



LeakBot aims to slash escape of water claims costs with self-installed device

By Katie Scott | 17 April 2020

A partnership with Hiscox has opened the firm's eyes as to how it can aid insurers and brokers in managing expensive EOW claims

Technology organisation LeakBot shook hands with insurer Hiscox in 2018, agreeing an 18-month pilot to determine whether a self-installed, Internet of Things-based water leak device could have a demonstrable impact on costly **escape of water (EOW) claims**.

According to LeakBot's chief executive Craig Foster, the firm's device can deliver a 15% return for insurers within the first year of deployment, as well as a 40% return over five years.

The partnership, which has now progressed to a full roll-out following the successful pilot, will see Hiscox give all its new and existing buildings insurance customers a LeakBot device for free; these usually retail at £149.

If the device detects any leaks within the property, using its patented, temperature-based sensor, then the corresponding LeakBot app will help policyholders arrange for a plumber to come and repair the issue, which Hiscox will also pay for.

“Escape of water claims are so expensive, [Hiscox] figured out that they could just pay the small costs to fix everything and basically get all their customers’ homes into a state where they’re leak free,” Foster said.

“It’s by far cheaper than fixing the residual damage of the claims if you leave them just to leak and cause damage over six months or so.

“All you’re doing is just catching all of those things early, so the things that would eventually manifest in a £10,000, £20,000, £30,000 claim, we catch them before they’ve created any damage to the property.

“It is a genuinely preventative system.”

With the ink dry on the Hiscox deal, LeakBot is currently in negotiations with other insurers to replicate this model and prove the commercial case – Foster added that the LeakBot device can reduce **EOW claims** by 60% overall.

The smart home telematics market

The smart home telematics market, which also typically includes smart smoke detectors and security systems, is still in its infancy, however Foster believes that the rise of **voice activated speakers** – such as Amazon’s Alexa – has helped to make home telematics more mainstream, rather than just the go-to of early adopters.

He said: “There’s lots of tech in the space and the thing that’s changed it all is the voice activated speakers – they’ve quickly become the centre point for those systems.

“The smart home market’s been around for a little while and it’s been stuck in that early adopter stage and then it seems to be just the novelty of speaking to a speaker seems to be the thing that’s started to make it go a bit more mainstream.

“Home telematics is the insurance way of looking at the [smart home] market.”

Enter LeakBot, an innovation that, according to Foster, is a cost-effective solution that produces better results than moisture sensors or plumbed in options, which require the time and expertise of a professional to install.

“[Moisture sensors] showed some early promise just because they were cheap, but then insurers quite quickly found out that they don’t really capture the **claims** that insurers care about because the claims insurers care about, the leaks tend to be hidden from view, so they’re hidden in a cavity wall, hidden in the ceiling somewhere, so the [moisture] sensors don’t really help very much,” Foster explained.

“The other systems are plumbed in systems where you actually cut the pipe and then you fit something that then detects flow through the pipe. They’re more accurate, but the problem with them is they’re really expensive - \$400, \$500 for a system and then you’ve got to have a professional install, so there’s no real business case.”

In comparison, the LeakBot device – which is sent through the post – can be clipped onto the water pipe by policyholders themselves, where the mains water enters the property. Measuring the temperature of incoming water and comparing it to the ambient temperature of the pipe, the LeakBot device can then pick up water leaks anywhere within the property – it can detect even a subtle 0.3% different in temperature.

The plus point for brokers who work across multiple lines of business is being able to upsell by offering a free LeakBot device to customers directly.

“It’s a really good way for the broker to open up a conversation about other things,” Foster added.

‘Skin in the game’ for consumers

But, how does Foster see LeakBot’s business model developing and expanding in 2020?

As well as taking LeakBot to the US, he suggests designing a home insurance proposition that is more aligned to **car telematics**, which enables “much more skin the game for the consumer” – this approach, Foster said, is very popular with aggregator Compare the Market.

He continued: “You get a much cheaper price, but you’re making the commitment that you’ll fit the [LeakBot] device in the first month and then you’ll keep the home leak free if you want to make sure that you’re covered for any subsequent escape of water claim.

“That’s much more akin to a black box product where you get a much cheaper price on your car insurance as a result of fixing a tracker.”