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Claims prevention within home insurance:

Insights from insurance customers

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Agenda

- Introduction to prevention
- Sample background
- Empirical analysis of customers intentions
- Practical recommendations

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Drivers to foster market extension through claims prevention within the home insurance sector

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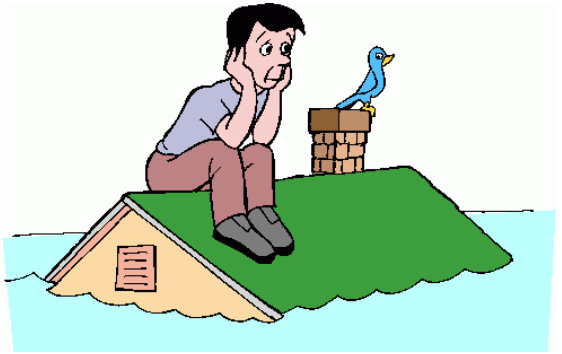

One opportunity for insurers is to faciliate the implementation of prevention articles in households

- Fire extinguishers
  - all-purpose
  - market price CHF 80 to 100
- Fire blankets
  - relevant in case of fat fire
  - market price CHF 30 to 80
- Smoke detectors
  - aucustic signal in case of fire
  - market price CHF 30 to 60
- Protective attachment plug
  - protects against overvoltage through flashing
  - market price CHF 40 to 60
- Water leackage sensor
  - aucustic signal in case of leacking water
  - market price CHF 60 to 80











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Design: combined approach of online survey and TAWI to archieve more valuable insights

Research Goal	▪ To gain in-depth insights about custom usage of prevention articles and user acceptance of innovative prevention solutions in the field of water claims mitigation among private individuals
Method	▪ Hybrid survey as combination of Telephone Assisted Web Interviews (TAWI)* and online to explore ever complex questions
Target Group	▪ Swiss individuals which are are all responsible for the buying decisions of insurance products within their respective households. (D-CH und W-CH)
Sample	▪ N=122 Telephone Assisted Web Interviews ▪ N=197 online survey
Survey Period	▪ May, 10th to May, 28th, 2010
Client	▪ Swiss Mobiliar Insurance
Implementation	▪ management tools ag (Evaluation/ interpretation I-Lab/ETHZ/HSG)

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Structure of the underlying sample allows reporting by various parameters

	Total	N = 319	100.0%
Region	D-CH	251	78.7%
	W-CH	68	21.3%
Sex	male	137	42.9%
	female	182	57.1%
Age	18 to 26 years	119	37.3%
	27 to 55 years	200	62.7%
Responsible for insurance buying decision	Me, alone	133	41.7%
	Me, together with one or more persons	186	58.3%
	I am not responsible	0	0.0%
Housing	flat/ apartment	201	63.0%
	house	118	37.0%
Housing situation	tenancy	181	56.7%
	ownership	138	43.3%
Housing area	city	92	28.8%
	agglomeration	86	27.0%
	rural	141	44.2%

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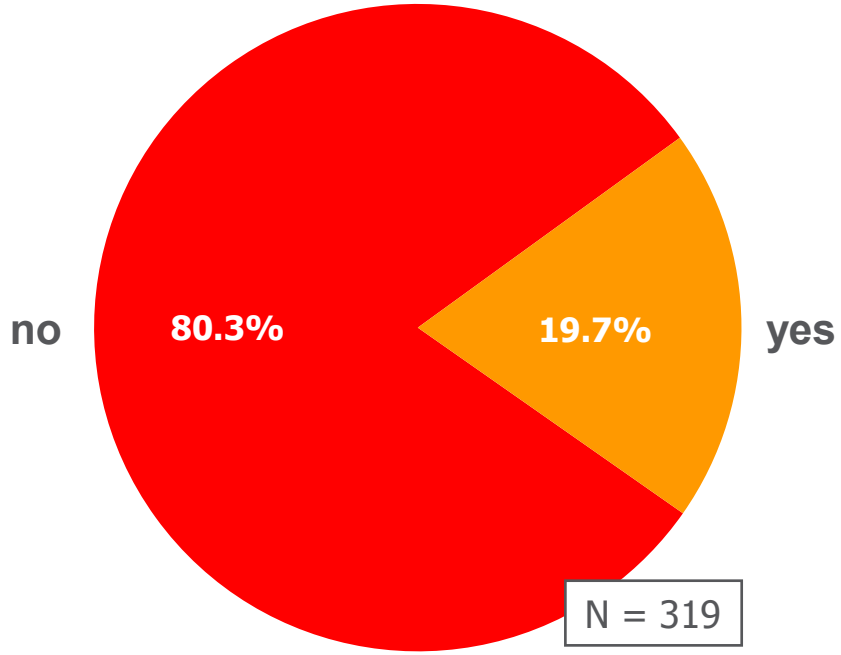
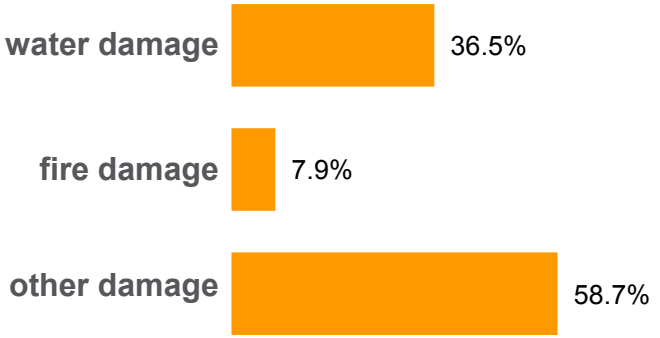
Problem relevance: Every fith household has been hit by substantial damage

