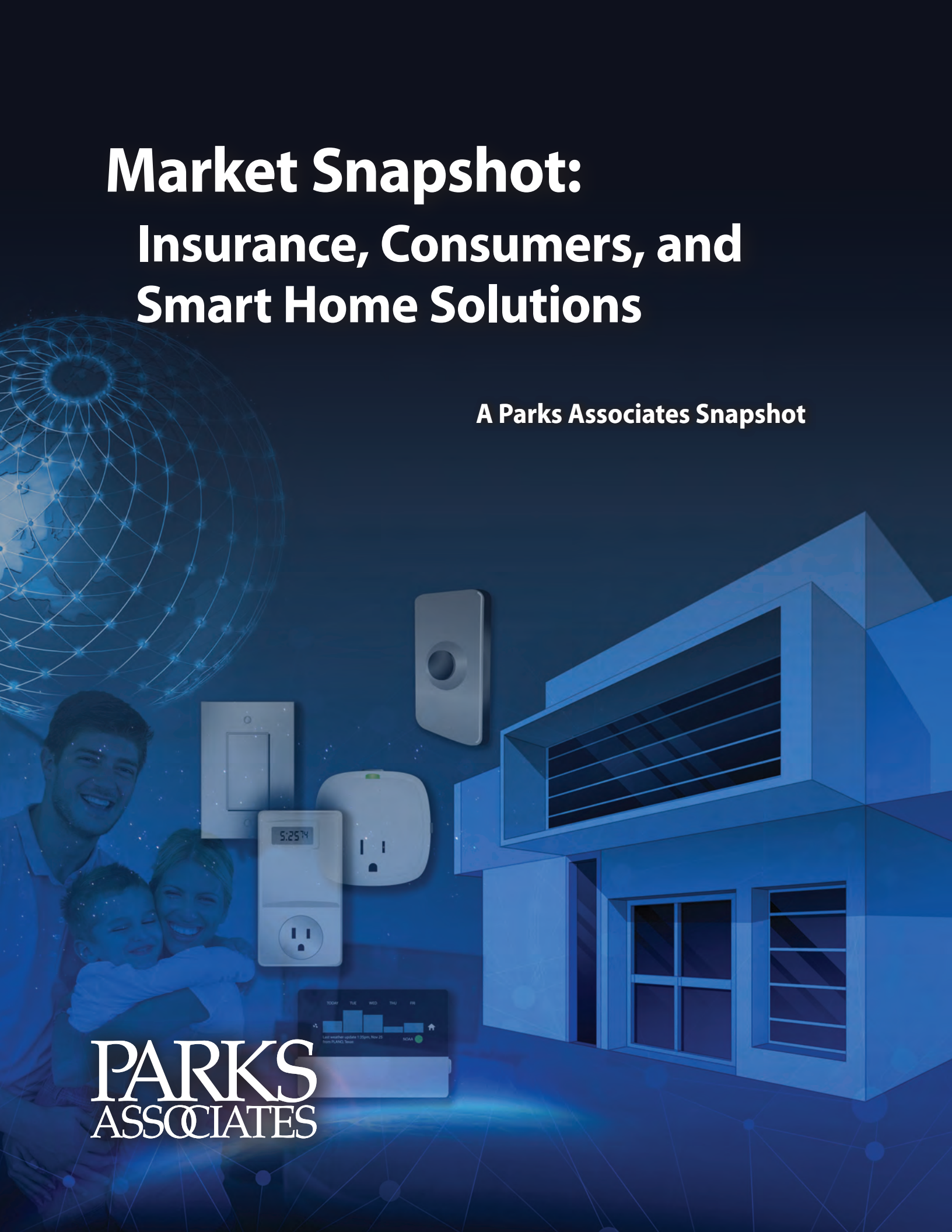


Market Snapshot: Insurance, Consumers, and Smart Home Solutions

A Parks Associates Snapshot



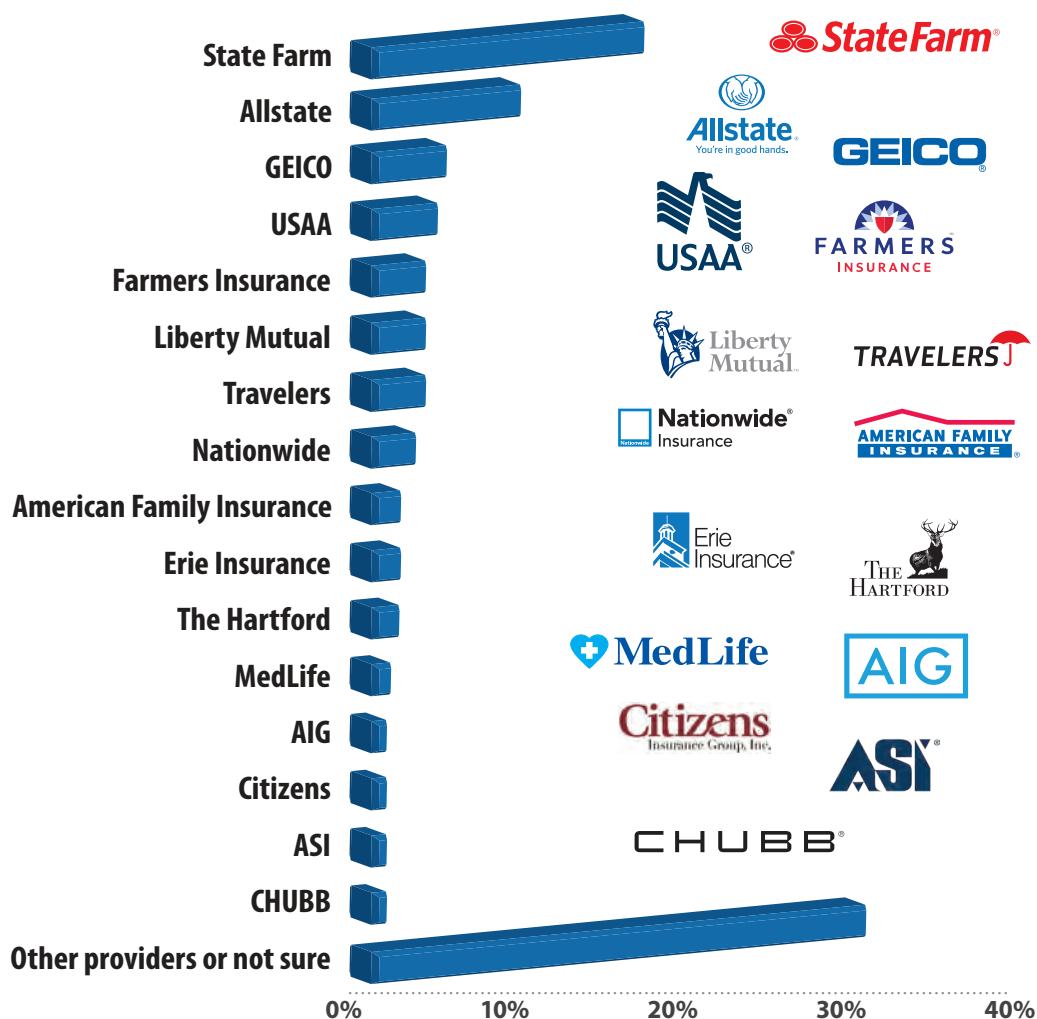
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Market Snapshot: Insurance, Consumers, and Smart Home Solutions

Insurance is a highly fragmented market category. Among U.S. broadband households, the top six companies provide insurance for half of survey respondents, and not a single one controls more than one-fifth of the market.

There is plenty of space for even smaller players to make a big impact, with the right offerings and incentives.

Insurance Provider Among U.S. Broadband Households with Homeowners or Renters Insurance



Consumer Familiarity with Insurance Policies

Consumers are aware of their insurance costs and coverage, but they are less familiar with the factors that influence their insurance costs. Similarly, consumers recognize the benefits of smart home products but largely are not yet persuaded the value exceeds their cost.

Insurers and smart home manufacturers have an opportunity to create mutually beneficial partnerships that can increase adoption of smart home solutions and build engagement with consumers.

