



GUIDE

Cut water damage payouts by 25% with IoT

Discover the enormous potential of early water leak detection and get to know how you can easily integrate these services into your insurance product.

1. Why you should have a preventative solution

Between an aging housing infrastructure leading to rising claim costs for insurers and a high churn rate, many property and casualty insurers struggle with low profitability.

By implementing smart technology, insurance companies can shift from a reactive claims handling approach to a proactive role and gain tools for proactive risk mitigation, especially for water damage, cutting payouts by 25%.



Water damage is impacting loss ratios

Escape of water damage accounts for 25-30% of home insurance claims, depending on the region and type of insured buildings.

They are one of the most expensive and frequent causes of insurance claims in property and casualty insurance, accounting for billions in payouts every year.

25%- 30%

of insurance claims are water damage

However, many of these claims are preventable. With the help of smart technology like water detection sensors, insurers can detect leaks early and prevent damage before it happens, thereby protecting both their portfolios and their customers' properties.

Low customer engagement and differentiation

Customer engagement with insurance companies has traditionally been low. The only time customers usually interact with their insurer is in case of a claim, at which point the damage has already occurred.

With a digital risk prevention solution, insurance companies can increase the number of touchpoints with their brand and position themselves as a more proactive insurance provider, increasing customer loyalty.

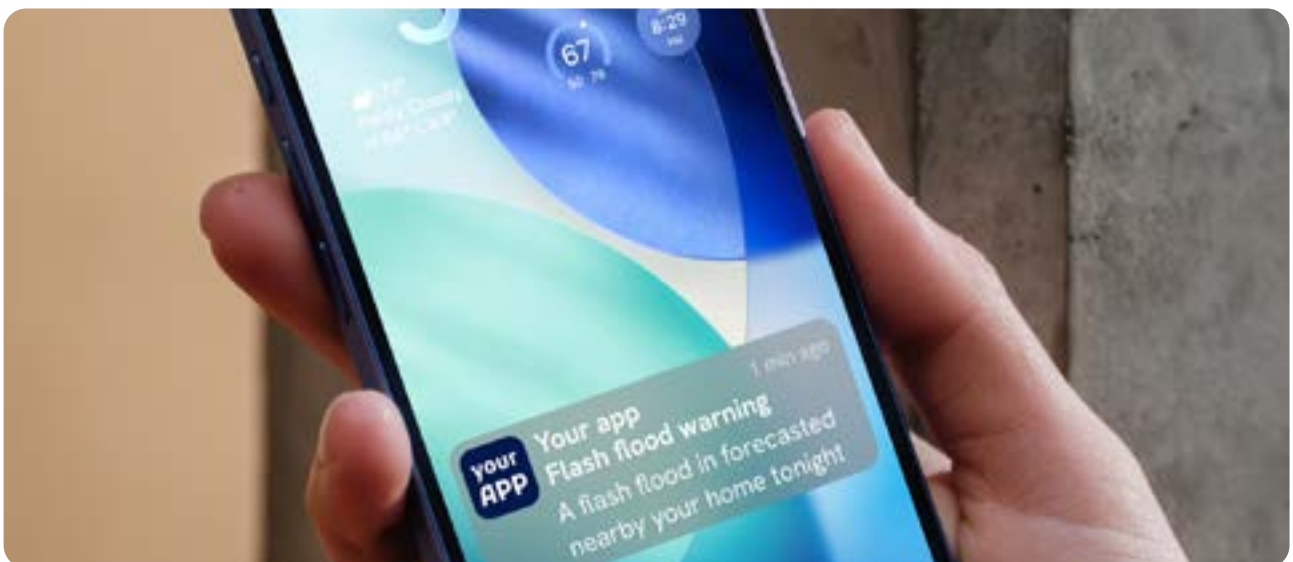
Customers are expecting preventative solutions

As technology becomes more prevalent in European homes, customers are also expecting smart solutions from their P&C insurance provider.



A 2025 study by Guidewire found that 80% of European insurance customers are interested in technology that alerts them to potential damage before it occurs. An interest that has grown from 71% only three years prior.

The highest scores on the study came from customers from Germany (85%) and Spain (86%), two of Europe's largest economies.



