

PIRC Recap [10-29/30-19, Chicago, Illinois]

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The PowerPoint presentations and Handouts are available as part of this recap on the News page of the website:

<http://gotopirc.com/news/2019-10-meetingrecap>

1. Welcoming and Opening Remarks

For the start of the PIRC, the group reviewed the Anti-Trust, Mission and Vision Statements. All attendees were brought up to speed with how the meeting will be conducted, the agenda and a quick overview of the previously held meetings and origin of the Conference. Conference Moderator Jordan Hendler reminded the group that the “unrepresented segment” in the room is the consumer, and placed a chair at the front of the room as a reminder for the duration of the meeting.

The current committees are: Agenda (meeting flow and topics), Background Screening, Definitions, and the PIRC-CIECA Data Standards. A future committee is slated for Governmental with regular updates continuing in future meetings.

2. Definitions Committee

As an intro to the committee work, Jordan reported that the committee has had to prioritize their issues, so that progress could be made on specific items in an order of importance. This is an ongoing part of the committee work, and moving forward. The meeting unfolded to show other opportunities that this committee will be working on – see Planning Section.

Best Practices for Photo Documentation: Since adoption by the body for release to the industry, both the IICRC and RIA have publicly endorsed the document for use. They have also posted on their respective websites, and shared via social media and newsletters. Also, several companies have promoted the document including Symbility, who shared it via LinkedIn and Twitter. These types of efforts are encouraged to have more widespread awareness and adoption throughout the industry.

The body discussed the possibilities of next steps of this work, including the best practices for drones, video and 3D technologies. This discussion also led to the worries of privacy – PII – for both the customer and the company. The comments included storage of data, and warehousing options currently in the market. After a show of hands, 3D became the evident first step but further discussion took place. One attendee raised the question about external application of 3D imaging. Another question came regarding the tagging of items in the images themselves, and the storage.

A TPA participant brought up the issue with clients of video collaboration or virtual assist, with much escalation and usage of this in the field, as this becomes even more prevalent. His opinion was to look at this as primary focus. Another response to this was that the technical challenges in the field are cumbersome. A 3D vendor commented that there is a possibility of seeing all mediums in use at any given time, on every claim.

To circle this back around, Jordan summarized that the main issues were: usage, each individual usage with a best practice, where are they able to be used, and once used what the storage looks like for sharing, ownership and time for access. Then later, security.

The sharing and security of the data is important, but the next step can be to address the important items. How to protect the consumer, such as removing photos off the wall or utilization of technology that scrubs the personal information from the captures.

Additional comments - Liability is always a reaching intrusion, but the video collaboration space is a new era where the homeowner would be the owner of the information. When video is taken, they are the purveyor of the work. This is affecting technology beyond our industry, and yet will also hold the hope of a much better

customer experience through the usage. Some states have very specific privacy laws that could affect PII, and as a rule there should be at least precautions and diligence towards shepherding sensitive information, ie. Passwords, file locks, workstation securities, etc.

The Definitions Committee will review the capture methods and privacy issues between now and the next meeting.

Standard Language Elements for Practical Application for Program Agreements [Draft]:

Dale Sailer, BELFOR, assisted Jordan with the background and presentation of the draft language for program agreements, which were given as a Handout at the meeting (available on the recap post on the website). He gave the background that this would be a relatively simpler part from our overall Committee work to streamline the compliance with program agreement requirements. As an example, a technician in the field needs a way to easily look up the specs for compliance with any given insurer or TPA, easily.

Jordan added clarification that this is a way to standardize the information of an agreement, but NOT to change the agreement itself. This could be filled out by the contractor themselves, but it would be helpful to receive this from the provider. Specific information needed for efficiency and timeliness also needs to be easily found.

There were two versions provided to the attendees. One, a simplistic segmentation of terms as one option; Two, the full spreadsheet of items in categories as well as type of loss (GC, water, fire, etc.) Merits of each were reviewed, and each was given weight based on in-office or in-field adoption.

After much discussion, the body agreed that both are relevant and usable, and should continue forward. The Definitions Committee will review and work on these options for practical application. Results will be shown at the next PIRC meeting.

3. PIRC-CIECA Data Standards Committee

As committee participants, Aaron Beck of American Technologies, Inc. and Stacey Brown of Rainbow Restoration co-presented the update from the committee. They gave an overview of the process and work the committee has been doing since the last meeting.

