7 homeowners trends for 2017

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A host of new technologies are delighting consumers and providing insurers with new coverage opportunities. (Photo: iStock)

Every new year brings fresh challenges and opportunities for insurers.

The fast pace of development in consumer technology is a particularly tricky area with potentially serious ramifications.

New products are hitting the market before we've worked out new laws and regulations to cover them.

For example, as advanced hobby drones continue to take off, there are still lots of questions to answer about what happens in the event of an accident.

When consumer tech goes wrong, there's a serious risk of an increase in claims severity. Few could have predicted the hoverboard fiasco that would result in a major recall of half a million hoverboards because of the risk of fire or explosions. But new product categories are always something of an unknown. Even fewer could have predicted Samsung's recall of 2.5 million of its Galaxy Note 7 phone for similar reasons. What is that phone worth now?

As 2016 draws to a close, we're looking forward at some of the trends we think will have an impact on homeowners in 2017.

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IoT and security

By 2020, there will be more than 20 billion connected things worldwide, up from 6.4 billion this year, according to [Gartner](#). In the rush to connect all manner of devices to the internet and capitalize on the [potential benefits of the Internet of Things (IoT)](#), we have forgotten about security. There's a real lack of standards, making it difficult to create secure networks, and few of these devices have been designed with security in mind. Because there's a learning curve with a lot of new IoT devices, security shortcuts are taken in the pursuit of convenience.

On the other hand, there's incredible potential here in the development of "smart homes." The ability to issue early alerts could mitigate the risk of damage. A smart home that detects a fire could automatically dial 911 and inform the insurer. More sensors could be deployed to guard against flooding and other types of accidental damage. Products that are simple to use, without compromising on security standards, are the ones to watch.

Amazon's Echo, a digital assistant that can be set up in a home or office to listen for various requests, such as for a song, a sports score, the weather, or even a book to be read aloud, is shown, Wednesday, July 29, 2015 in New York. The $180 cylindrical device is the latest advance in voice-recognition technology that's enabling machines to record snippets of conversation that are analyzed and stored by companies promising to make their customers' lives better. (AP Photo/Mark Lennihan)

Always-on voice interfaces

As devices like Amazon Echo and Google Home roll into households across the country, we're entering a new era of voice interactions with our technology. These new voice interfaces are linking consumers directly with the world of machine learning and artificial intelligence (AI).

The devices are basically an internet-connected microphone that's constantly listening, sending data back to the home base. While there's great potential for these devices to help us by answering questions, keeping us up to date with our schedules, and enabling us to shop easily by voice, there are also serious privacy and data-usage concerns to assuage.

(Photo: iStock)

Sharing economy

We've seen an enormous boom in the sharing economy with services like AirBnB and VRBO, enabling homeowners to make some extra cash by renting out rooms or entire properties. But there's a growing realization that appropriate insurance coverage is required.

Liability, when things go wrong, falls on the owner. Commercial-level policies are most likely necessary if homeowners want to protect their property from temporary renters.

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Marketing to millennials

Mortgage providers need to engage with millennials through digital channels to meet their needs and expectations, and to ease their transition into the housing market. Home ownership rates in the U.S. have plummeted lately, as seen in the [Census Bureau report](#). Millennials are mostly renting now, but as the economy continues to cater to their needs, home buying will grow in this segment.

Carriers need to position themselves now to catch these buyers as they move into owning homes as they age. This largest demographic will sacrifice cost for speedy convenience. They want mobile access

and tools to manage the buying process online, done in a seamless way, with customer service teams on point, savvy and deeply integrated with their own customer-facing software. They want to be catered to right out of the gate as though it were second nature.

(Photo: iStock)

Tiny home trends

The fall in home ownership, coupled with high rates of debt for millennials, is giving rise to the tiny home trend. To make housing more affordable, we're seeing home sizes shrinking to 1,000 square feet or less. We expect this trend to continue beyond 2017 as landlords focus on millennial renters.

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Advancements in AI

Artificial intelligence is improving rapidly and it's set to change the way we interact with companies. We've already mentioned voice interactions through devices like Amazon Echo, but you can also expect to see more chatbots crop up on Facebook Messenger.

Already Bank of America and retailers like Macy's are using chatbots on the frontlines of customer service. Similar to live website chat services, these chatbots are usually set up to perform repetitive tasks or answer the most commonly-asked customer questions. Hand-offs to human operators will be

based on a kind of triage system, triggered when a chatbot is unable to deal with a query. All carriers should be looking at how to leverage AI to be more responsive to customer needs.

(Photo: iStock)

Virtual Reality (VR)/Augmented Reality (AR)

The potential applications for virtual and augmented reality are endless. It's not just about gaming. Through a VR headset, people can attend events or visit places of fantasy, and AR can enhance the world around us. [Google's Project Tango](#) and [Microsoft's HoloLens](#) are set to have a big impact. Tango-enabled devices aimed at the consumer market can guide you to your seat in a busy stadium or help you find your friends in a crowd. HoloLens is more focused on creating holograms that help you to interact with or understand your environment in new ways.

There's also enormous potential for insurance jobs training. While VR immerses you in another, virtual world, AR enables you to overlay data on the real world. Auto body shops could train in VR simulations; mechanics could get schematics of an engine with parts labelled via AR. Likewise, a claims professional could see the relative worth of homeowner contents, item by item in real time during a property loss assessment, or share a live tour of the house with a partner or the carrier.

It will be interesting to see how these trends will pan out and what their impact will be on homeowners insurance in the coming year.

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