



IAQ RADIO+

Show Number: 734 Blog

“Whatley”

Fostering a Collaborative Environment between Restoration Contractors and Insurance Carriers

This week we welcomed Mark Whatley AKA “Whatley” to IAQ Radio+ episode 734 for a discussion on Fostering a Collaborative Environment between Restoration Contractors and Insurance Carriers. Whatley is an influential voice in the property restoration and insurance technology sectors, and we learned about how he thinks, what he is thinking, and what he and his companies are doing.

Mark Whatley is an influential voice in the property restoration and insurance technology sectors. He co-founded Sureti, and is also the founder and board president for Actionable Insights (AI), a non-profit organization dedicated to enhancing the property restoration industry by clarifying billing standards and training on modern claims settlement tools. Actionable focuses on fostering a collaborative environment between restoration contractors and insurance carriers, ensuring industry-wide best practices are maintained.

Nuggets mined from today’s episode:

When did you decide to become mononymous? It started with high school sports and then in college he needed to differentiate between three fraternity brothers named Mark.

Whatley, please tell our audience about your work history? Mark Whatley, an only child, was not born into a wealthy family. Now age 40, he has been swinging a hammer since age 11. In high school he started a painting company. As a teenager entrepreneur he often supervised and led more experienced people; where he learned the importance of showing up and communicating.

A self-described nerd born into an Analog World. He built computers and started a business that acquired used surplus computer equipment and created computers for sale using recycled parts.

He learned construction by working on projects done under the ADA (Americans with Disabilities Act). ADA involved augmenting existing buildings to improve occupant accessibility by installing ramps, widening doors, etc. Out of college he received a signing bonus to work for a private equity firm. While working in private equity he was promoted to a senior executive position where he was responsible for staff and multibillion dollars under management. When the business closed, Whatley walked away with some cash and sought a sound and recession-resistant business model. To bypass the boom or bust of construction and the periodic necessity of downsizing and laying off workers when work was slow, he chose the insurance repair field, which he deemed to be more buoyant. Admitting to being flawed, he works daily on becoming an improved person.

Skills leaned via hands-on? Whatley is an advocate of hands-on training, which is how he learned the trades of drywall, painting, electrical, and flooring.

You have successfully harnessed new technology to reshape the insurance repair industry, which term most accurately describes you? Early adopter, visionary or futurist? Futurist.

Whatley an aha moment. When he first encountered Matterport's geospatial technology he immediately realized the immense potential value of the technology to the insurance repair ecosystem.

SURETI

What problems does SURETI solve? Whatley and Seth Harrison spent 5 years on the road training restoration companies in technology (Xactware and Matterport) while researching/gathering information. Asking course attendees the question "if you had the power to change 1 thing, what would it be? The most common denominator was improving morale and income for project managers. It's common practice that project managers receive bonuses based upon the profitability of the job and the time it takes to get paid. When payment isn't timely; project managers either received smaller bonuses or even no bonuses due delayed payments caused by 3rd parties holding the money.

Why has Actionable been successful? Because ***Actionable*** serves the interests of both sides of the claim without bias.

What are the next big ideas for Actionable? Visual aid to support the position.
Leveraging Generative AI.

Why is so hard to change the thinking within this industry? Powerful people are advantaged and want to remain advantaged and preserve their position.
Advantaged people often profit from inefficiencies and inconsistencies.

\$200 billion is paid out annually on property insurance claims. Carriers didn't realize the administrative costs of: reissuing checks on a claim or the costs for loss of use of the property. (USAA cancels and reissues 30% of the claims checks they write.)
Contractors cannot afford to work too far ahead of the money. When paid slowly, contractors work slowly. It's a fallacy that mortgage companies delay contractor payments to earn interest on the money. This practice is illegal exposing mortgage companies to unfavorable case law and litigation.

There are 3 types of mortgage companies:

Originators- who sell to borrowers and often sell off within 6 weeks

Holders-

Servicers-

About Fannie Mae and Freddie Mac

"Fannie Mae and Freddie Mac were created by Congress. They perform an important role in the nation's housing finance system – to provide liquidity, stability and affordability to the mortgage market. They provide liquidity (ready access to funds on reasonable terms) to the thousands of banks, savings and loans, and mortgage companies that make loans to finance housing.

Fannie Mae and Freddie Mac buy mortgages from lenders and either hold these mortgages in their portfolios or package the loans into mortgage-backed securities (MBS) that may be sold. Lenders use the cash raised by selling mortgages to Enterprises to engage in further lending. The Enterprises' purchases help ensure that individuals and families that buy homes and investors that purchase apartment buildings and other multifamily dwellings have a continuous, stable supply of mortgage money.

By packaging mortgages into MBS and guaranteeing the timely payment of principal and interest on the underlying mortgages, Fannie Mae and Freddie Mac attract to the secondary mortgage market investors who might not otherwise invest in mortgages, thereby expanding the pool of funds available for housing. That makes

the secondary mortgage market more liquid and helps lower the interest rates paid by homeowners and other mortgage borrowers.

