

## My home is my castle - claims prevention within the home insurance sector

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The current economic crisis has speeded up the concentration process within the European home insurance sector, especially in the UK. However, nowadays customers are more price sensitive, which increases pressure for the whole industry and in consequence leads to further premium erosions. Thus, some insurers are looking for new ways to differentiate their portfolio by offering innovative insurance products combined with prevention activities to compete with a high value-added service strategy. Based on a profound analysis of more than 220.000 insurance claims of one leading European home insurer between 2004 and 2008, we generated different risk and customer profiles to identify the most suitable prevention strategy for each customer group. The prevention activities are focused on fire, theft, and water damage protection as these represent the core businesses of the examined insurance company.

The following research discusses the whole project lifecycle for water damage protection as an example - from target group and risk identification, choosing appropriate prevention actions down to building the corresponding business case. The presented prevention system centres on a comprehensive water detection system, which is based on intelligent water leak detectors, automatic valves, conventional and resistive detectors and control panels. We show from an insurance business perspective how these advances in sensing can contribute to a better risk assessment as well as to significantly reduce the extent of damages. Likewise, we illustrate for insurance clients how damage protection comes together with vogueish water saving to make the case even more customer rewarding.

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