This large and growing interest in damage prevention solutions clearly shows that insurance companies need to act and provide intelligent solutions to keep their market share. Not only because of the many financial benefits of detecting damage hazards early, but also because their customers are demanding it from them.

2. How technology enables claims prevention

Early detection is the most important part when it comes to damage reduction. The earlier a water leak is spotted, the faster homeowners and insurance companies can act to stop the leakage – and prevent damage from happening at all.

In many cases, water leakages are not apparent to the homeowners until severe damage is done. Hidden underneath cabinets, in infrequently used basement rooms, behind walls, or under floors, water leakages can go undetected for days, weeks, or even months.

According to a new report from the Swedish water damage center (www.vattenskadecentrum.se), 36% of all non-weather-related water leaks in Sweden start in the kitchen, a place with many water-connected appliances that are often built into kitchen furniture.

By monitoring water leaks with technology, even small and very hidden leaks can be detected early, and further damage can be prevented.



Detecting water leakages with smart spot sensors

Placed strategically around the home, smart water leak detection sensors offer an easy solution to early leakage detection.

Such smart sensors are relatively low-cost and can easily be installed by homeowners. Through a connected app and software backend, homeowners and insurance companies can be notified when a leak is detected and take action to prevent damage.

Additionally, temperature and humidity sensors can be installed to monitor the indoor climate and prevent mold or freezing pipes.

Monitoring the main water supply

Innovative technology companies offer sensors that attach to the main water pipe and continuously monitor the water system.

By measuring ambient air and the pipe's water temperature, these devices can detect even very small leaks. In case of a leak, homeowners are notified so that they can find the leakage or consult a specialist.

Automatically shutting off the water supply

Auto shutoff valves offer a highly effective way to prevent water damage. When a smart sensor detects a water leak, these valves can automatically turn off the water supply, preventing any further water from escaping.

Different types of valves with varying complexity are available on the market. While some of these can be self-installed by the homeowners, many valves require a certified technician for the installation.

3. Business case: Cutting payouts by 25%

Water and humidity damage claims account for more than 30% of all P&C insurance claims. Detecting leakages early and reducing or preventing damage thus offers a sizable savings impact.

According to internal analyses of a leading insurance company, early leak detection with water spot sensors can fully prevent 10% of these escape of water damages and reduce another 30 percent of claims by 50%.

Direct savings on claims and operations

The following baseline parameters used in our calculations have been established in close contact with an insurance company and can be viewed in the graphics.

Baseline parameters

2%

X

€ 10%

=

€ 200

Annual frequency of water damage claims

Average cost per water damage claim

Average water damage cost per policy/year

If now 10% of all water damage is prevented with the help of water leak detection sensors, this would result in savings of 20€ per year per policy (10% x 200€).

Similarly, reducing another 30% of water damage by 50% will result in savings of 30€ per policy per year (30% x 50% x 200€).

Projected impact of benefits

 Preventing 10 % of all water damages

€ 20

 Reducing 30 % of water damages by 50 %

€ 30

 Reducing 10 % of claims ops on avoided claims

€ 2

Direct savings per policy/year

€ 52

For the 10% of fully prevented claims, the insurance company is additionally saving 2€ per policy per year on claims operations cost, as operational costs usually add up to an additional 10% of the actual damage payout (10% x 20€).

Put together, this will result in 52€ in direct savings per policy per year just from reducing water damage, which makes up more than 25% of the average yearly water damage cost per policy.

Additional benefits through increased customer loyalty

By providing increased brand engagement via new digital touchpoints and working together with your customers to reduce risk and protect their homes, smart water leak prevention solutions also positively impact customer loyalty.

At an average monthly premium of 400€, a customer base of 100,000, and an average annual churn of 10%, improving customer retention by 10% can result in an additional 400,000€ of benefits per year (10% x 10,000 customers x 400€).



By offering a smart water detection solution at no or very low cost to top-tier customers, insurers can make the high monthly premiums more attractive and increase the number of top-tier customers by 5%, resulting in additional revenue.

The exact increase in revenue is dependent on the price of monthly premiums and the distribution of customers.

As an example, an insurance company with a customer distribution as described in the graphic to the right would gain an additional 500,000€ a year if they moved 5 % of their low- and medium-tier customers to the top level.

