



# Counting the Savings

How IoT leak detection is radically reducing water damage claims

Independent Research by



# Introduction

Water damage is the biggest single cause of home insurance claims, accounting for \$17 billion of claims every year in the USA and UK.

Large water damage claims are the culmination of small leaks over time. A pipe hidden behind a wall or above a ceiling can slowly release tiny amounts of water without detection, until months later a damp ceiling collapses and a five-figure repair is claimed on an insurance policy.

An integrated technology and repair solution can offer a remarkably effective way to reduce these claims, so that there are fewer of them, and that they cause less damage when they do happen. Home insurers around the world are keen to see hard evidence of actual loss reduction as a result of these new technologies

Ondo InsurTech Plc partnered with Consumer Intelligence to delve into the evidence, with a look at its Leakbot solution which has been deployed with ten insurance carriers across five countries.

Five years after the first device was installed Consumer Intelligence were commissioned to conduct independent research to see what the effect of LeakBot has been for those carriers and their customers.

The results are ground breaking. They offer the first cross-country quantification of the savings insurers have made from pro-actively detecting and mending small mains water leaks before they turn into big claims, and the resulting customer loyalty they enjoy.

It is transformational technology with global potential to move the dial on water waste and damage claims.

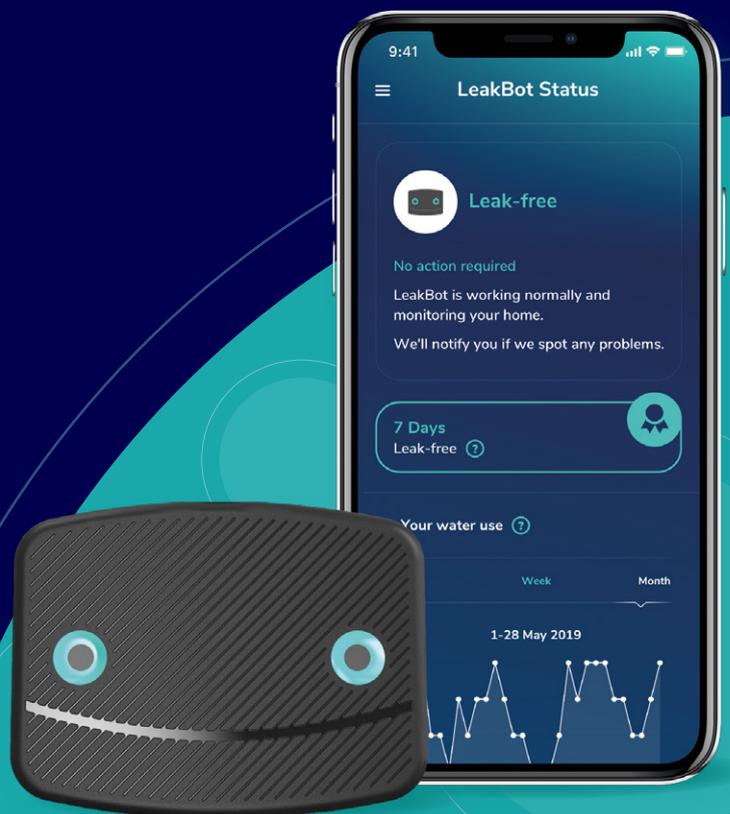
# How LeakBot works

LeakBot is an IoT enabled water leak detector. A single device can monitor an entire home and detect the smallest of leaks, alerting the homeowner and preventing a bigger problem.

LeakBot is mailed to customers and can be self-installed with no tools or plumbing experience required. The device is simply clipped onto the mains water pipe, where the water enters the property, and an app downloaded to connect the device to home WiFi.

LeakBot's patented Thermi-Q technology works to accurately measure both the air and water temperatures in a customer's home. A leak will continually draw colder water from outside, creating a consistent drop in temperature. LeakBot can sense the prolonged and consistent drop in temperature and alerts the customer to the problem on an app.

A customer is sent an alert when LeakBot detects a leak as small as one teaspoon per minute. Customers can then book a plumber visit through the app to find and fix the leak, all free of charge, before it causes serious damage.



Overview

# Methodology

Ondo partnered with Consumer Intelligence to quantify the impact of the LeakBot system on homeowners.

The LeakBot platform now contains over 56,000 years of data from 43,000 households across Europe and the USA.

Consumer Intelligence took data from this platform, and performed a deep-dive customer survey on a statistically representative 3,116 homes. This makes the research the biggest to date on any Internet of Things (IoT) leak mitigation technology.

Participants were asked about claims they had made on their buildings insurance policies in the five years prior to installing a LeakBot device and subsequently. Consumer Intelligence applied appropriate weighting to how long each customer has had a LeakBot device (based on the actual installation date), to draw a fair comparison between claims before and after.

Customers were also asked about their experience with LeakBot, their likelihood to stay with their current insurer since installing LeakBot and their satisfaction with the service.

The fieldwork was conducted online 30 March – 6 May 2022.