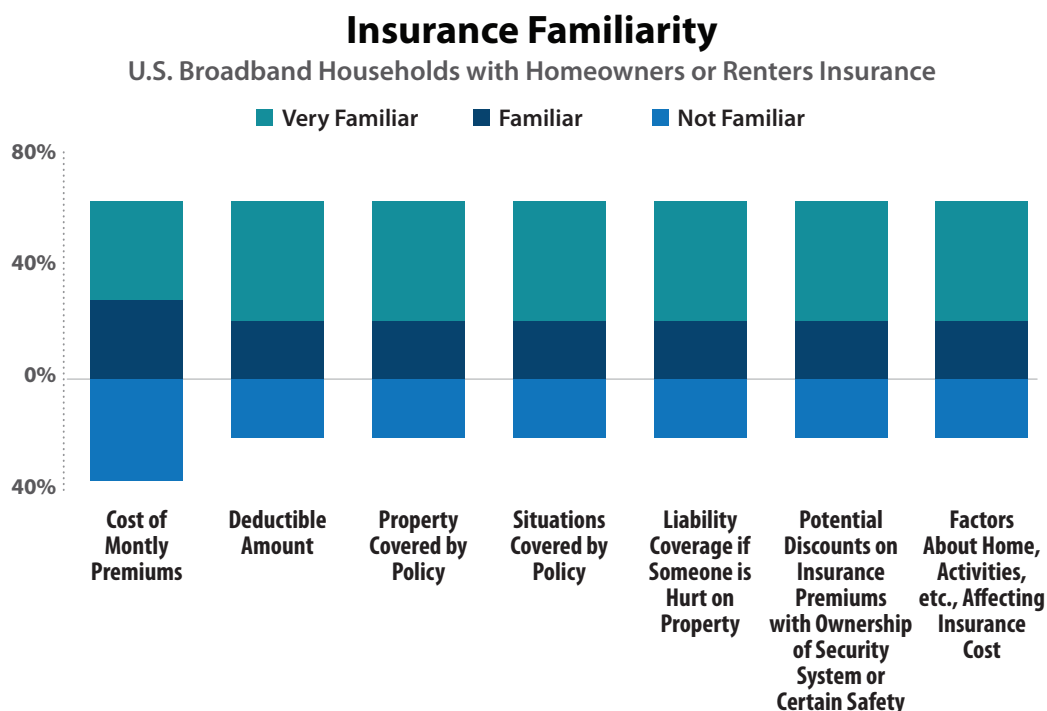
Partnerships in the insurance areas leverage data from smart devices to enhance customer benefits and awareness:

- Provide more transparency about premiums
- Personalize policies according to actual behavior
- Help customers reduce their own risk

Data usage can go even deeper, though, to serve a variety of insurer tasks, including claims management, service marketing and sales leads, underwriting, and new product development.

Smart Devices Providing Value to Insurers

- Fire/smoke detectors
- Water leak sensors
- Water flow detectors
- Shut-off valves
- Motion sensors
- Smart door locks
- Access control systems
- Video doorbells
- Smart plugs
- Smart thermostats
- Door/window security sensors
- Appliance sensors



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With great data comes great insurability.

Consumer Interest in Smart Home Products through Insurance Providers

Parks Associates surveyed consumers with homeowners or renters insurance and tested their interest in smart home devices. Scenarios included smart products that detect and send alerts to the insured about potentially damaging conditions due to **water, fire, or theft**, as well as smart products that intervene to prevent these damages.

Almost 60% of consumers are likely to purchase a smart home product that can detect, notify of, or prevent damage or loss in at least one scenario tested.

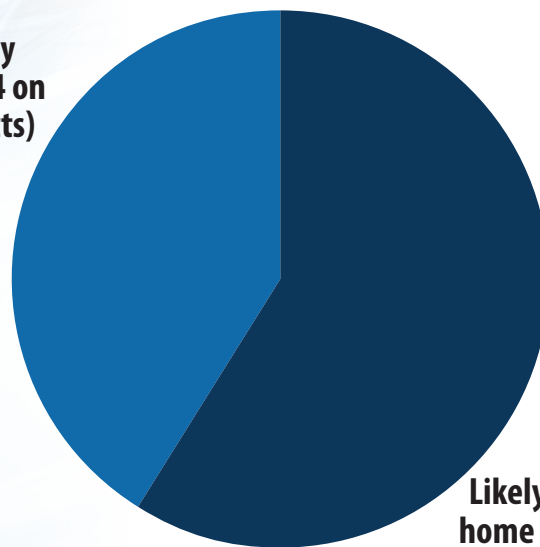
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Consumer interests are aligned with the interests of the property and casualty insurance market—all seek to limit loss and protect property from peril.

