THE CONNECTED CLAIMS EXPERIENCE

How Smart Devices Are Providing the Data That Claims Professionals Need

By Sandra Maples

The growing number of smart devices in households and the fact that Parks Associates estimates that up to 25 percent of U.S. broadband households utilize a security system mean there is an enormous amount of data for insurers to potentially consider as part of the claims process. It goes without saying that it can be overwhelming for most. Making sense of how data can help the claims process typically begins with understanding the claim type and what data is available to insurers. Data provided at first notice of loss (FNOL), or even before the policyholder submits a claim, can significantly streamline decision-making. Data from devices can help insurers decide:

Whether the claim is valid or requires further investigation—A picture is worth a thousand words, and data from sensors is no less significant. Willingness to share the data is one indication of whether the claim is meritorious. The video or sensor data can then help corroborate the claim as well as determine the severity. For example, smoke seen on a surveillance camera likely indicates smoke damage that should correspond with the date and time of the event. Smoke seen on multiple cameras can indicate a more pervasive situation. Does the data align with the information in the FNOL? If not, it may be a matter for the special investigation unit.

Who the right claims professional is for the job—When the claim appears valid, connected data helps insurers decide whether a veteran claims professional is needed or if a junior, less-seasoned claims professional can handle it. Assigning the wrong claims professional can waste time and money while generating a poor claims experience and lower customer satisfaction.

Severity—As the number of connected devices grows within a home or business, data from multiple devices can help to build a picture of the impacted property. For example, if a property has five water sensors and three are triggered (likely indicating a water leak), then this may tell the claims professional where the sensors were placed, and that the severity could be worse than if only one sensor was triggered. Another consideration is the time between when the sensors notified the property owner and when the loss was reported. If water sensors were triggered days before the loss was reported, mold or severity could be greater than originally portrayed. Furthermore, the time between when the sensor was triggered and the reported date of loss could draw scrutiny to the policyholder's behavior. Finally, leveraging connected-device data to determine severity also can affect the estimation, settlement, and repair processes. For estimation, can a video collaboration tool be used to triage the claim or assess the damage? Information from connected-device data also can help the policyholder get the right remediation and contractors on-site for repairs.

Efficiency in processing—As insurers move to more desk claims professionals, connected-home data can provide a virtual window into the home ecosystem. The data can assist with building the scene in terms of the location within the home and the date and time of the loss event. The data also can support the decision for a no-touch or low-touch process that may yield a faster, better claims experience.

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The changing landscape of connected devices can be confusing and overwhelming. Most data from devices include a date and time, which should align with the series of factors leading to or unfolding during the event. When data from the policyholder's connected devices do not support the reported event, there may be more to the claim than the policyholder knows or is sharing.

TYPES OF CONNECTED DEVICES AND OPPORTUNITIES

Although the following is only a partial list of available connected and smart products, it's meant to highlight potential sources of data for informed and connected claims teams to help expedite decisions and improve the claims experience.

Video doorbells allow consumers to see who is at their front doors. Typically through the use of a mobile app, the consumer is alerted when someone rings the doorbell or simply walks up to the front of the house. *Claims opportunity: When an insured files a claim for intrusion, theft, burglary, vandalism, or other losses, the video can support the claim by showing a suspect.*

Security or surveillance cameras are not just for businesses or professionally installed systems anymore. They can be placed outside or within a connected home. Many of the cameras also include two-way communications. *Claims opportunity: Whether the camera is located outside or inside, it can show intruders, or smoke that indicates a fire.*

Motion detectors indicate activity by a person (or animal) near the device. The data itself doesn't indicate an intrusion, but coupled with the location and intent of the sensor placement, it could show suspicious activity. *Claims opportunity: When a property owner has a claim for an intrusion, data from multiple sensors can be used to trace the suspect's path within the property. With a single, strategically placed sensor, the property owner can assess one key location of the intruder. This data can also be used to detect regular activity within a house that was otherwise thought to be vacant.*

Window/door sensors indicate the opening and closing of monitored windows and doors. *Claims opportunity: Window/door sensors can indicate the point of entry into the property besides the front door.*

Water leak sensors detect leaks or freezing pipes and can be a key factor in reducing claims from water damage, the source of up to 50 percent of some insurers' non-weather-related claims. These sensors range in capabilities from a simple "water detected" indication to more advanced data such as temperature and humidity. According to J.D. Power's 2017 Claims Satisfaction report, water claims yielded worse claims experiences and lower satisfaction than other claim types. *Claims opportunity: When a policy has a claim for water damage that was initially identified by a sensor, the claim may be a fraction of the average cost for this type of leak. Sensor data can be used to indicate how long water was leaking to assess the severity of the damage and the remediation services needed.*

Flow detectors are similar to water sensors, but they detect whole-home water patterns and leaks. Typically based on machine learning, these connected devices can reduce or eliminate the need for single-location devices. *Claims opportunity: Flow detectors present the same opportunity as water leak detectors, and the data can be used to determine home-or-away activity relevant to vacant or vacation homes.*

Water shut-off valves typically work in conjunction with a flow meter or detector and will actually turn off the main water supply to the property. Some water shut-off valves are leak-detector controlled, and some provide an alert that allows the property owner to shut off the water remotely through a mobile app. *Claims opportunity: In many situations, the claim can be eliminated by minimizing water leakage. If there is a claim, shut-off valves offer advantages similar to a water leak detector.*

Connected thermostats and temperature sensors are among the most popular connected-home products. Therefore, it is important to understand the role of these devices. They can alert the property owner of freezing temperatures within the property. The property owner then can adjust the thermostat remotely to a safe temperature, eliminating the risk of frozen pipes. *Claims opportunity: When a policyholder has a frozen pipe or water claim, the sensor data can be used to indicate how long water was leaking to assess the severity of the damage and the remediation services needed. The data also can be used to determine home-or-away activity, which is relevant to vacant or vacation homes.*

Smoke, air particulate, and fire detectors have been around for decades, and now they have connected capabilities to alert property owners when smoke or fire is detected, even if the property owners are away from home. *Claims opportunity: When smoke or fire detector data is available at FNOL, the time and severity of the event can be assessed quickly.*

Smart appliances and plugs can alert users when power use is out of the normal range. In some situations, the devices can notify homeowners of needed maintenance or a pending failure. *Claims opportunity: The date and time of alerts can help narrow the time of an event (such as a fire), can indicate the overall level of home maintenance, and could even be used in subrogation.*

Electrical panel monitoring, often referred to as home intelligence, may use machine learning to notify homeowners of appliances and devices using abnormal amounts of energy or in need of maintenance. *Claims opportunity: As with smart appliances and plugs, date and time alerts can help narrow the time of an event, indicate the overall level of maintenance, and be used in subrogation.*

The elements of a superior claims experience are understanding what's important to policyholders and setting realistic expectations. Spending a little time up front to explain the claims process, set the timeframe for resolution (including repairs), and gain consent to use connected-home device data is critical. Innovative insurers are using connected property data to assign claims to the appropriate adjusters, reduce investigation time, assist in estimating damage, settle claims more quickly, and ultimately deliver a superior claims experience. ■