The data set  
**43,000**  
households

**56,000**  
device-years  
of data



The results

# The world before

We asked customers about the claims they had made on their home insurance policies in the five years prior to installing a LeakBot device.

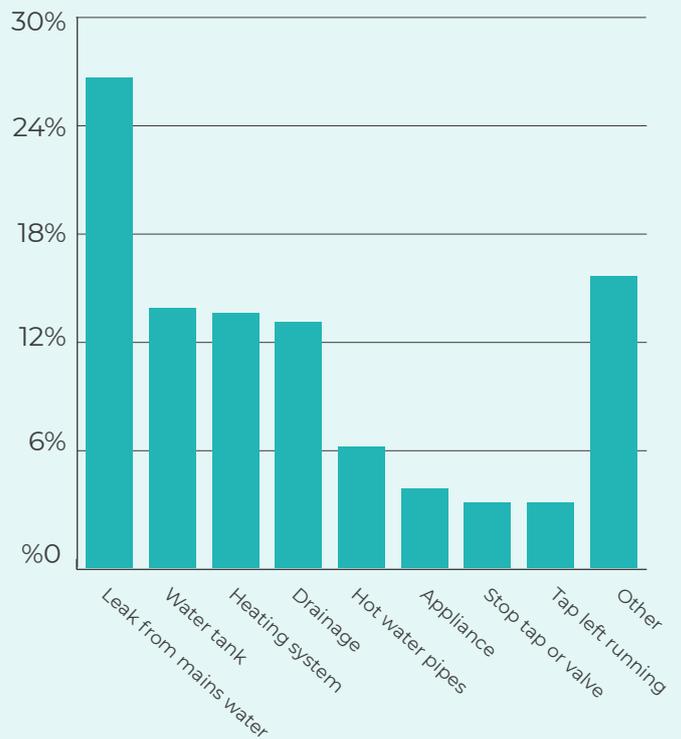
The results showed that 32% of homeowners had claimed for water damage during this period, with a leak from the mains water pipe in the home the most common cause.

It amounted to overall claims frequency of 2.0% across the three countries we studied.

Proportion of respondents with water damage home insurance claims prior to LeakBot installation



Cause of water damage claim (as % of total number of claims\*)



\*Sample: 404 water damage claims across three countries. Excludes weather and flood claims

The results

# LeakBot savings

We then asked customers about their home insurance claims after LeakBot installation and compared each answer to the number of days that they had held a LeakBot device to draw meaningful conclusions about LeakBot's impact.

The research results showed that in the UK LeakBot reduced water damage claims costs by 70%, with a 39% reduction in the frequency of claims, and a further 50% reduction in the severity of the remaining claims.

Across the 3 countries the average reduction in water damage claims spending was 44%, which shows that the more developed UK model (where the plumbing services are fully integrated as opposed to being out-sourced to 3rd parties) is the most effective model.

This claims reduction leads to the conclusion that there is a scalable solution for the home insurance industry at large. For example in the USA the average water damage claim frequency is 1.9% and the average severity is \$11,000, equating to a \$209 underwriting per policy on escape of water. A 70% reduction is a gross saving of \$146 a year per policy, far in excess of the total deployment cost of the LeakBot solution, inclusive of all the repairs.



**Reduction in water damage claims costs**



**Reduction in Claim Severity**



**Reduction in Claim Frequency**

**70% reduction in water damage claims = \$146 of claim savings per household per year in USA**

The results

# Customer happiness

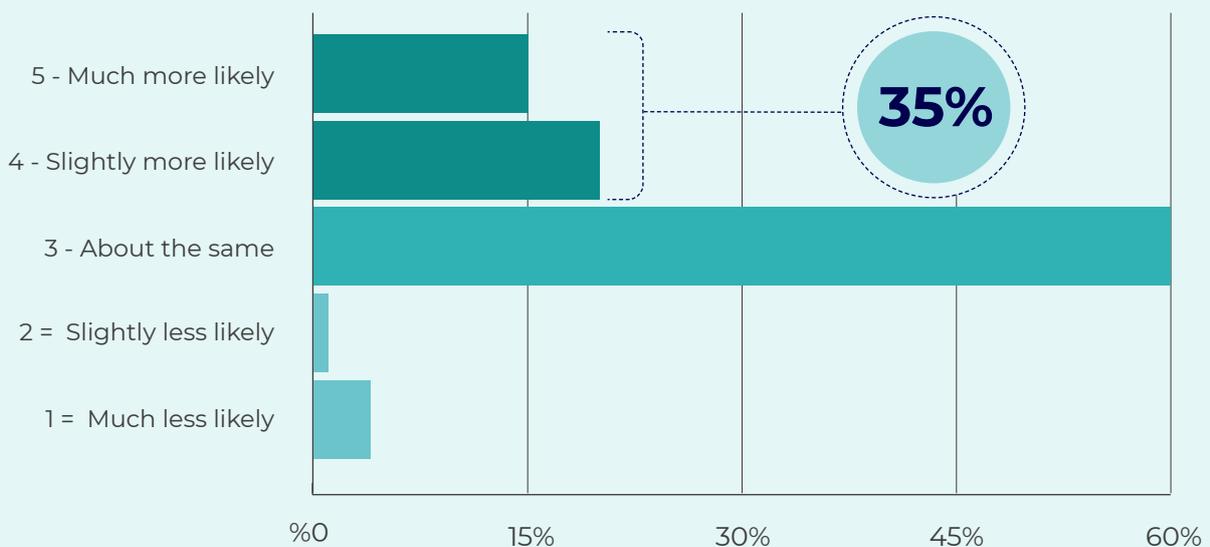
55% of people who had received an alert said they would recommend LeakBot to friends or family if they were also offered it for free from their insurer, with a NPS score of +36 across all 3 countries.