(1000 customers would pay another 200€ each per year, and 3000 customers another 100€)

Average annual churn 10%		
Customer tiers		
	Low 20.000 customers	€ 300/month
	Medium 60.000 customers	€ 400/month
	High 20.000 customers	€ 500/month

4. Beyond water leaks: Further benefits of smart insurance solutions

IoT systems can connect many other sensors in addition to water leak detectors, enabling you to offer additional services to your customers, improve risk assessment through sensor data and real-time insights, and set yourself apart from your competitors.



Underwriting: Gaining data for improved risk assessment

A smart risk prevention solution not only sends alerts when a water leak, fire, or burglary happens, it also collects valuable data over time. This data includes a history of previous incidents in the home and customers' behavior, enabling more informed risk assessments.

In case of an incident, digital solutions can make the claims process more efficient and prevent claims leakage. Claims can be handled faster as the data provided by the IoT system can be used as evidence of the incident. At the same time, false claims can be identified more easily using real-time data, making it harder for fraudulent claims to succeed.

The increased amount of data available per customer can also help insurance companies estimate the incident risk and offer personalized pricing to increase profitability.



Protection against fire and burglary

While lower in frequency and consequently payout numbers for you as an insurance company, fires and burglaries are much more devastating to your customers than water damage.

Including fire and burglary detection in your smart insurance solution can thereby have multiple benefits:

- Increasing the attractiveness of such a digital solution to the customers, leading to higher sales
- Additional possibilities for early detection and damage reduction, and with it additional savings on your payouts

Stand out from your competitors

In the largely homogenous insurance market, consumers find it difficult to distinguish between insurance companies and their offerings, leading them to make decisions primarily based on pricing. As a result, many customers change their providers if given a better offer, and churn has become a serious challenge.

As the majority of insurance companies do not yet offer risk-prevention services, a digital risk prevention solution lets you differentiate your insurance company and stand out in a crowded and homogeneous market.

You have the opportunity to challenge the largely conservative insurance market with a unique, customer-centric value offering and gain market share.

5. How Onics can help:

A multi-risk prevention solution

Onics provides P&C insurers with a customizable risk prevention solution that enables insurers to easily launch a solution that not only prevents water damage but also reduces payouts related to fires and burglaries.

With this all-in-one risk prevention solution, insurers can easily benefit from smart technology and reduce payouts without investing in development.

It is based on proven technology, offering reliable, advanced, easy-to-use sensors and an app that can be adapted to the insurer's brand and needs.

The solution consists of:

- a variety of detection sensors for water leaks, fires, and burglaries
- the connected gateway and cloud backend that ensures all data is transferred smoothly and securely
- a customizable user app that lets customers interact with your brand and their home





A solution that can be adapted to your needs

At Onics, we aim to build solutions that fully align with our customers' goals and strategies.

Our technology is based on an open platform that makes it possible to add new functionalities and explore new and even more efficient ways of mitigating risks.

You can start recognizing and preventing water leaks with spot sensors, and expand your solutions with more advanced functionalities in the future.

Together, we can tailor solutions to meet your specific goals, customer risk profiles, and other requirements.



High quality and easy installation

Onics delivers high-quality products that are developed in Scandinavia. You get reliable risk detection and alerts, and a solution that is always working properly.

Both the sensors and the app can easily be installed by homeowners; no need for professional installation. According to findings from one of our insurance customers, **more than 95% of end users can successfully install the solution on their own.**

This way, you, as the insurance company, can minimize operational costs and complexity.



Start small, scale fast

By choosing Onics as your technology partner, you can easily build a proof of concept with a pilot and scale your solution in line with your needs.

The technology behind the risk prevention solution is validated in large numbers and accompanied by an advanced production and supply chain setup.

