

Smart Homes

EMEA Claims Conference 2018
Rueschlikon, 7th of March
Cecilia Sevillano

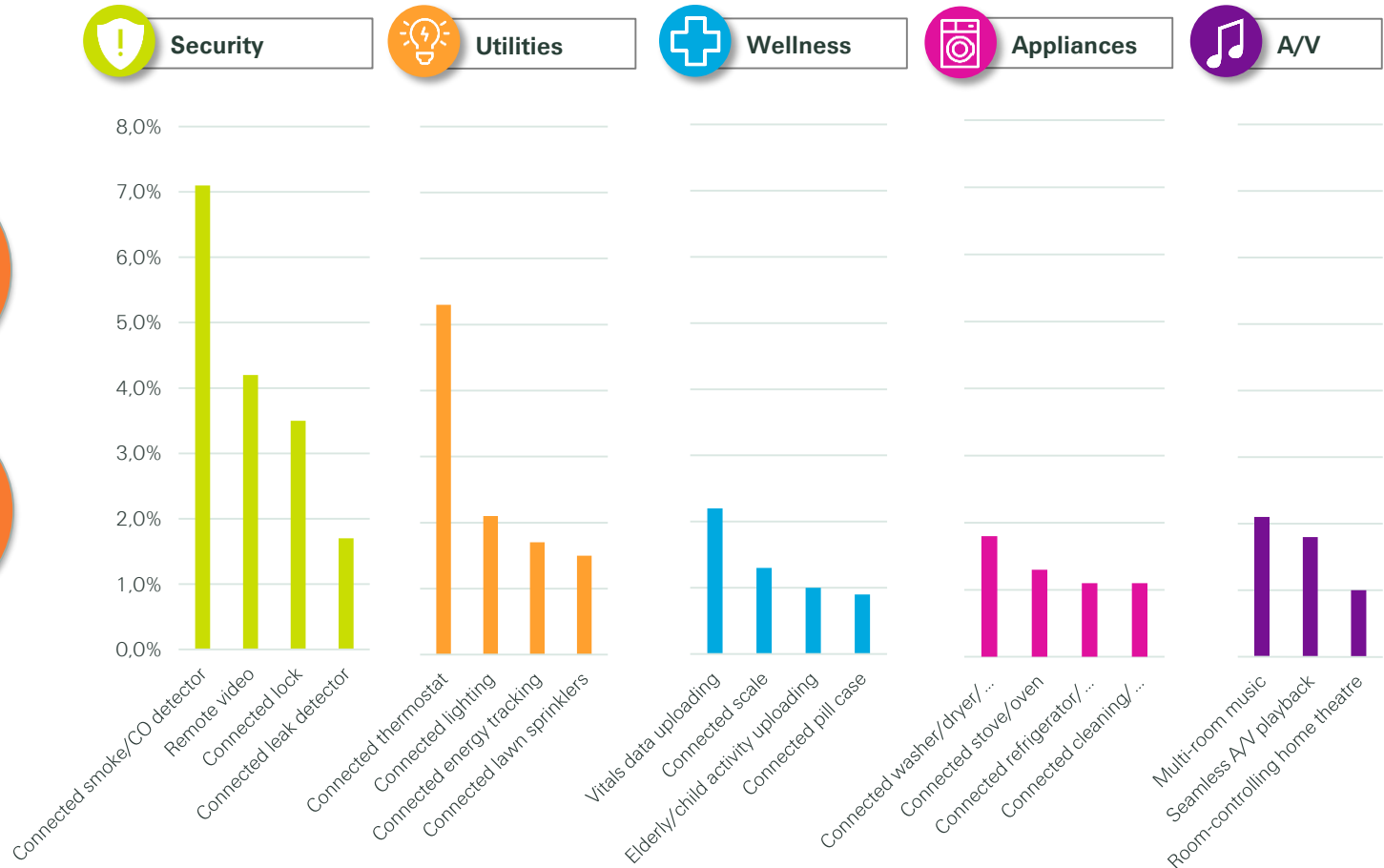
Why will people get connected?