Likelihood of Purchasing Smart Home Products with Detection/Prevention Features

U.S. Broadband Households with Homeowners or Renters Insurance

Not likely
(Rating 1-4 on
all products)



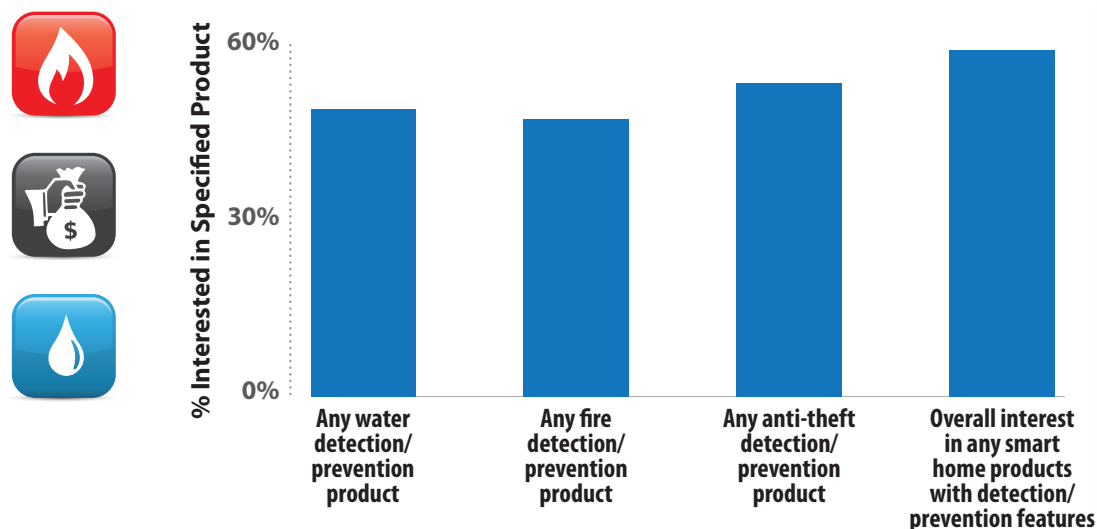
Likely to buy smart home products with detection or prevention features (Rating 5-7 on at least one product)

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More than one-half of insured consumers show interest in antitheft devices, slightly edging out interest in smart water or fire damage/prevention products, but overall the opportunity is equally strong for all three categories.

Interest in Water, Fire, and Antitheft Products with Detection/Prevention Features

