his career where he worked on several task forces and on CNA's Major Investigations Team. Randy was then asked to be a corporate trainer for his employer at the time where he traveled across the country training other investigators in insurance fraud investigating as well as creating and implementing training models for new and current investigators. Randy has become well versed in investigating all facets of insurance fraud including provider fraud, agent/producer fraud, motor vehicle thefts, worker's compensation fraud, general liability fraud, and many other forms. As an investigator with the Arizona Department of Insurance, Randy works in the Fraud Unit as a regulatory investigator. He investigates insurance agents/producers whom have a license to sell, solicit, or negotiate insurance in Arizona. He works a variety of cases to include but not limited to theft, misrepresentation, forgery, unlicensed activity, identity theft, and commission/bonus schemes. Randy also works closely with the criminal side of the unit during his investigations. On May 12, 2014, Randy completed the Arizona P.O.S.T. certification at the Glendale Community College Law Enforcement Training Academy. Randy has also attended college at University of Phoenix Online and Boise State University with a focus on criminal justice.

MEETING DETAILS

DATE: Thursday, September 18th

TIME: Social Hour 5 p.m.
Dinner/Meeting 6 p.m.

PLACE: Doubletree Hotel
320 N. 44th Street
Phoenix, AZ

RSVP: By September 15th online at
www.aicaonline.org

COST: Company Adjusters—\$5 pp
Current Members—\$30 pp
Non-members—\$45 pp

Payment can be made online using PayPal at www.aicaonline.org or by cash or check at the meeting.

Please be sure to cancel your reservation via treasurer@aicaonline.org at least 48 hours in advance if you are unable to attend. AICA pays for your dinner whether you attend or not. Late cancellations and no-shows will be billed.

Any questions or to RSVP and pay by cash/check at the door, please contact treasurer@aicaonline.org.

SOCIAL HOUR SPONSOR:



PRESIDENT'S MESSAGE



Well the Monsoons are certainly going out with a bang in Arizona, aren't they?

The summer has been a busy one for the storms and for the AICA. We kicked it off with our annual Golf Tournament in May, had our Salty Senorita event in June, held our first July meeting and finished off the summer with our Monsoon Bowling event.

Thank you to everyone who attended our events and also to our wonderful sponsors. We wouldn't be able to provide these great events without you!

As we kick off our fall season, we have began planning our holiday party. Fall also means its time to start thinking electing officers and board members for 2015. If you are interested in running for office, please contact one of our

current board members for more information.

Our website has been redesigned so please take a moment to explore it and let us know what you think. www.aicaonline.org.

David A. Conger, RPA, RGA
AICA President
president@aicaonline.org

2014 HOLIDAY PARTY CHAIRPERSON NAMED



The AICA Board of Directors is pleased to announce Josephine D'ippolito, Director of Sales & Marketing for AM PM Restoration Services, LLC, will be the Chairperson for the 2014 AICA Holiday Party.

"We are so pleased to have Josephine D'ippolito as our Chairperson. She brings many years of marketing experience and creative ideas to AICA," says Dave Conger, AICA President. "It is nice to see our new members getting involved with such big projects".

The Holiday Party is scheduled for Friday, December 19, 2014, at the Doubletree Hotel located at 320 North 44th Street, Phoenix, Arizona 85008.

"I am looking forward to working with AICA members to host a memorable holiday celebration," says Josephine D'ippolito, Chairperson. "I will be organizing committees by the end of the summer; and I encourage members to contact me to help plan the holiday party this year".


Members can reach Josephine by phone at 602-541-2165 or email jdippolito@ampmrestoration.com.