Fannie Mae and Freddie Mac also can help stabilize mortgage markets and protect housing during extraordinary periods when stress or turmoil in the broader financial system threatens the economy. The Enterprises' support for mortgage lending that finances affordable housing reduces the cost of such borrowing.

Fannie Mae was first chartered by the U.S. government in 1938 to help ensure a reliable and affordable supply of mortgage funds throughout the country. Today it is a shareholder-owned company that operates under a congressional charter."

<https://www.fhfa.gov/about-fannie-mae-freddie-mac>

In machine learning, an artificial neural network is a mathematical model used to approximate nonlinear functions. Artificial neural networks are used to solve artificial intelligence problems. https://en.wikipedia.org/wiki/Neural_network

The 1978- Fair Housing Act- contains a "pork provision" to protect all proceeds owed to the lienholder along with a 30-point checklist which the mortgage company didn't create nor can influence.

TESLA 12.3 FSD- Apr 6, 2024 - The latest stable release of Tesla Full Self-Driving version 12.3.3 (firmware version 2024.3.10). Tesla is rolling it out to as many Tesla owners as possible after the announcement of a 1-month free trial for all capable cars in North America. <https://www.teslaoracle.com/2024/04/06/tesla-fsd-beta-v12-3-3-wide-release-impressive-or-whacky-video-reviews/>

SURETI fee structure is 2.5%, akin to a credit card or a QuickBooks payment fee.

SURETI claim concierge staff are paid when the contractor gets paid.

Contractor's anxiety increases when costs go ahead of the money. Sureti pays contractors out ahead of them doing work, and in so doing circumvents the lender and policyholder.

Growing administration burden on property insurance claims results in 3 out of 10 restoration contractor employees working on administration because contractors must now document and prove everything. Admin staff often earn higher wages than production workers.

Actionable Insights

There once was a special time when staff adjusters and contractors had mutual respect. Whatley was a preferred general contractor in Carlsbad, CA who did good work and was trusted by the staff adjusters with whom his firm worked. He brought contractors, adjusters and influential people together for monthly meetings to discuss reasonable and customary estimating and pricing issues such as: what is involved with removing and replacing a high-grade shower surround or lower cabinet replacement. Actionable Insights was conceived towards the end of a special time and before YouTube. At these meetings Whatley would present a slide-deck. Those slide decks resulted in 2 books co-authored with Seth Harrison; the Umpires Repair Manual and the Umpires Mitigation Manual. Actionable Insights is a 501 (C6) nonprofit association. Whatley vividly remembers the problems he encountered as a prime general contractor doing insurance repair. Solving problems for himself is applicable to solving the same problem for others.

On average there are 3.7 volleys back and forth between adjuster and contractor to resolve a claim. A huge waste of time for both parties. The Actionable Profile functions in the background as a coach, instructor and another set of eyes. Catching errors and duplications, suggesting additional appropriate line items, etc.

A goal of Actionable insights, is helping the insurance repair ecosystem fall in love with their jobs again.

Assorted Whatley's comments:

- Staying power and key to success: Doing the right thing, for the right reasons for long enough.
- Until you have a satisfactory working product to demonstrate; build quietly so no one knows what to attack.
- For Whatley, the new idea is easy but crafting it into more than the minimum usable product is the hard part.
- Policy holders are the most likely to be nefarious.
- "Sell outcomes, not features."
- "Take responsibility where you can and work to be a better version of yourself every day."
- "Finding product market fit is much easier when you've had the problem yourself."
- "We are all policyholders"

Pete Consigli, Global Restoration Watchdog

Used the “we are all policyholders” when teaching agent and adjuster CEU courses in the 1990s. Suggested the Whatley and Ed Cross coauthor a book of tips, tactics and strategies to help avoid contractors getting worked over by carriers, mortgage companies & clients.

Recalled a 2012 RIA convention in Myrtle Beach where 2 attorneys discussed and provided suggestions for improving cashflow and collections by mortgage companies withholding insurance drafts.

The “Hey Whatley” moniker, reminds Pete of his childhood idol Willy Mays, the “Say hey kid”!

RIA 2024-5 AGA Networking Events:

<https://www.restorationindustry.org/ria-aga-networking-events>

Whatley’s Final Words:

Whatley’s big ask, “Attempting to dent the system and leave a legacy”.

“In the absence of information; we may arrive at a nefarious conclusion-reserve judgement.”

“A rising tide, floats all boats.”

Z-Man’s Final Thought:

Pete Consigli’s Willy Mays comment got me thinking of a term I remember from my youth; Whiz Kid- A young person who is exceptionally intelligent, innovatively clever, or precociously successful. A brilliant or accomplished young person. I opine Whatley is a Whiz Kid.

Here is today’s IAQradio trivia question:

What does it mean to go mononymously?

Answer: (Answered by John Lapotaire) a person who has or is known by only one name, usually a given name without a surname.

Z-Man signing off