Handout of the slides was given for reference. The presentation is available on the recap page at the top of this document.

One industry example reshown from previous meeting content for those who hadn't been to PIRC before, as given by Mr. Beck, showed their company profile of how many platforms they are utilizing and how few and/or basic the integrations are currently. (next page) Drying applications is a specific one mentioned that would greatly benefit from standards and integration. There is a high

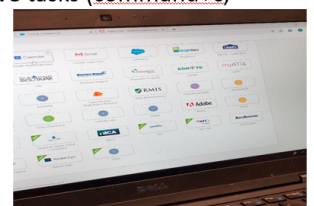
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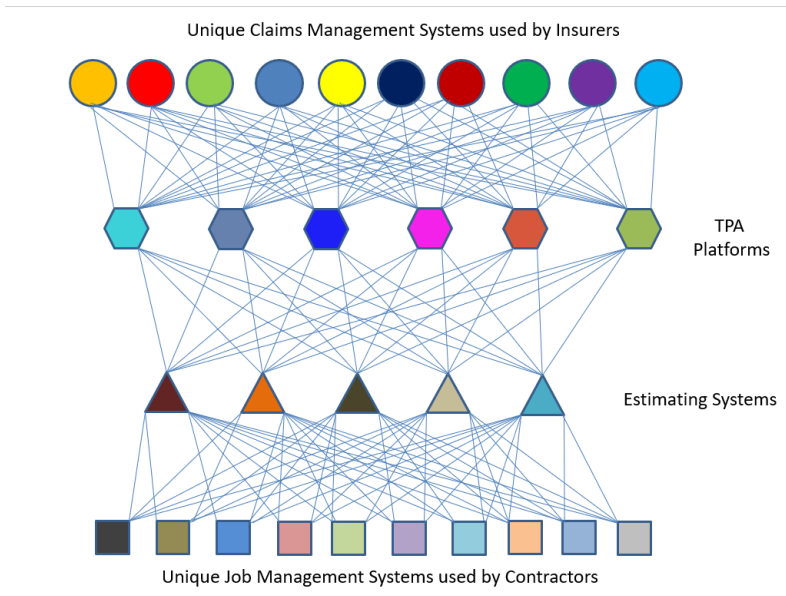
Real World Example

Specific to ONE contractor

American Technologies

- Currently touch 17 different platforms
 - Estimating software, drying applications, TPA portals, time tracking, photo applications, etc
 - Results in high overhead, repetitive tasks (command+c, command+v)
- Very few and/or basic integrations





overhead surrounding the copy/paste method of data transfer between platforms.

There is a slide given for the representation of how the platforms exchange information in just one direction (left) and then talked about how each of those blue lines is either an EDI or a manual Ctrl+C/Ctrl+V – copy paste function.

With the significant increase of administrative tasks, data entry and updating on project management, they have less capacity for jobs. Status updates is an example of how customers want to be updated. Scheduling and updates could someday come from Google Home or Alexa. The goal of the work is that there can be

unification to have single platforms that can comply with segment to segment communications, reducing administrative tasks.

The auto collision industry went through this revolution 15 years ago, showing how a lack in standards was answered by the CIECA organization by way of standard messages known as EMS then later BMS. The newer BMS also has the capacity to be selective with shared information between segments, such as from a contractor to a vendor (who would not need all of the private customer information to get the information they need. There are currently 202 messages in the CIECA standards right now.

The business plan was previously agreed upon by the body, but the committee is currently working on the message fields identification process.

Stacey went over the specific identified data fields for information pulled from estimates, to show attendees the development of the Estimate Message. This was done through both estimating platforms. Walking through the categories, the insured level data encompasses the property description and claim information, including policy details. At the highest level would be the claim data – damage, description of event, CAT info if applicable, dates and finalization of assignment. Initial loss report was included, as well as accommodating for photos, diagrams and price history. She went over other highlighted sections.

Digging deeper, the committee went on to claim level info such as rooms, dimensions, attachments, room components, contents, etc. The totals, to be able to utilize the data in completion, was also included for reporting.

The word document used on the committee, which was scrolled through for visibility to the participants. The start is the Estimate, but later can be parsed or layered upon. Once this is created, the add-ons are endless. Updating SLA's is a current trend in the industry as well, where this could be applicable.

