

Survey Suggests Home Automation Discounts on Home Insurance

We're always reminding MONI customers that most home insurance companies offer discounts to homeowners with security systems. But with the expansion of home automation, the impact on rates may soon extend beyond home security.



The Aite Group, an independent research and advisory firm, released “The Smart Home: Opportunities for Insurers” earlier this year. The study was a result of more than 100 discussions with insurers and vendors, including IBM, Microsoft, Accenture, SAP and Lexis/Nexis. Researcher Gwenn Bézard concluded that forward-thinking insurers can do more to capitalize on smart-home technology than just offer discounts only for home security.

Writing in his blog, Bézard said burglaries certainly have a major impact on insurance claims, with more than \$1 billion in claims in 2014 alone. But it's time for insurers to consider the financial impact of other events. While consumers are typically focused on intrusion and burglaries, Bézard said insurers also have a great deal at stake with billions of dollars in claims annually for fire, smoke, water leaks and freezing pipes. Health insurers also feel the impact; Bézard noted that falls alone cost \$100 billion annually in medical claims.

Home automation technology has huge benefits for consumers who can be better prepared for a wide range of home emergencies. But Bézard believes that insurers also have a window of opportunity to create new services and products that will be both attractive and valuable to customers. “Savvy insurers that adapt to the new dynamic have a historic opportunity to become far more relevant than they are today,” he said.

That's why some insurers are expanding discounts beyond home security into other smart-home devices. One example is American Family Insurance, which is offering a discount to encourage the use of devices like smart thermostats and water-leak detectors, as well as security systems.

Julie Schraubroeck, product and field marketing director for American Family, told claimsjournal.com that the insurer wants to do more than just help customers recover from accidents and tragedies.

“We want to partner with them to take a more proactive role in protecting the things they value,” Schraubroeck said. “By using these devices, they are demonstrating a commitment to potentially preventing these damaging events, and we want to reward them for practicing these safe habits.”

Of course, we focus on giving our customers access to a wide selection of home automation and monitoring, including fire/smoke, water and leaks, smart thermostats, and medical alert devices such as pendants or wrist wearables. Whether or not you're a customer, you can learn more by visiting the [home automation page](#) on our website.

The extra protection offered by home automation is good for homeowners. If more insurers get on board, additional savings on monthly premiums would be even better.