Have you been affected by an insurance relevant claim within your home or apartment in the last five years?



What is the damage in question?

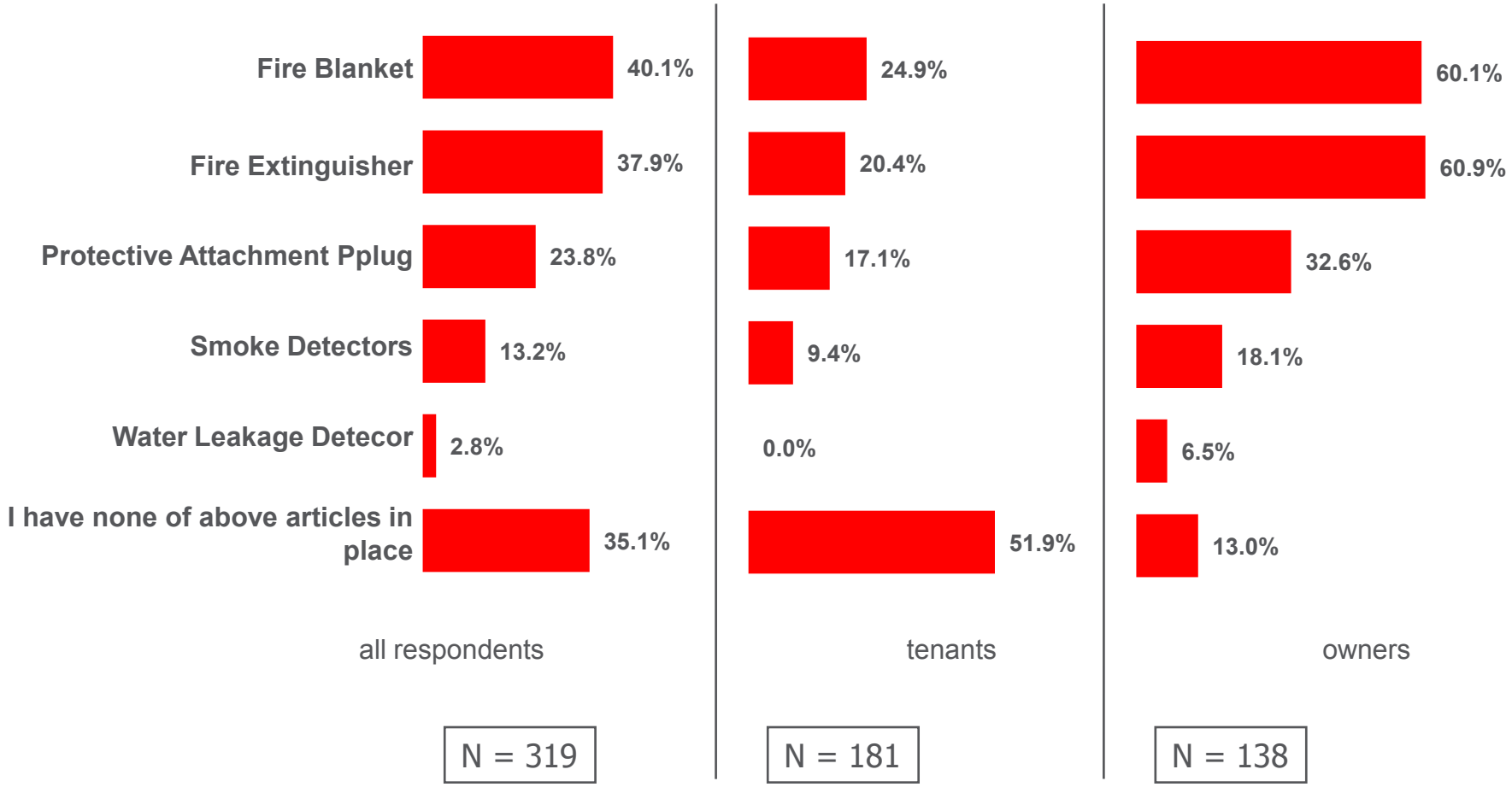
- multiple answers possible -



N = 63

Prevention articles are already common among (home) owners and focused on fire protection

Which of the following prevention articles do you have already in place?



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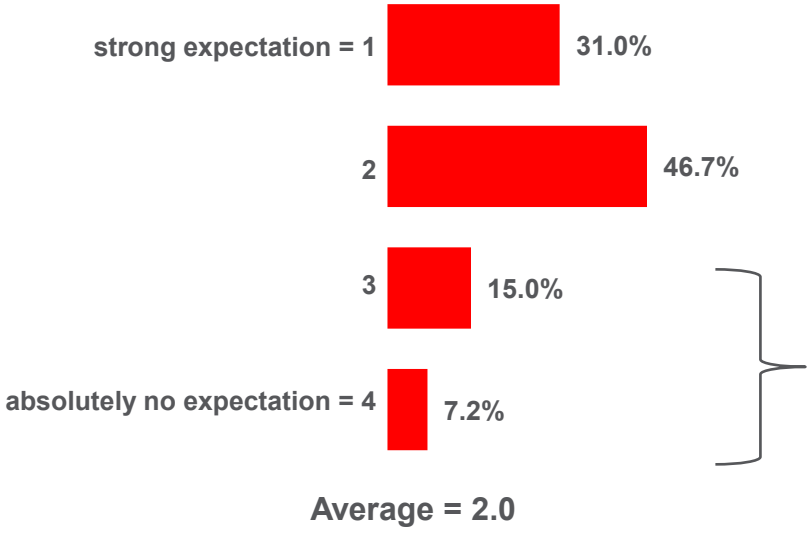
Expectations towards the insurance companies

Would you expect special offers concerning prevention articles from your insurance company?



N = 319

Where else would you buy such prevention articles?