The result is for standard industry messaging and is still in the infancy stage, but could move forward quickly. This also allows for innovation within the industry. When asking why the Estimate Message was first, Jordan gave a quick explanation that it contains most of the fields needed to layer other messages on top of. Just like putting a foundation together for a house, then adding rooms on top. Fields can be added for separate additional messages in the future.

There are currently 21 companies publicly supporting the standards initiative, with even more anonymous supporters. There are many segments, if not all, represented.

An attendee asked about carrier support of the initiative for how they utilize the standard, especially from the auto collision perspective. Charley Quirt, of CIECA, talked to how many carriers select the fields from messages for communications. He also talked to the data mining, reporting, and the ease that creates for their data gathering. As to their support of the CIECA standards, Jordan talked to the carrier participation being very involved, even at a Board level.

With the ability for innovation very evident in the collision space, this is the most notable change after standard implementation. Another attendee with having also a collision experience, the company they worked for utilized the standardized formats to collect information and be able to bring a commerce product to the marketplace in a very short period of time, something that could not have been possible without the standard.

Data in the property space can sometimes be considered proprietary to the vendor, and it was discussed about the carrier driven support of the initiative for the collision industry. The “carrot” to entice carriers’ support is more so valued today because of the incentive to access data efficiently, among multiple platforms and aggregate data is key to many of the operations in the market.

How to Help?

[REVIEW THE COMMITTEE INITIATIVE SUPPORT PAGE](#)

- Go To <http://gotopirc.com/pirc-cieca-datastandardsinitiative>
- Show Your Support – 21+ companies currently are doing this. (There are public and private support options)
- Gain Support for the Data Standards Initiative within your organization
- Gain Support from All Parties to use the Standards Being Developed

On the initiative support page is the start of a property workflow draft and committee business plan and charter. You can sign up to support the initiative of creating the standards and/or participate in the committee on that page. (this can also be done anonymously) The group will bring their continued progress to the next meeting.

4. Legislative / Regulatory

Presented by Cole Stanton, Director of Education and ADE Specs for ICP Construction. The presentation is posted on the website page above with the recap, but the following key topics were reviewed and much detail is in the slide show:

- General status of Legislature
- Cannabis legislation
- California Senate Bill 19
- Fire Damage Standard
- Lead update
- Military housing

○ ***General status of Legislature:***

He recounted that currently we are in Election year paralysis - less likely at the federal level to see movement on any bills. Canada - Expecting to get nothing done there as well.