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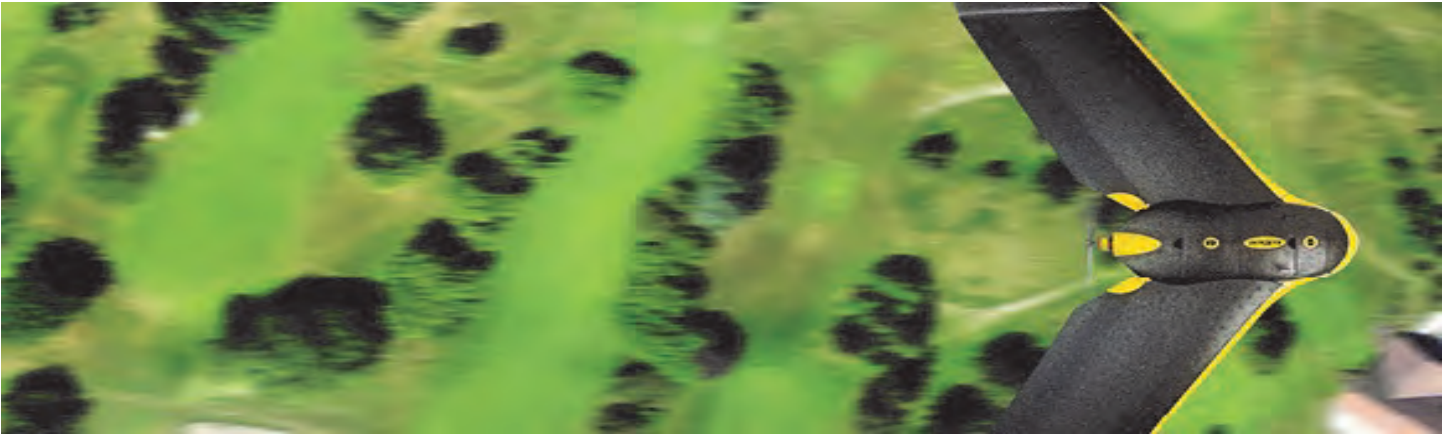


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EXPERT'S CORNER—THE DRONES ARE HERE



THE USE OF UNMANNED AERIAL VEHICLES IS COMING TO THE PROPERTY CLAIMS INDUSTRY.

Have you seen a drone flying around yet? One has most certainly seen you, and they'll be seeing much more in the future. That's not meant to scare; it is simply meant to illustrate a safe bet about the reality of today and the certainty of tomorrow.

Aerial "drones," perhaps more appropriately described as unmanned aerial vehicles (UAVs), have been around since 1849 when Austria attacked Italy with unmanned balloons filled with explosives. But many may not have heard of their use until 2003 when the United States military utilized them in the Iraq war. At the time, the military's UAV fleet was small, and it is reported that none were armed.

Today, we're operating more than 7,000 unarmed UAVs in Iraq and Afghanistan, ranging from Predators with 55-foot wingspans to micro UAVs that soldiers launch from the palms of their hands. On the ground, more than 12,000 PackBots—a series of military robots—and other unmanned vehicles are hard at work finding and diffusing roadside bombs.

This rapid expansion is becoming increasingly relevant for the property claims investigation industry. UAVs are going to become increasingly commonplace as tools in a variety of our regular tasks. Several models have been in testing for the last few years; others already have been successfully deployed. In the future, it seems clear that they will transform nearly every aspect of the claims investigation process.

Many of us had a fascination with this type of emerging technology that began decades ago when we were curious kids building and launching model rockets, flying model and remote-control airplanes, and playing with remote-control cars or trucks. How many boys would strap flashlights, bottle rockets, and cherry bombs onto their remote-control fleet, sending them out for hunt-and-destroy missions?

Thirty years later, things haven't changed much. We're still playing with new technology and a variety of cool gadgetry—particularly the models that might help us do our jobs more accurately, efficiently, and safely.

Drone Models

UAVs essentially fall into two categories: vertical take-off and landing (VTOL) drones, which take off and land like a helicopter, and fixed-wing drones that fly similar to a conventional airplane.

VTOL drones are great for shorter missions where it is helpful to get close to the target to capture still images or video. They literally can be launched from and land in the bed of a pickup truck and are available in a wide variety of configurations. Popular VTOL drones have four blades (a "quad" or "quadcopter"), but can have eight or more. By contrast, fixed-wing drones can stay aloft longer (about an hour or more) and can cover greater ground in a single flight. Many can be launched by hand, and they can be programmed to either parachute to land or glide to a landing site that is as small as an open backyard.

Practical Applications

UAVs have numerous applications in this industry. Here are five currently on the forefront:

1 Roofing Investigations. VTOL drones can operate around most types of structures and can thus get particularly close to a roof without disturbing it. Seeing an asphalt shingle with enough detail to count surface granules is achievable, so being able to review hail damage, nail pops, roof blisters, and other common issues remotely is possible. Wind damage also is easy to spot, but drones cannot lift a shingle for a pliability test or see the seal stripe of a shingle—at least not yet.