U.S. Broadband Households with Homeowners or Renters Insurance

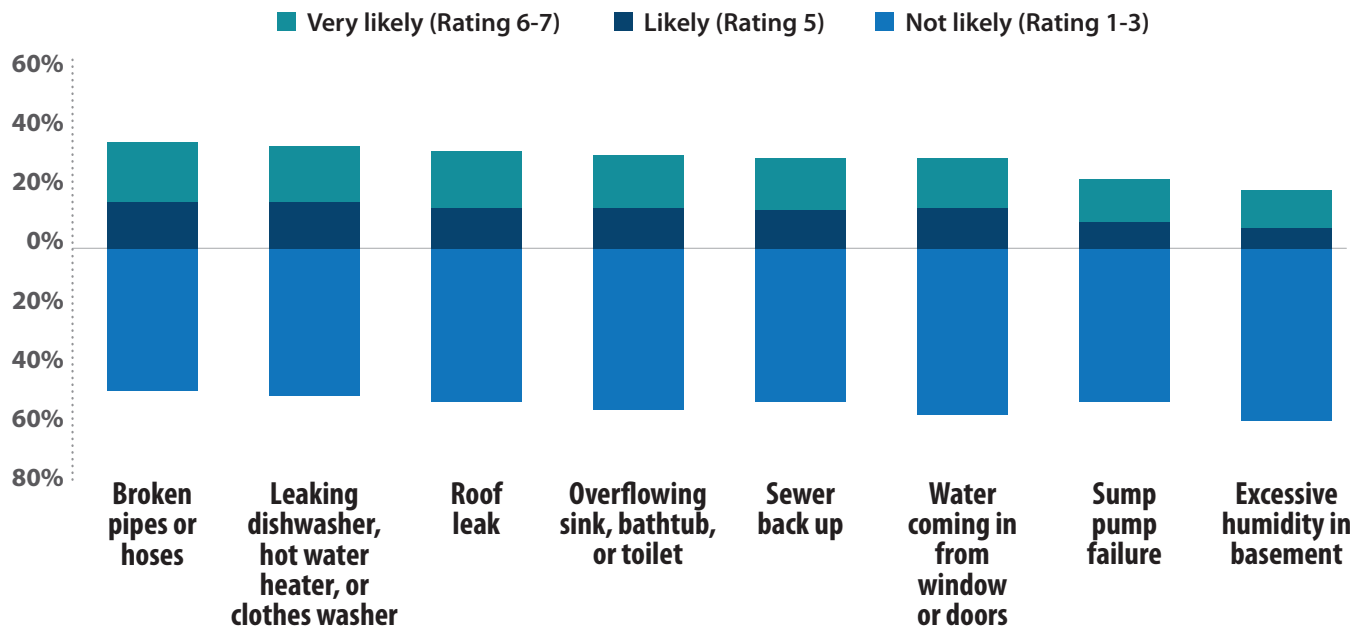


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There are a variety of scenarios not related to weather that can cause water damage to a house, which helps make water the biggest opportunity for insurance services and savings. For most scenarios of water damage, e.g., broken pipes, leaking dishwasher, or overflowing sink, slightly more than 30% of insured households are interested in buying smart water products that would notify them of potential damage.

Likelihood of Buying Smart Water Notification Products

U.S. Broadband Households with Homeowners or Renters Insurance



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Segments of Interest: Smart Home Shoppers

Parks Associates consumer research indicated more than 50% of U.S. broadband households with insurance are likely to buy smart home devices with detection/prevention features.

These households are **younger** (ages 18-44), **more affluent** (\$100,000+), and likely to have **children in the home**.

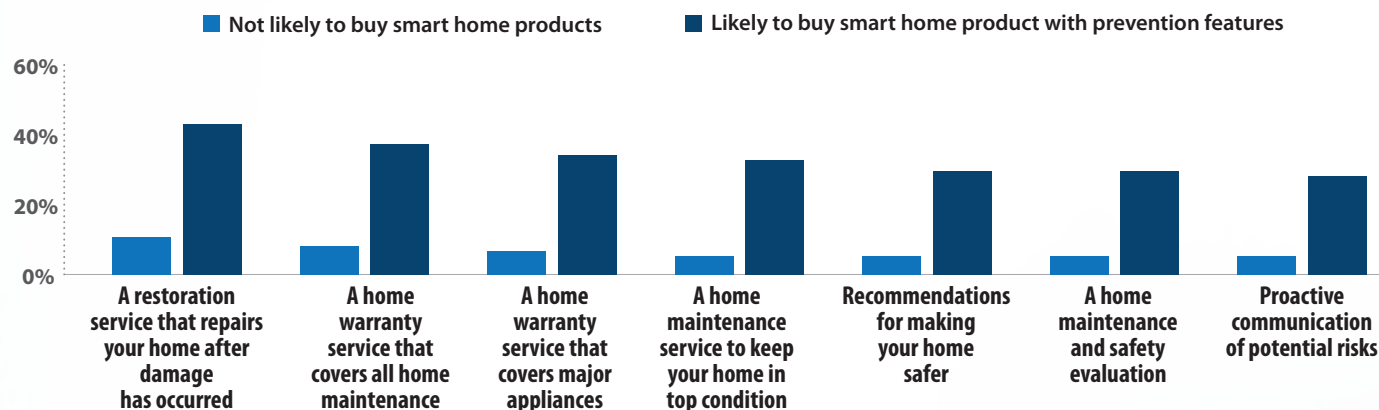
This group of consumers is also more interested in additional value-added services related to smart products and insurance:

- Nearly 75% are interested in having devices that communicate directly with their insurance company.
- 30-40% are very interested in receiving additional services from their insurance provider.

Interest in additional insurance services is very low among consumer who are not interested in smart home devices, so consumers who are interested in these devices represent a key target segment for insurance companies looking to build and expand their smart home services.