○ ***Cannabis Legislation:***

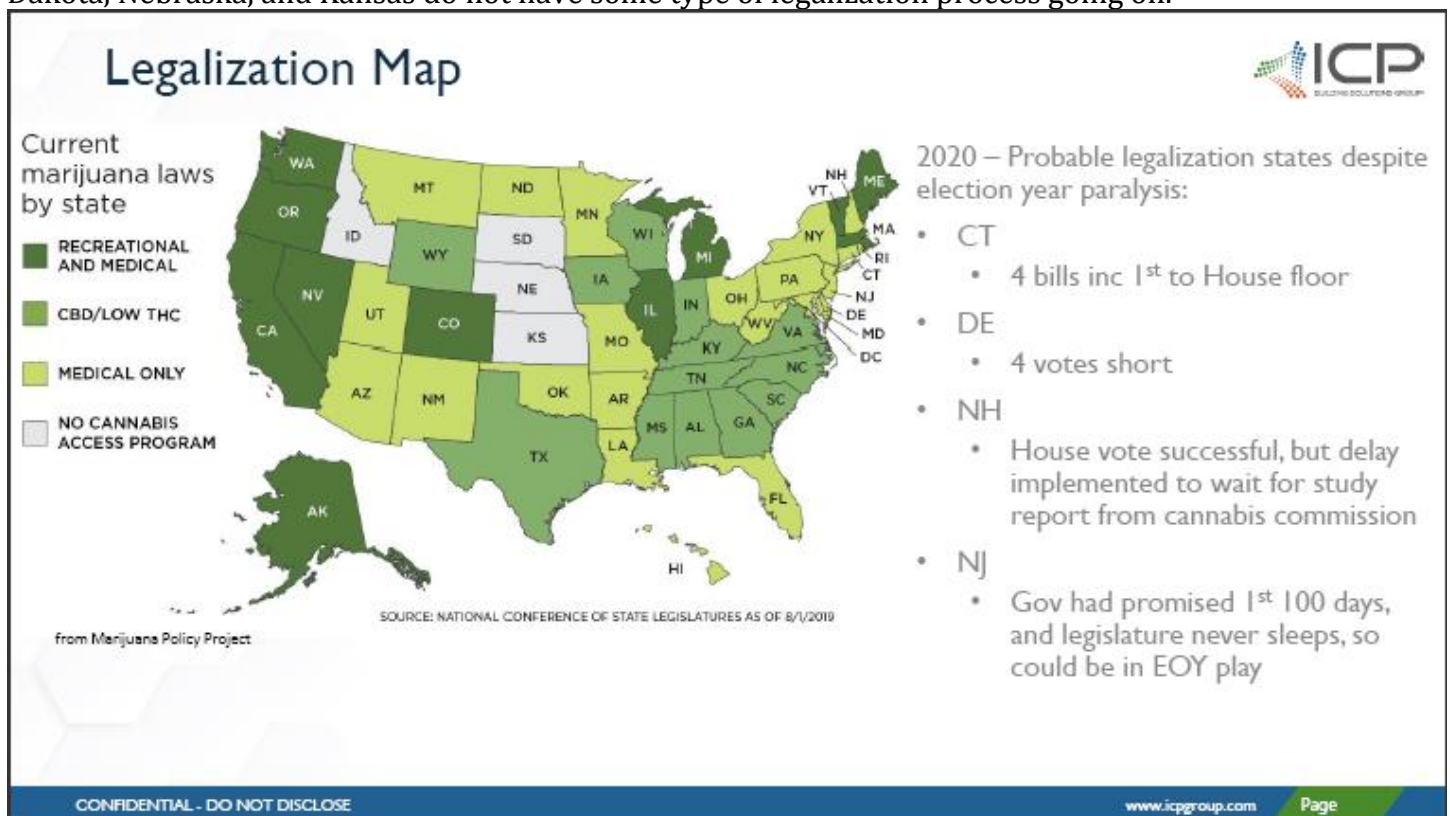
Currently the cannabis business is a cash business. The Secure and Fair Enforcement Act (SAFE) would allow banks to do business with cannabis related businesses. This bill has moved forward through bipartisan support from the house and is now in committee in the senate. The bill would also protect insurers from prosecution when insuring cannabis related businesses.

The CLAIM bill (Clarifying Law Around Insurance of Marijuana Act) was also introduced into congress with strong bi-partisan support. If the SAFE bill passes the CLAIM bill would be moot and would likely die in committee.

Elizabeth Warren introduced the Strengthening the 10th Amendment bill. This bill would amend the Controlled Substances Act of 1970 to exempt from federal enforcement of individuals or corporations in states who are in compliance with laws on cannabis, with certain additional provisions such as minimum ages.

A participant from a background check company noted drug tests can test for THC or not, and there are options if a contractor does want to allow cannabis users to work for them. Note: this is only available in states where cannabis is legal.

A map (below) was shown of the states who currently have some type of marijuana legislation in place and one where there is some type of legislation in the state legislature. Only four states, Idaho, South Dakota, Nebraska, and Kansas do not have some type of legalization process going on.



○ ***California Senate Bill 19***

California passed Senate Bill 19, the California Household Movers Act. The Act was created in part to address consumer complaints about “bad actor” moving companies holding goods/property hostage, charging exorbitant prices for moves, and/or engaging in other bad faith actions. The Act also transfers

authority over Household Movers from the CA PUC to the Bureau of Household Goods and Services (Bureau), under the Dept of Consumer Affairs. The Bureau regulates how much household movers can charge for its services.

Restorers were not originally meant to be included in the act but two press releases and the administrative rules have included “damage restorers” in the bill. Some concerns include permitting, pricing differences, billing procedures, delays in service and further damage caused by those delays (mold, continuing deterioration of the structure, etc.).

This bill was brought to the attention of Cole by SERVPRO, who addressed the PIRC body. They are taking the lead and meeting with DCA and sponsor of the bill. Attendee Kim Cunha of SERVPRO discussed the California rate structure based on weight, distance, and valuation, and mentioned this is a 30-year-old standard. These are administrative rules not in the legislation but these rules are now in play. It was also pointed out that hiring an outside transportation company would not absolve you of following these laws. The restorer would then become a broker and still fall under this law.

When those in the room asked how they could help, it was suggested that RIA members from CA write a letter to RIA for their legislators, as a request for explanation of the administrative roles. Cole wants to raise awareness to CA restorers, and is working with the SERVPRO folks to assist them in this endeavor.