2 Building Envelope Investigations. Tremendous energy can be exerted on tracking leaks and other sources of water damage, but drones will play a role in improving this process in the future. Infrared cameras are a common tool to see wet areas in roofs and walls, and they are very useful in identifying areas of excessive air leakage. These cameras can be flown on a drone, giving adjusters a bird's-

EXPERT'S CORNER CONT'D

eye view of a building's heat signature. This is already being done successfully in search-and-rescue operations, where seeing a person's heat signature at night or in bad weather is an asset.

3 Catastrophe Damage Assessment. Drones already can gather data from some of the most dangerous weather phenomena on the planet, including hurricanes and tornadoes. Soon, it is likely that we will be able to follow severe weather in real time, with drones serving as eyewitnesses. They will be able to fly with and within storms, reporting damage as it happens versus interpreting damage or potential damage through radar signatures and traditional storm reports. UAVs already have played a role in earthquake, flood, tsunami, and wildfire damage assessment internationally, and we will soon see them do the same domestically.

4 Fire and Explosion Investigations. Large, complex fires and explosions have always presented investigative challenges, often prompting investigators to rent aerial boom trucks, scissor lifts, or fire trucks to gain a bird's-eye view of the damage. The value of looking down on a fire loss to see burn and damage patterns that are either invisible or difficult to see from inside the damage scene or outside of the building is well documented. Additionally, surveying an explosion debris field from above is a key part of determining origin and cause. Eventually, we won't be able to beat the speed, low cost, flexibility, and safety of operating a small drone for missions such as these.

5 Underwriting Surveys. UAVs will be the perfect application for assessing the condition of a building's exterior in underwriting applications. Drones can provide great views of roofing, siding, windows, gutters, and all other fine details with better resolution than satellites or airplanes. They also will be very helpful in allowing us to monitor if insureds really do have their roofs replaced after that last hail storm settlement.

UAVs eventually will enjoy widespread adoption throughout our industry, and one day in the foreseeable future they will be commonplace. There is a clear motive for us to use them where they can reduce or eliminate the risk of injury; maneuver in places too tight, too high, or too contaminated for humans; aid in gathering intelligence or scaling up intelligence gathering efforts quickly; and gather

intelligence more cost effectively than with human labor.

Future Challenges

With these advantages, could drones simply replace the human workforce one day? You need not worry about that just yet. The data they collect can be cumbersome and complex when compared to many common investigative tools, and the data is often useless without professional evaluation.

Additionally, the Federal Aviation Administration (FAA) and state and local regulations will be major obstacles to quick adoption. The FAA has not yet released regulations governing the commercial use of UAVs—though it no doubt will soon—as approximately 40 states have some form of anti-UAV legislation in various stages of consideration. FAA regulations likely are to include a UAV certification program, UAV registration, and pilot licensing.

Heed caution before fully embracing this technology sector. The practical tools for our industry are expensive, and hobby store options likely will encounter legal challenges in claims investigations. It's also prudent to insure the professional equipment for damage and a myriad of other risks, which will represent an additional expense and indicate a variety of liabilities, both known and unknown.

Professional training programs also will be necessary. Though there is considerable overlap between flying UAVs and small aircraft, even an experienced pilot would know that you cannot just grab the sticks of a UAV controller and be a safe, competent operator overnight. The necessary skills take time to practice, learn, and refine.

The industry will move forward with UAV technology with a balance of tremendous optimism and prudent caution. UAVs will be as revolutionary as the personal computer and cellphone, and we're only just now experimenting with the Apple //e, Commodore 64, or IBM portable personal computer of tomorrow's UAVs. We will develop practical UAV technology, but not until we are certain that it will be safe, reliable, cost effective, significantly valuable, and operationally excellent—not to mention legal.

By **Lyle Donan**
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- Met Life—Office Administrator (Mesa, AZ)

To submit a job posting, contact the following:

Nadine Mar, AICA Past President
 EMC Insurance Company
 800.432.8422
Nadine.F.Mar@emcins.com



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ANNUAL MEMBERSHIP FEES:

- Carrier Adjuster - FREE
- Independent Adjusters - \$25.00/year
- Associate (Service) Member- \$75.00/year

Memberships are INDIVIDUAL. If multiple persons from your company wish to join, each will have to purchase a membership

To join the AICA or renew your membership, click on this link: <http://www.aicaonline.org/membership.php>

If you have questions about membership contact our membership chair as follows:

Dawn White—Schneider Structural Engineers
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