Penetration of devices

Households with > USD100k income are:

2.5x
more likely to be connected

3x
more likely to have multiple devices

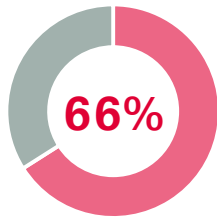


Insurance is not a key driver for adoption

Main barriers of adoption

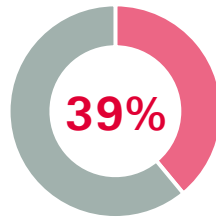
Interested Non-Users' reasons for not purchasing

Price



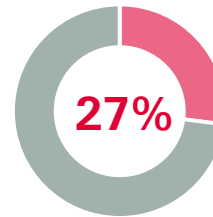
Too expensive

Technology & Usability



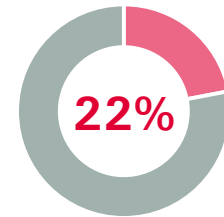
Not sure how well it works

Privacy & Security

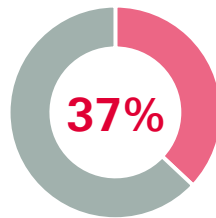


Concerned about privacy

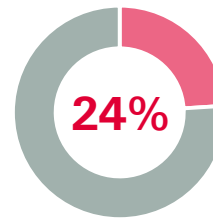
Need



Didn't see the need until recently



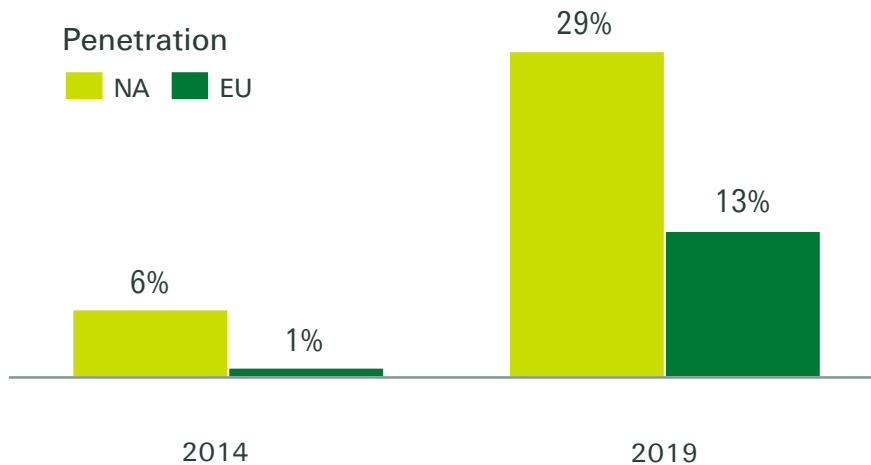
Technology still developing



Security/utilities/health not a big concern

Source: Study McKinsey, US, 2016

Market worth \$4.7bn by 2019



In 2014, 1% of households in Europe were connected, compared to 6% in the US.

By 2019, smart home penetration is expected to rise to 13% and 29% respectively.

New insurance business linked to connected homes is estimated to account for 15%.

