

6 Ways to Fuel Homeowners' Profit Before Auto Runs Out of Gas

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January 29, 2014 •

Like it or not, revenue and profitability in the auto segment are decelerating. It could be said that lower accident frequency, auto safety enhancements, and vehicle crash avoidance features are translating to fewer accidents. Insured risk continues to fluctuate, especially when one considers that driverless cars are on the horizon, along with other game-changing technologies.

With the auto segment slowing, now might be the time for carriers to rev-up the homeowners' insurance engine. Bolstering profits in this line of business, which has not been outpacing other segments, should be a top priority. With a few key modifications, insurers can see a difference in the bottomline.

Pedal to the Metal

Below are six ideas to assist carriers in not only better capturing risk but also in enhancing the insurance experience for homeowners:

1. Understand what's really inside your customers' home, including which belongings they truly value. Increased visibility yields increased contents valuation accuracy.
2. Offer à la carte coverage so your customers can pick and choose their policy features. Allow them to select appropriate liability limits by exposure type and tailored coverage limits for specific assets and belongings. For example, segment homes by value of sporting goods, musical families by value of music instruments, and so on.
3. Drill into customer demographics to create packages tailored around certain profiles. Empty nesters should not be treated the same as a family with four teenagers. A one-size-fits-all approach to underwriting harms more than it helps.
4. Modernize your offerings to cater to modern family priorities. For example, offer a bundled technology policy for the family with smartphones, tablets, HDTVs and other electronics in every room or an outdoorsman's policy for the family with extensive hunting and fishing equipment.
5. Create automated contents valuation tools to overcome under- or over-insurance challenges and to improve customer understanding so the policy purchased is in line with claims expectations.
6. Speed claims settlement to lower overhead and improve customer retention. Hand out prepaid debit cards to claimants onsite; cards offer up to a 60-percent reduction in processing costs over paper checks.

To further finetune the performance of your homeowners' engine, take a close look at the administrative weight it carries. What processes can be automated or streamlined? How can you tune up this engine so it can really fly?

One way is through the use of sophisticated techniques, such as scoring claims when they come in to help identify your most loyal and profitable customers and reward them with a fast-track on claims resolution. Some insurers are also testing the cost-efficiency of alternative claim payment methods such as preloaded debit cards for faster delivery of funds with reduced administrative costs.

As with all innovations, speed to market is crucial. The faster you can deploy new technology, the sooner you can differentiate your company, attract new market share, and reap the financial rewards. Whatever your strategy, don't wait for auto to completely stall.

ABOUT THE AUTHOR



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