



CATEGORY: HOME OWNERSHIP

INFOGRAPHIC

Smart Home Technology Trends

Get up to date with the latest tech developments and learn how smart devices may affect your home insurance.

Smart home technology is becoming a game-changer. Worldwide, there are an estimated 7 billion connected “internet of things” devices – this is a network of devices such as home appliances, not including smartphones, tablets and laptops, that contain software allowing for the exchange of data. This number is expected to increase to 21.5 billion by 2025.¹ On average, consumers own more than three smart home devices, such as thermostats, security systems, lighting and connected appliances.²

It's not only convenient to control devices in your home with the touch of a button – it may even help you save on your insurance premiums. Amica offers discounts when you install a temperature monitoring, water leak or gas leak detection system.³ Some smart home devices are impacting the way insurance companies approach homeowners policies. But there are risks as well as rewards, so it's important to do your homework before you make a purchase.

Privacy Risks

Smart speakers with voice assistants, like Google Home or Amazon Alexa, can be set to control other smart home technology. People who have owned their device for a year or more are more likely to use it to control home lighting, the thermostat, appliances and home security.⁴

Voice-activated smart speakers, however, can be compromised. Devices have shown vulnerability to voice command attacks via Wi-Fi and Bluetooth connectivity.⁵ It's also unclear to consumers whether smart speakers are picking up their conversations or how manufacturers may be using their data. Twenty-four percent of consumers don't trust their smart home devices or the manufacturers.⁶

Peace of Mind

For many homeowners, the benefits outweigh the possible risks – particularly when it comes to safety and security.

“People buy smart home technologies so they can get greater peace of mind when they're not there,” says Adam Kostecki, a senior assistant vice president with Amica.

For example, the Los Angeles Police Department conducted a study with Ring, a company that makes video doorbells, by installing the devices on homes in one neighborhood and not another. Burglaries were cut by 50 percent in the area with Ring products; the other neighborhood saw no change in crime rates.⁷

Homeowners Coverage

Insurance companies are revisiting coverage when customers invest in smart home technology that may potentially reduce claims, resulting in lower premiums.

“We're offering our customers discounts as a way to help incentivize buying and installing these devices,” notes Kostecki. “The list of devices that qualifies for these discounts is growing.”

Insurers believe water damage is the primary claim scenario that can help be prevented with smart home technology, Kostecki says. New devices use analytics to detect abnormal water flow patterns and monitor for leaks, sending a command to the shut-off valve to avoid a problem.

A connected smoke detector is another helpful device, but it may not prevent a claim. “It may give you early notification that it's happening so that you can mitigate it, but it's not going to actually prevent it like a water shut-off valve could,” Kostecki explains.

Smart home technology won't necessarily solve all your automation and security problems. Kostecki recommends beginning with an understanding of what you want it to do, then research solutions around the problem.

Before purchasing new smart home technology, talk to your insurer about discounts that may apply to your policy if you install a qualifying device or system.

¹ State of the IoT 2018, Number of IoT Devices Now at 7B – Market Accelerating, IoT Analytics, 2018.

² “Alexa, Please Turn on the Lights at 7 p.m.:" Smart Automation Comes Home, ReportLinker, 2018.

³ Discounts may vary and may not be available in all states.

⁴ The Smart Audio Report, Spring 2018, NPR and Edison Research, 2018.

⁵ Understanding and Mitigating the Security Risks of Voice-Controlled Third-Party Skills on Amazon Alexa and Google Home, Indiana University, Chinese Academy of Sciences, and University of Virginia, 2018.

⁶ Swearing By Smart Homes – Analyzing Trust in Smart Home Technology, Porch, 2018.

⁷ Police Say Crime Drops With Video Doorbells, USA Today, 2017.

TAGS: Discounts, Home Ownership, Home Safety

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*Discounts not available in all states and may vary. Discount for Amica Life policy is applied to your Amica auto insurance policy.

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