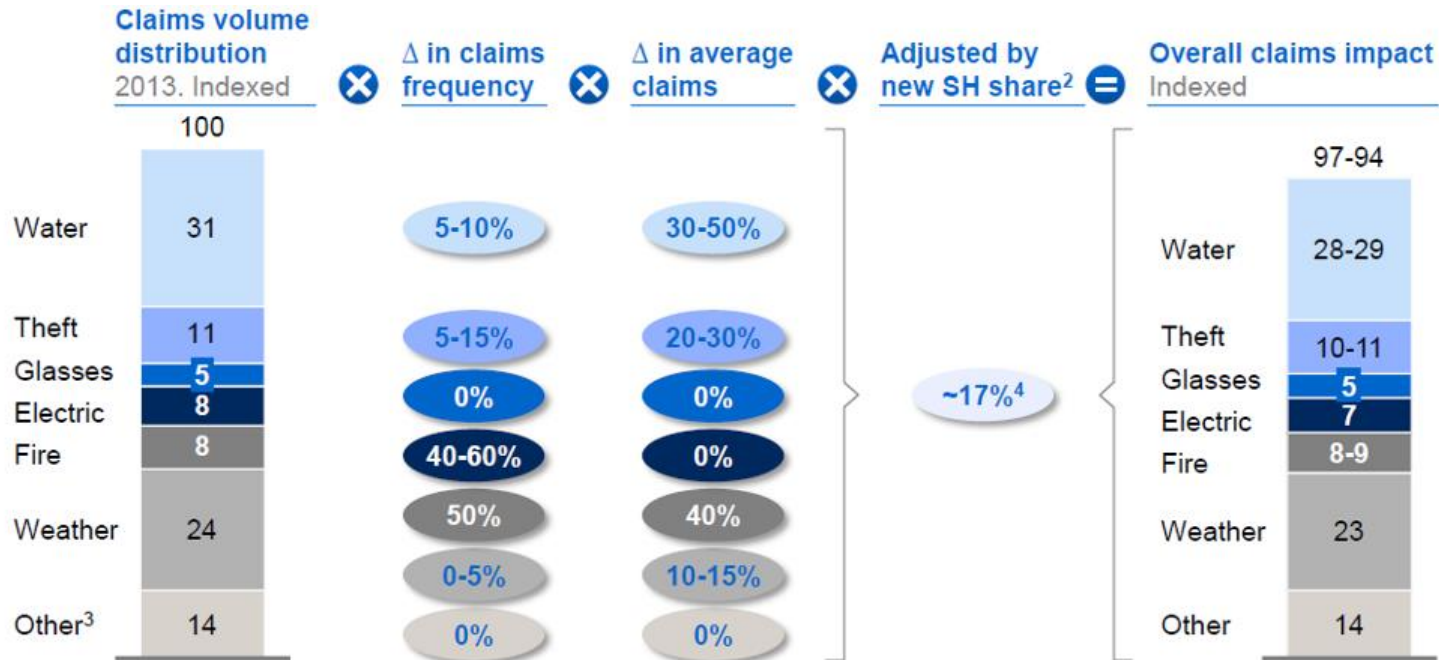
If applied to the current insurance property size, the connected home GWP market estimates for 2019 are:

North America	\$ 3.5bn
Europe	\$ 1.2bn

The Asian market is expected to grow at an accelerated pace. As a reference point, Singapore's connected home penetration is estimated to be 22.5% in 2021

Overall impact into personal property market

Estimates



Escape of water, theft and fire, which are source of around 50% of claims will be mitigated by implementing connected devices.

Evolution of insurance

Connectivity is shifting the household insurance business from claims handling to preventive services



The change in customer's behaviours, expectations and risk compels insurance to transform.



People are empowered to prevent risks by remotely controlling "things" at home.



Customer expectations on reduced premiums will probably increase as a consequence to loss mitigation.



There's an emerging opportunity to assess individual's risk profiles and patterns of behaviour for developing preventive, customised and dynamic offers.



Customer engagement through Usage-based insurance and preventive offers will be key for increased profitability.

Emerging business models

Defining the emerging business model is one of the main challenges that insurers are facing



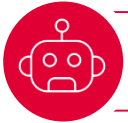
The shaping of the business model is influenced by the positioning of non-insurance players within the Smart Homes' ecosystem.



IoT enables the insurers' to multiply touchpoints throughout the entire customer journey. Non-insurance players are building competitive advantage on this client proximity.



Partnerships are essential for end-to-end solutions.