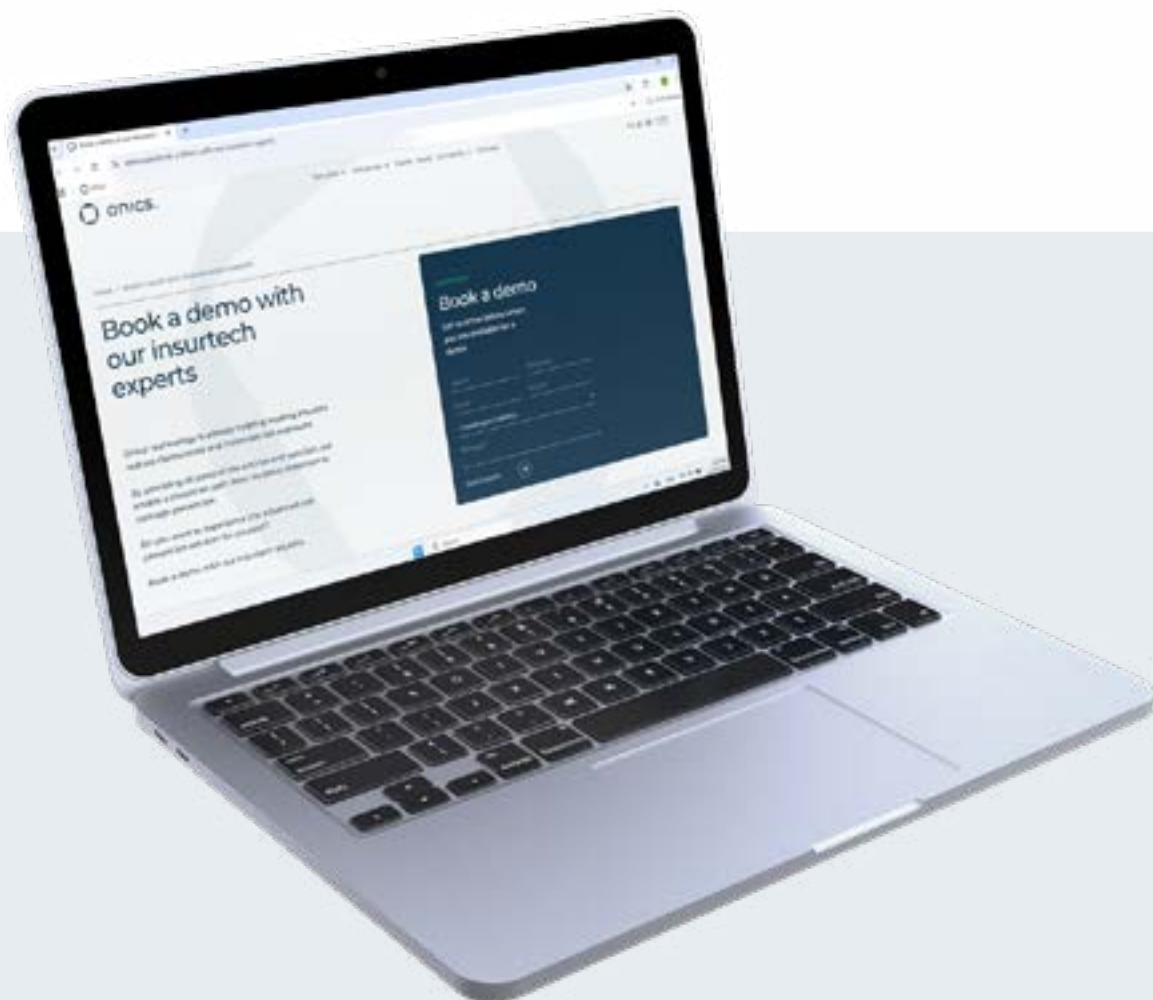
6. Experience the water leak prevention solution for yourself: Book a demo

Onics' technology is already helping leading insurers reduce claims costs and minimize risk exposure.

By providing all parts of the end-to-end solution, we enable a smoother path from incident detection to damage prevention.

Do you want to experience the advanced risk prevention solution for yourself?

Book a demo with our insurtech experts.



All-in-one risk prevention

Onics helps P&C insurers move from paying for damage to preventing it.

We are the all-in-one risk prevention technology partner for P&C insurers who want to prevent damage, reduce costly claims, and boost customer loyalty.

Based on our customizable, white-label risk prevention platform, we make it simple for insurers to launch, scale, and monetize a customized risk prevention solution that can be scaled across risks, partners, and geographies.

Unlike closed ecosystems and single-risk solutions, Onics provides an open, multi-risk prevention solution for water, fire, and intrusion risk that fits into existing insurance workflows.

With Onics, you can start small and scale fast as you go, for low risk and high adaptability to meet your specific market needs.

Want to know how we can help you benefit from risk prevention and increase the profitability of your insurance business?

Contact us today and let us get started.

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