Interest in Other Services from Current Insurance Provider by Likelihood of Purchasing Smart Home Product with Prevention Features

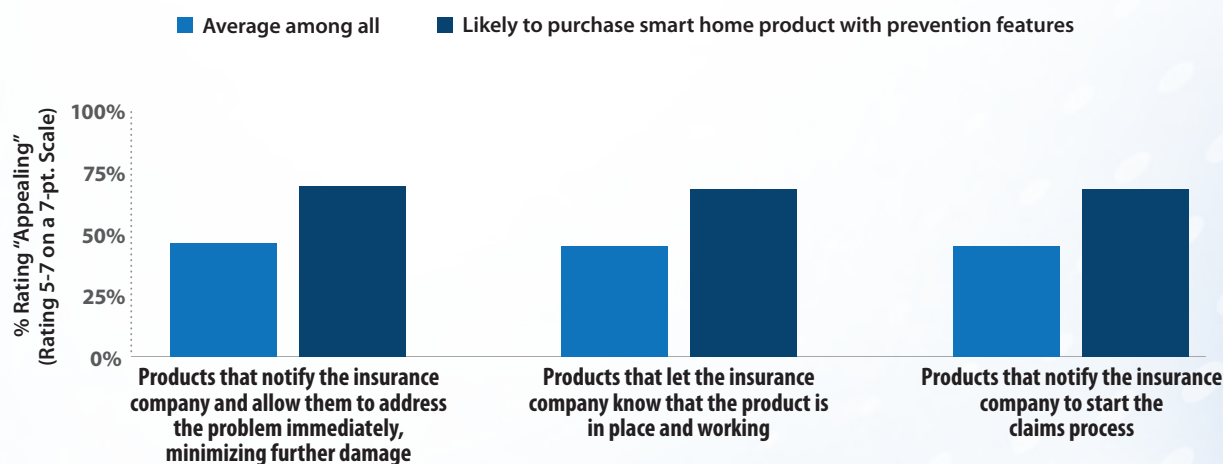
U.S. Broadband Households with Homeowners or Renters Insurance



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Appeal of Loss Detection/Prevention Products that Automatically Notify Insurer

U.S. Broadband Households with Homeowners or Renters Insurance

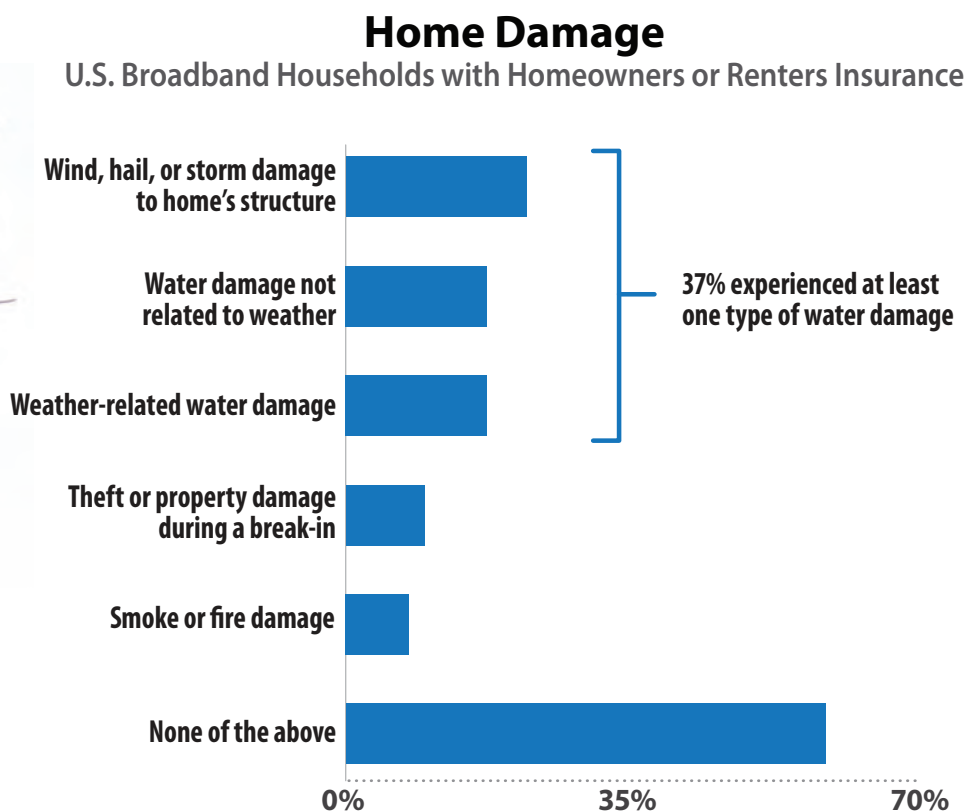


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Consumer Experience and Damage to Homes

Another gating factor for interest in smart insurance services is past consumer experience. People who have experienced previous loss or damage are more interested in smart home solutions to detect or prevent these issues.