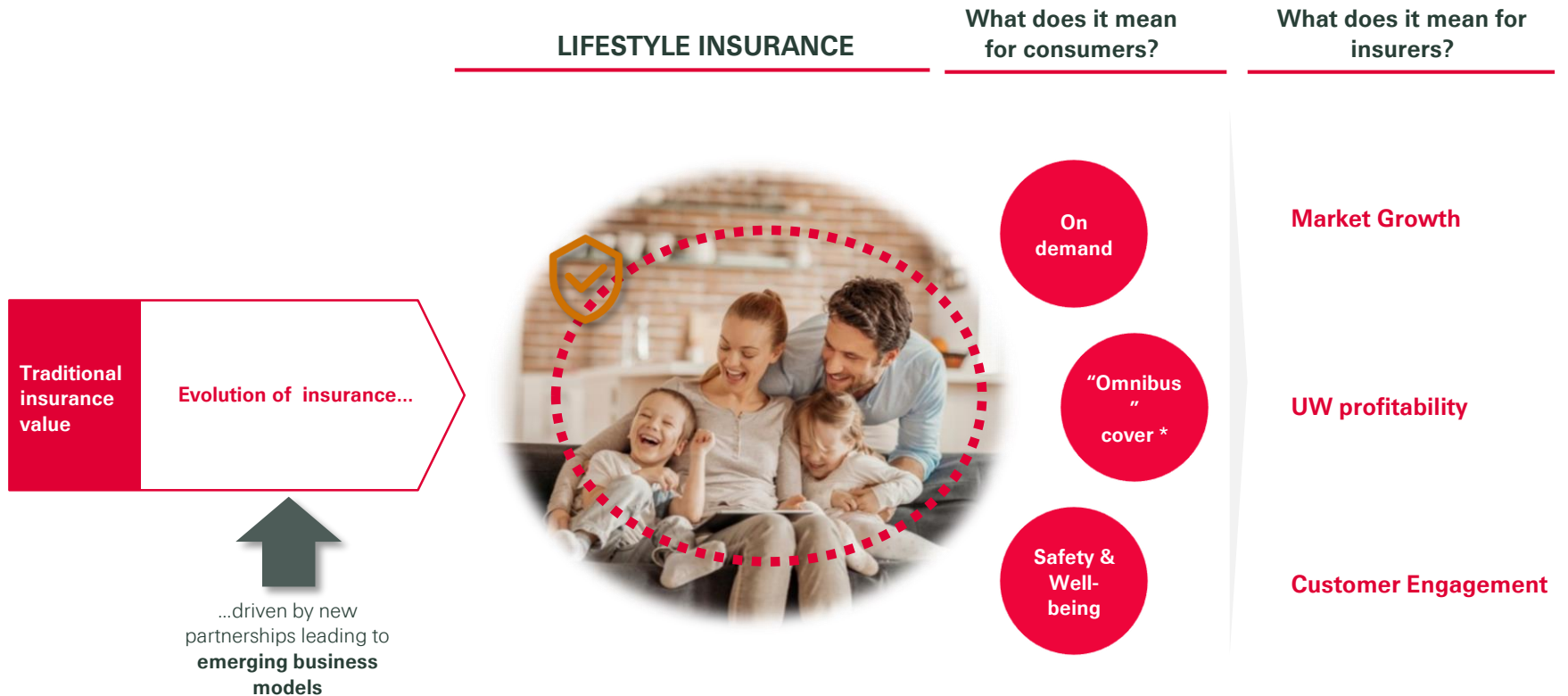
Pricing models traditionally based only on static factors, historic data and led by the principle of mutualisation are evolving towards individualised models based on real-time data and predictive analytics.



The re-thinking of the revenue model is required to be consistent with the new value proposition and positioning.