- ***Fire Damage Standard:***

BSR/IICRC S700, the standard for professional fire and smoke damage restoration has started. The group is active and began work this past summer. At this time, no more volunteers are being taken.

BSR/IICRC S710 Standard for the Development of a Scope of Work in a Fire & Smoke Damaged Environment. S710 is a replacement for RIA FS2. Volunteers are still needed and applications must be turned in by December 31, 2019.

IICRC is preparing BSR/IICRC S760, Standard for Professional Restoration of Structures and Items Damaged by Wildfire Smoke. This is a new standard that will create a standard for wildfire damage, restoration and remediation. Volunteers are still being accepted, and applications must be in by January 30, 2020.

- ***Lead Rules:***

The Dust-Lead Hazard Standard (DLHS) was revised by the EPA as a way to reduce childhood lead poisoning. As of Jan 6, 2020 the standard will go from 40 micrograms per square foot on floors to 10 micrograms per square foot. The standard for window sills will go from 250 micrograms per square foot to 100 micrograms per square foot. Cole recommended getting baseline lead levels to know what you are dealing with and if additional cleaning measures will need to be written into your estimate.

The CA Lead lawsuit has finally been settled after 19 years. The suit was brought by the state of California against paint manufacturers. In 2017, paint manufacturers were ordered to pay \$1.1 billion but has now been settled for \$305 million. The money will be split between 10 jurisdictions and is to be used to remediate lead in homes in the area. Cole believes little will be done to effectively clean up the lead unless encapsulation methods are used.

○ ***Military Housing:***

Hearings were held in February 2019 about the state of military housing. Testimony was given from military families and in a survey, half of those surveyed reported problems with their housing. Problems ranged from vermin infestation to mold to leaking pipes and everything in between.

In 1996, Congress authorized the Defense Department to enter into long-term agreements with private companies to repair, renovate, construct and operate base housing. At the time, about two-thirds of all military housing needed some type of renovation. Improvements were seen in the 90's and early 2000's but a change in how the private companies were paid created more issues.

The hearings revealed several problems in military housing and its renovation including:

- Confusion concerning roles and responsibilities
- Oversight, governance, and synchronization were insufficient
- RCI deal structures present unique challenges (favored corporate companies)
- Installation housing offices incapable of QA/QC
- From senior commanders to DPW to housing staff: inadequate training
- Residents were dissatisfied with RCI companies' performance
- Historical homes present unique challenges
- Military families who spoke up experienced retribution, retaliation or reprisal

The inspector general recommended several solutions including items like a tenant's bill of rights, systematic reporting, education and training of garrison command and staff, and a cost/benefit analysis of historic home agreements.

In response, several large privatized housing companies formed The Military Housing Association, which sounds good for the consumer but was actually created to push back against these reforms.

5. Special Presentation

○ ***RIA/ Presented by Mark Springer***

Mark Springer, representing RIA Advocacy and Government Affairs (AGA) and the work there, gave insight as to their latest developments in the industry for RIA's goal is to fill the void for advocacy for restoration contractors. Here are some of the presentation highlights:

During a live survey at their annual convention the question was asked "what one word describes the industry?" and fragmented was the overwhelming response. This causes turmoil in the industry and uncertainty for both the policyholder and the restorer.

In the past, restorers have had everyone speaking for themselves except for themselves. RIA hopes to meet this need and create sustainable practices that restore policyholders to pre-loss condition. Springer also announced a Fire Loss Specialist class that will begin BETA testing next month.

Springer announced that IICRC and RIA came to a landmark agreement to work together to create reliable standards for the industry. In the past, both RIA and IICRC have worked on the same standards, which then created multiple standards and confusion in the industry. RIA and IICRC will work together to create a single standard for various areas.

One challenge RIA plans on tackling are with estimating platform(s). Currently there is primarily one estimating software, and there is frustration from contractors with pricing. Springer gave the example of a cleaning tech. The price given from 2015 through 2018 is \$35 per hour, giving the worker a wage of \$8 - \$10 an hour. Currently, in Bozeman, Mont. the starting rate for Taco Bell is \$13.25 an hour. This pricing discrepancy makes it hard to find dedicated workers. RIA is giving restorers a voice and encouraging dialogue to create market-based pricing. Springer stressed they are trying to create a working relationship with platform providers to create more accurate market-based pricing.