- Roughly 40% of consumers with insurance have had their home damaged or vandalized in some way.
- 37% of insured consumers have experienced at least one type of water damage.
- Renters and homeowners experience similar levels of smoke/fire damage and or theft/vandalism.



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Prior experience with theft or damage drives a roughly 10% increase in the number of households likely to buy a smart product with detection features.

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Incentivizing Consumers

"Insurtech" solutions can offer multiple types of incentives to consumers, including device rebates, premium discount incentives, free devices, and sales of safety systems. For consumers, the clear preference is a discount on insurance premiums.

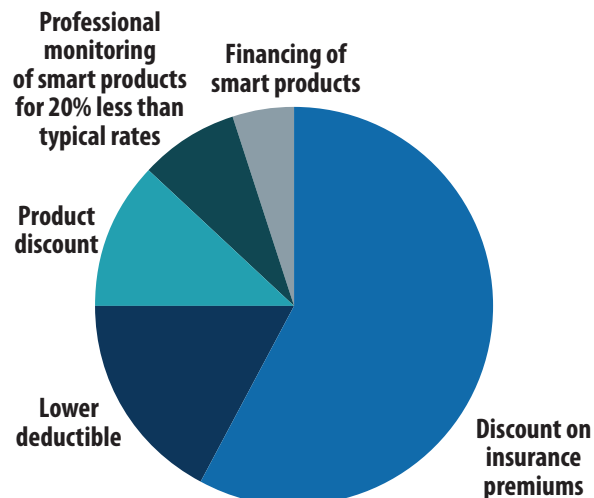
Consumers likely to purchase smart home products with prevention features are even more likely to prefer discounts on insurance premiums, so this incentive could be a competitive differentiator to lure these important consumers.

Nearly 40% of consumers report they would switch insurance providers in order to obtain smart home products.

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Preferred Insurance Incentive for Acquiring Smart Products

U.S. Broadband Households with Homeowners or Renters Insurance



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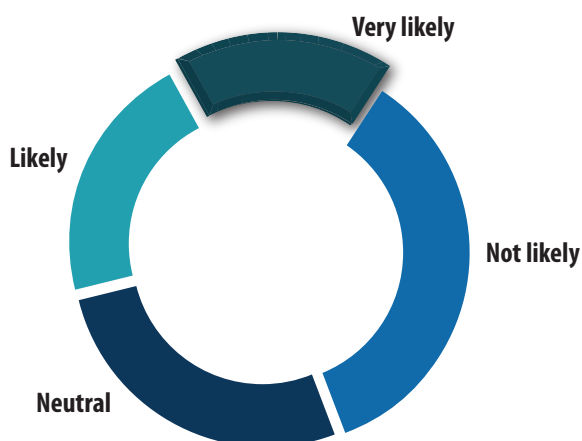
Consumers likely to switch carriers for insurance IoT offerings:

- Current owners of smart home products
- Subscribers to monitored security services
- Usage-based auto insurance customers

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Likelihood of Switching Insurance Providers for Smart Products

U.S. Broadband Households with Homeowners or Renters Insurance



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At this early stage in the insurtech market, insurers that can provide these offerings will have a first-mover advantage in attracting a higher percentage of smart home device owners and purchase intenders. These are very attractive customers, who also may be more aware of the status, maintenance, and security of their homes, which give them a much lower risk profile.

This drive to seize the IoT insurance market creates immediate partnership opportunities for many players, starting with smart home device makers and including service providers as well as third parties to handle the collection, preparation, and management of data required to actualize insurtech solutions.

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Parks Associates is an internationally recognized market research and consulting company specializing in emerging consumer technology products and services.

Founded in 1986, Parks Associates creates research capital for companies ranging from Fortune 500 to small start-ups through market reports, primary studies, consumer research, custom research, workshops, executive conferences, and annual service subscriptions.

The company's expertise includes the Internet of Things (IoT), digital media and platforms, entertainment and gaming, home networks, Internet and television services, digital health, mobile applications and services, support services, consumer apps, advanced advertising, consumer electronics, energy management, and home control systems and security.

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