The Lifestyle Insurance

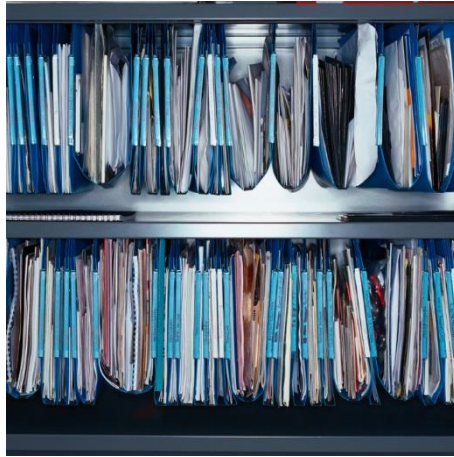
Looking beyond Homes



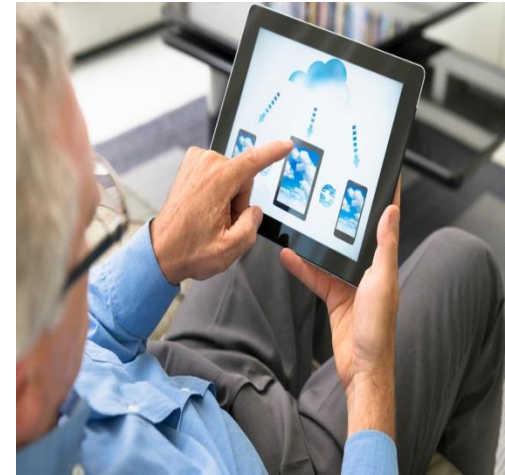
* Omnibus Cover; source McKinsey's Digital Insurance

Claims Evolution

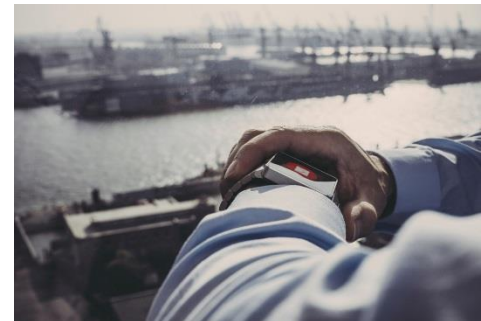
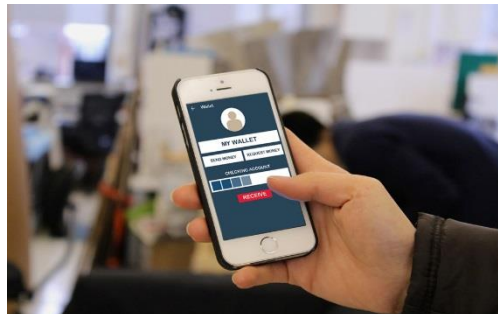
From this:



To this:



Technology is now playing big role in claims handling



Customer engagement: How could connectivity improve the insurance's customer journey experience? Break-out session



Some tech-enabled possibilities...

- Chat bots
- Voice-enabled assistants (Alexa, Google Home, ...)
- Images and videos for claims applications
- Automated payments (no claims application)
- Inventory of contents through images
- Drones
- Geolocation (on smart phones)
- Social media
- Data analytics
- Artificial Intelligence

Some emerging business models...

- Offers including devices and installation
- Partnerships with retailers, hardware or software providers, energy cos, telcos, security cos, tradesmen,...





Legal notice

©2018 Swiss Re. All rights reserved. You are not permitted to create any modifications or derivative works of this presentation or to use it for commercial or other public purposes without the prior written permission of Swiss Re.

The information and opinions contained in the presentation are provided as at the date of the presentation and are subject to change without notice. Although the information used was taken from reliable sources, Swiss Re does not accept any responsibility for the accuracy or comprehensiveness of the details given. All liability for the accuracy and completeness thereof or for any damage or loss resulting from the use of the information contained in this presentation is expressly excluded. Under no circumstances shall Swiss Re or its Group companies be liable for any financial or consequential loss relating to this presentation.