N = 71

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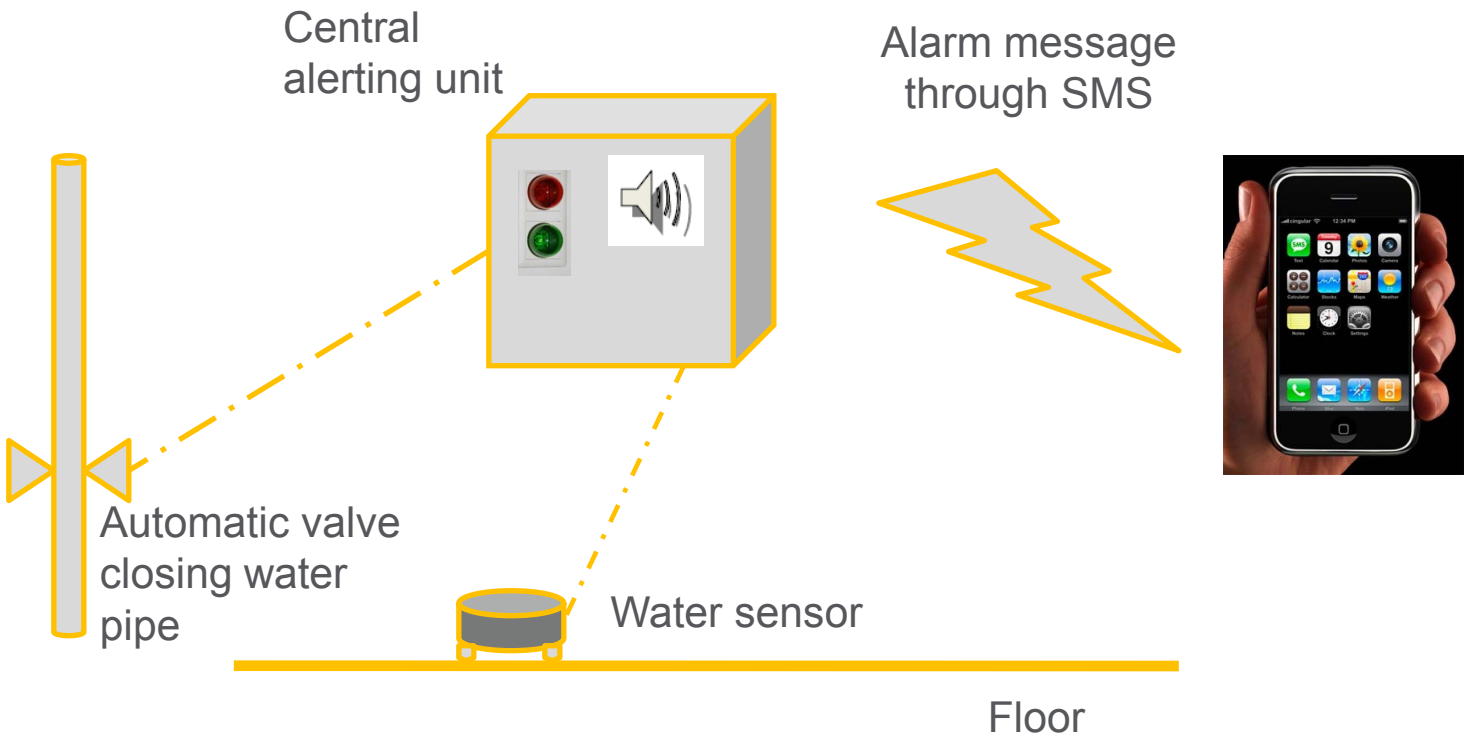
Implementation of an intelligent water leakage prevention system

We used the TAWI approach to discuss the potential opportunities of an intelligent water leakage prevention system in detail with the relevant target group (owners only). The installation requires substantial plumbing and electrician tasks to be completed by skilled workers.



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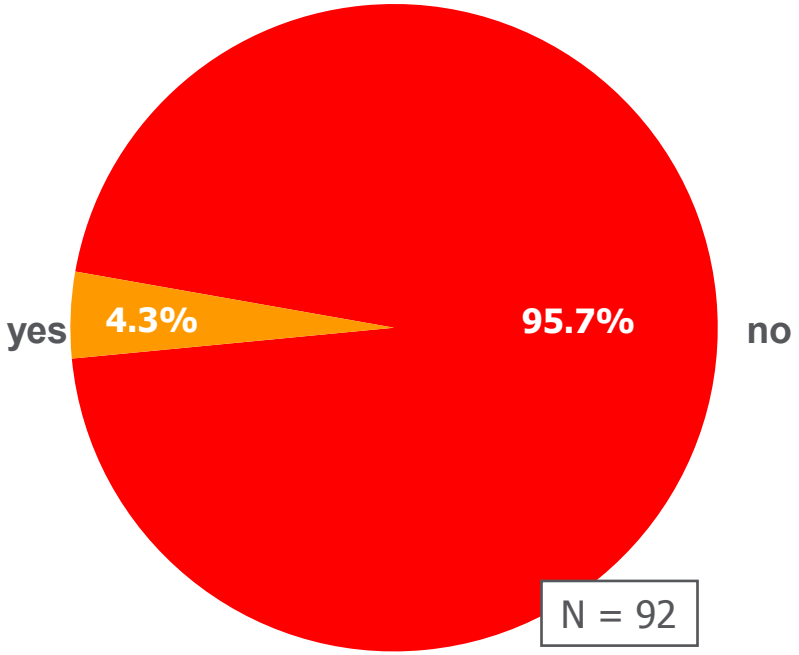
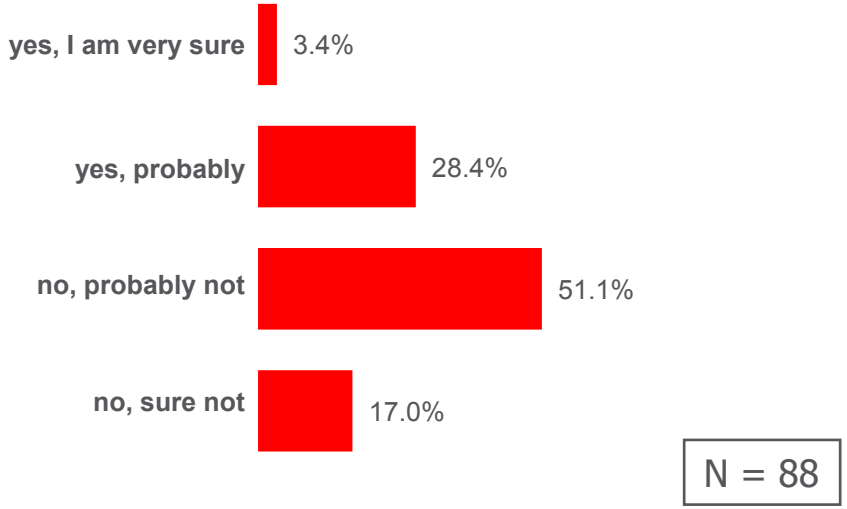
Current provision against water leakage hazards is not sufficient