RIA is also tackling TPA's and the challenge restorers face when being heard by them. Again, Springer stressed RIA's goal is to create good communication from restorer, TPA and insurance companies. RIA also has a legislative branch, not as a top priority but they plan to use PIRC Government presenter Cole Stanton to help guide them.

RIA doesn't want to be seen as hostile, but rather create a dialogue between all segments of the industry to create a sustainable environment for the restoration industry. Participants of the meeting were handed out RIA's first position statement. The statement is a position and guide for RIA members who have challenges when dealing with a TPA.

Other subcommittees include the TPA Consultant committee led by Barry Swidler of American Fire Restoration, and the Fundraising subcommittee led by Warren Cruz of JC restoration.

Springer announced at the meeting that Ed Cross has been hired to advocate for RIA. Cross is a prominent restoration lawyer who hopes to help RIA members create working relationships with other areas of the industry. Springer stressed they are not suing anyone; they just want to create a dialogue. Other goals of RIA are to keep membership engaged by posting monthly updates on their website and they hope to also hire a restoration lobbyist. They are not there yet but hoping to be more involved in the legislation by mid-2020.

6. Panel Discussion: "The Survey Says" – Culture/Recruiting and Training

Issues have been coming forward relating to recruiting, and especially when talking about additional hiring or employment requirements such as background screening. At this meeting, a group of four panelists were put together to discuss what some of the keys were to successful recruiting. Bill Lang with Alacrity, Kris Rzesnoski with Encircle, Dale Sailer with BELFOR, and Mark Springer with Dayspring Restoration created the panel looking to talk about key qualities they look for in candidates as well as some of the attributes of Contractors, TPAs and Insurers that the "other" should be looking for.

Survey results were shown in the beginning of some of the responses given by respondents to this particular question, which is available in the presentation on the recap page.

Question: What are the most important qualities of a new hire?

Each panelist addressed the question from their own perspective. Kicking off the discussion, some of the qualities Rzesnoski indicated he looks for are: Working for a higher purpose; People who have empathy for people in a tough situation; Responsibility; and Self-starter.

Springer uses a system called Top Rating. The best predictor of future behavior is past behavior, he indicated then asks them to spell their past supervisors last name and then asks the candidate how they think the past supervisor would rate their performance. They also let people know up front what the expectations are in the

company culture. Mark also asks if they like to help people, while again stressing empathy of the candidate. He also asks about their flexibility which he feels is important in the industry.

Dale Sailer agreed with Mark's hiring practices and felt they were similar to his own company processes. He looks for culture and personality over being exactly qualified. Self-motivation, the ability to accept responsibility, high personal standards, ambitions, being goal oriented and one of the most important things is the ability to communicate. He looks for people who are team oriented, technology savvy, and are also process oriented.

Bill Lang felt that culture is a big issue along with enthusiasm and passion for the work. The challenge as the employer is to keep that passion and continue to help them move forward. Dependability is another top quality he looks for in an employee. He agreed with the other panelists that good communicators are key in any position.

Question: If I am a consumer, what should I look for in a contractor?

A question came from the room to ask if it was reasonable to expect the consumer to know and understand what the certification process is and what it means. Kris responded he uses social media a lot to educate the people in his market and has seen it benefit both the consumer and his company.

Mark took a different approach, as he believes that his company culture creates good Google reviews. He does this by stressing communication and follow through with his customers. He stresses this to all of his employees. Dale agreed with Mark, that the customer has an expectation that those certifications are a given. He agreed that the care and communication should be a high priority for the customer. They should look for clear billing practices so they know what they are paying for and agreed with Kris that the employees must have empathy for the homeowner.

Bill said certifications do play a role, but maybe not the most important thing, even though it is important. Dependability and communication are keys consumers should look for.

What should an insurer/TPA look for in a contractor?

"The same thing the consumer should be looking for," was Dale's immediate response. Mark felt that sometimes insurer/TPA companies look to "check the box" more than they look for dependable, reliable contractors. Kris said sometimes the insurer/TPA focuses too much on the bottom line of one area without looking at the cost of the entire project.

Dale pointed out that TPA's may manage thousands of claims, where restoration companies only handle 100 to maybe 400 jobs. Given that, the TPA's manage so many, they tend to create processes to streamline and give the best product to their customers.

What should a contractor be looking for in an Insurer/TPA?

