

Smart Zone

Keeping up with the Internet
of Things

By Larrye Murrell

We live in a society increasingly ruled by innovations. The trend towards smart technology, in particular, continues to revolutionize the way people live and work.

How should you respond? Simple: Smart technology demands smart agencies.

In the age of the Internet of Things (IoT)—devices connecting anything with an on/off switch to the internet and each other—we can control home alarm systems, light switches, security cameras and thermostats remotely via a smartphone or tablet. This level of extreme connectivity means data is available in real time about the condition and inner workings of a remote location.

Cisco projects there will be more than 50 billion connected devices in the world by 2020.



And in the home, smart technology not only facilitates the mundane tasks of everyday life, but can also be an invaluable tool for insurers in assessing a personal lines property risk.

The future of smart home technology includes a class of products known as home wellness alerts, which provide a wealth of in-depth knowledge that would be almost impossible to collect otherwise. Alerts that are classified as loss control mechanisms can both

provide information about the condition of a property and help predict future risk.

Here are a few examples:

- **Water leak protection:** sensors that detect water leaks in the home
- **Theft protection:** motion sensors and biometric security measures, such as retina scans, facial recognition and fingerprints
- **Ground sensors:** sensors that alert property owners of shifts in the ground that may indicate mudslides or earthquakes
- **Fortified homes:** homes that are engineered to be resistant to hail, high winds and hurricanes

The good news is that harvesting IoT data can exponentially improve on traditional rating factors such as credit, loss history, predicting future risk and claims handling.

The bad news is that insurers and agents are nearly always late adopters of technology, so this wealth of data is not yet being harnessed—leaving a variety of potential loss circumstances unassessed.

This lack of transparency could limit an agency's ability to fully and adequately advise and insure clients—and that's a gap that could give rise to an errors & omissions claim. Agents must be diligent in preparing themselves for the new wave of smart technology. Strategic partnerships that focus on innovation are a must in the modern underwriting environment.

You should know by now the alternative to embracing your future: You're history.

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