Do you have made provisions against water leakage hazards and an intelligent water leakage prevention system yet in place?



Are you in general willing to implement such an intelligent water leakage prevention system?



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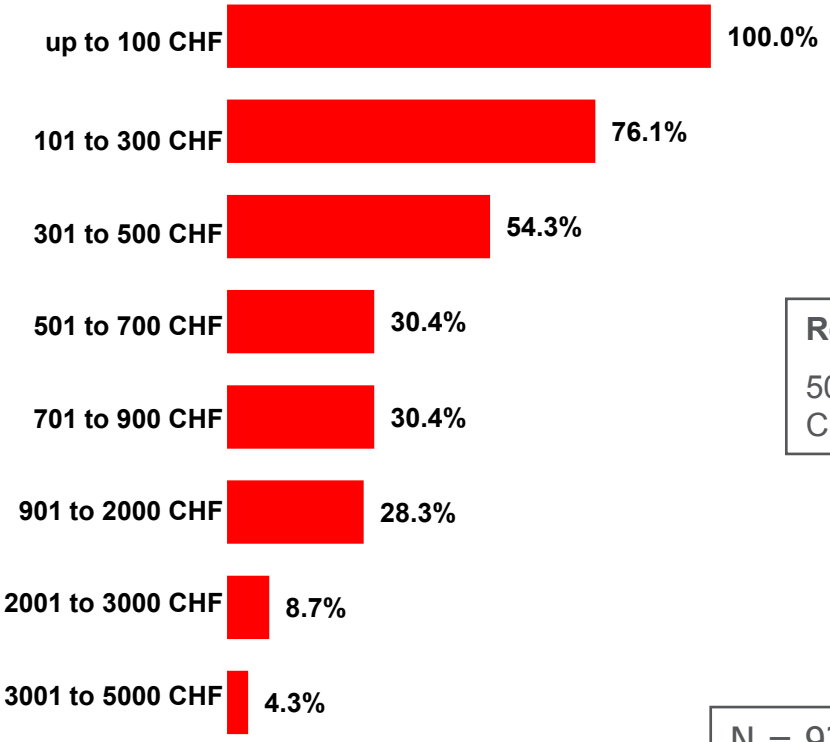
Willingness to pay reveals interesting business perspectives for insurance companies

How much would you pay at maximum for such an intelligent water leakage prevention system?

- The figure below shows accumulated amounts of agreeing -



Median	500 CHF
Average	792 CHF
Maximum	5000 CHF

Result:

50% of the respondents would pay 500 CHF maximally; but 50% would pay more

N = 92

Practical recommendations for insurance companies

- Prevention articles are common among home owners which leaves potential for easy-to-use / 'retro-fit' solutions
- The focus of prevention is currently on potentially life-saving articles e.g. extinguishers, smoke detectors, but not on preventing the frequently mentioned water claims
- Almost 80% of the respondents expect prevention services (offering of articles) from their insurance company, the remain implies not enough expertise for a competent consulting at the insurer
- Intelligent prevention systems might extend the potential prevention approach; high willingness to pay existing (in the Swiss market)
- Differentiation through preventions might act as one suitable approach for further market extension, but needs still to be proven

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Contact

Thank you for your attention!

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