Bill answered with, "Do your research and ask yourself 'is this something I can support?'" The contractor should ask what the systems are, what are the requirements and have a good conversation with the TPA. Then a good self-analysis should show if the contractor can meet the requirements. He urged that it is important to make a good business decision for your company.

7. Background Screening Committee

John Page of QuickSearch, Ed Baldwin of ProfileGorilla, Michael O'Connor from Aspen Grove Solutions, and Jordan Hendler presented the committee update. They reviewed the standard that was presented at the last meeting and they covered the scoring and reporting system for any new participants.

The committee took the proposed standard to Larry Henry, an experienced FCRA attorney for his assessment. He returned a lengthy opinion letter to the group, and Hendler pulled out some of the language and presented it to attendees. Some of the highlights included:

- Charges will be listed by severity instead of by category and the change was noted by the presenters
- The background screening industry and FCRA landscape is changing quickly, so a “How we have always done this” mentality must go
- Discussion on how the insurance company policies relate to the employability of a particular person. The insurance company isn't hiring someone to work for a contractor, but their rules determine if they can work on a particular job, making the relationship “employment like”
- Discussion on the Greene case, an FCRA case saying a blanket “no felony charges” was illegal and charges for consideration should be based on time since incident, severity, and how related to the job position the charge was
- Length of background check where some states are seven year states, not allowing checks past that point where other states can go back to the age of 18; The attorney questioned the validity and accuracy of any checks going back 20 to 30 years
- Frequency of rescreening where the most common in the industry is 3 years, the attorney recommends 2 years but understand current industry practice is longer

Overall, the Henry felt the standard was a good and reasonable standard providing protection to all segments of the industry.

A discussion was held with real world examples and how this would apply and improve the industry as a whole. The room discussed different applications of different charges and how they would be applied to the industry.

The reporting “top sheet” with the score is the only information that would be shared, Hendler told one participant who asked about the process visibility between contractors and insurers/TPAs. A score would be all that is needed to be shared, limiting personal information going outside of the first-hand requestor.

The complete attorney opinion is available upon request to any interested party, but will not be published on the website. The full standard draft and appendix documents are available on both the committee and work products pages.

8. Open Discussion

The meeting allotted time for discussion of any items the group wished to bring forward for consideration by the entire body. The points listed may include opinion by the person making the suggestion, and may not be the opinion of the entire group.

Some discussion was held around building out the CEICA data standard for electronic messaging between systems. There was open invitation to insurers to participate more in the standards creation.

A participant stressed the importance of documenting everything you do so you get paid for it. Discussion was held around the liability issues faced from all sides without complete documentation, including that each job is unique. Hendler added an option of looking into what it means to create a bulletproof file – one that is complete to take a liability inquiry. Some techs don't do the documentation sometimes because they just don't understand how important it is to document what they are doing in the field. These complete files can also help insurance adjusters do a better job and it shows TPA/insurers who are the better contractors, as was discussed in the open panel.

Looking to definitions, one attendee asked, 'Can we define terms like 'job start' and others that seem to have two meanings or not an exact meaning to make documentation better?' Role definitions was also discussed as to what different people can do when. Also, add 'date of completion' to the definition committee work.

Another item: Transparency issues around billing. A few small insurers in Montana have decided they are not paying any overhead, as an example given. Can we find a way to be more transparent? There are issues around the burden of administration. Opinion: There is an opportunity to find data and create meaningful reports in a non-adversarial way.

It was pointed out that all of the things PIRC is trying to accomplish will take time. This forum is good for creating empathy and helping other segments see what their shoes feel like. Jordan pointed out the importance of the committees and the people participating, how things get done in this space. It is all volunteer and the people in the room are the ones doing the work.

Question: Are other people getting beat up by reviewers after an agreement has been done between TPA and contractor? Mark from RIA said they will cover this tomorrow – ahead of his special presentation - and will give this proper discussion time.

Kris encouraged carrier attendance and asked participants with carrier relationships to encourage attendance because it would be beneficial to the insurers as well as the contractors. He encouraged people to leverage their relationships for the betterment of the industry.

9. Next Meeting

Spring 2020 will be alongside Xactware conference on Monday, February 10, 2020 in Salt Lake City

A survey will be sent out for the summer and fall meeting. Jordan suggested a standalone meeting each year in Chicago and the room agreed.

GREAT MEETING! Looking forward to the next one!