LeakBot installation also proved to be an effective driver of customer loyalty.

More than a third of customers (35%) said they were slightly or much more likely to stay with their current insurer since having LeakBot installed.

This was higher (39%) for those who had received a LeakBot alert and were therefore more likely to have experienced a good service first hand. It was nonetheless substantial (30%) for those who had fitted the device but not been alerted to a leak.

## Since having LeakBot installed, how likely are you to stay with your current insurer?



## Real life customer story...

When Michael Stanley received a LeakBot from his insurer he clipped it on, downloaded the app, and didn't think much more about it. Four months later the app notified him of a probable leak...

"I was sceptical," admits Michael. "I didn't see any water damage and I couldn't hear any dripping. But better safe than sorry and I had nothing to lose, so I booked a free plumber visit to take a look."

When the engineer arrived he pressure tested the system which confirmed water was escaping from somewhere. He eventually traced this to an upstairs cistern.

"It was a tiny leak," says Michael. "I was amazed to learn it wasn't a false alarm."

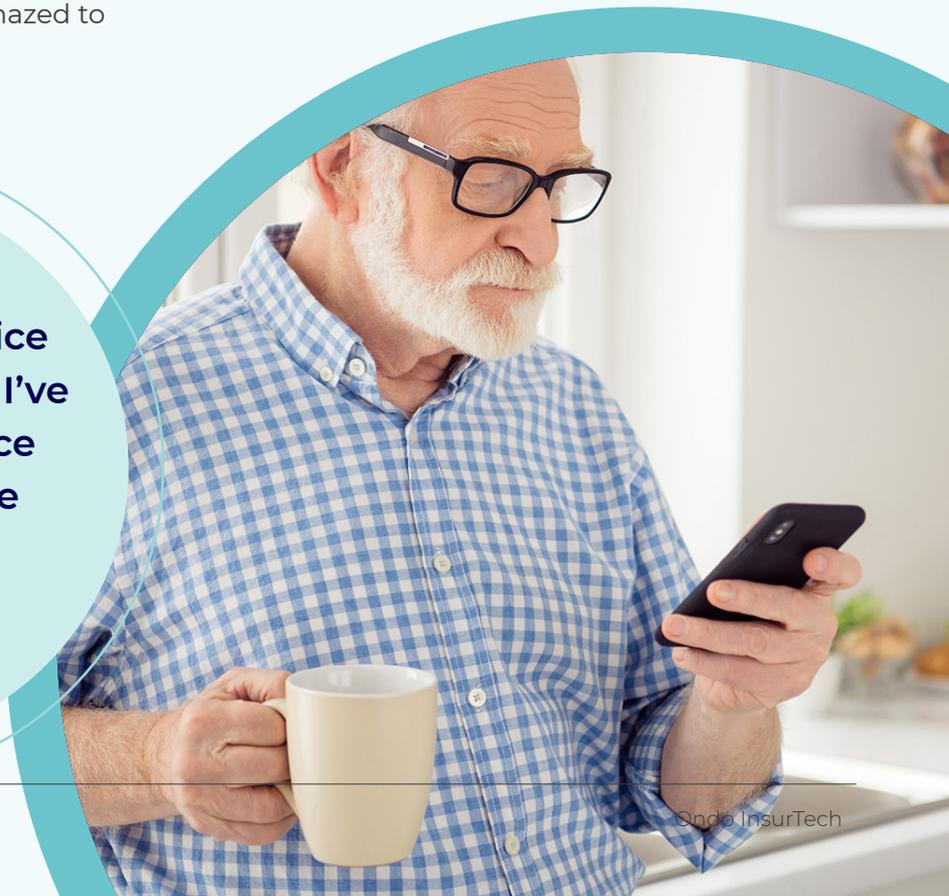
The plumber replaced a faulty valve there and then, and the leak stopped.

"It was a great service and not something I've had from insurance companies before," concludes Michael. "Our loft flooded a couple of years ago and the rigmarole of having the ceiling replaced and repainted is not something I'm keen to repeat. Knowing that LeakBot works so well is a big reassurance."

**“**  
**It was a great service  
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**”**

Michael Stanley,  
LeakBot user



The results

# Water savings

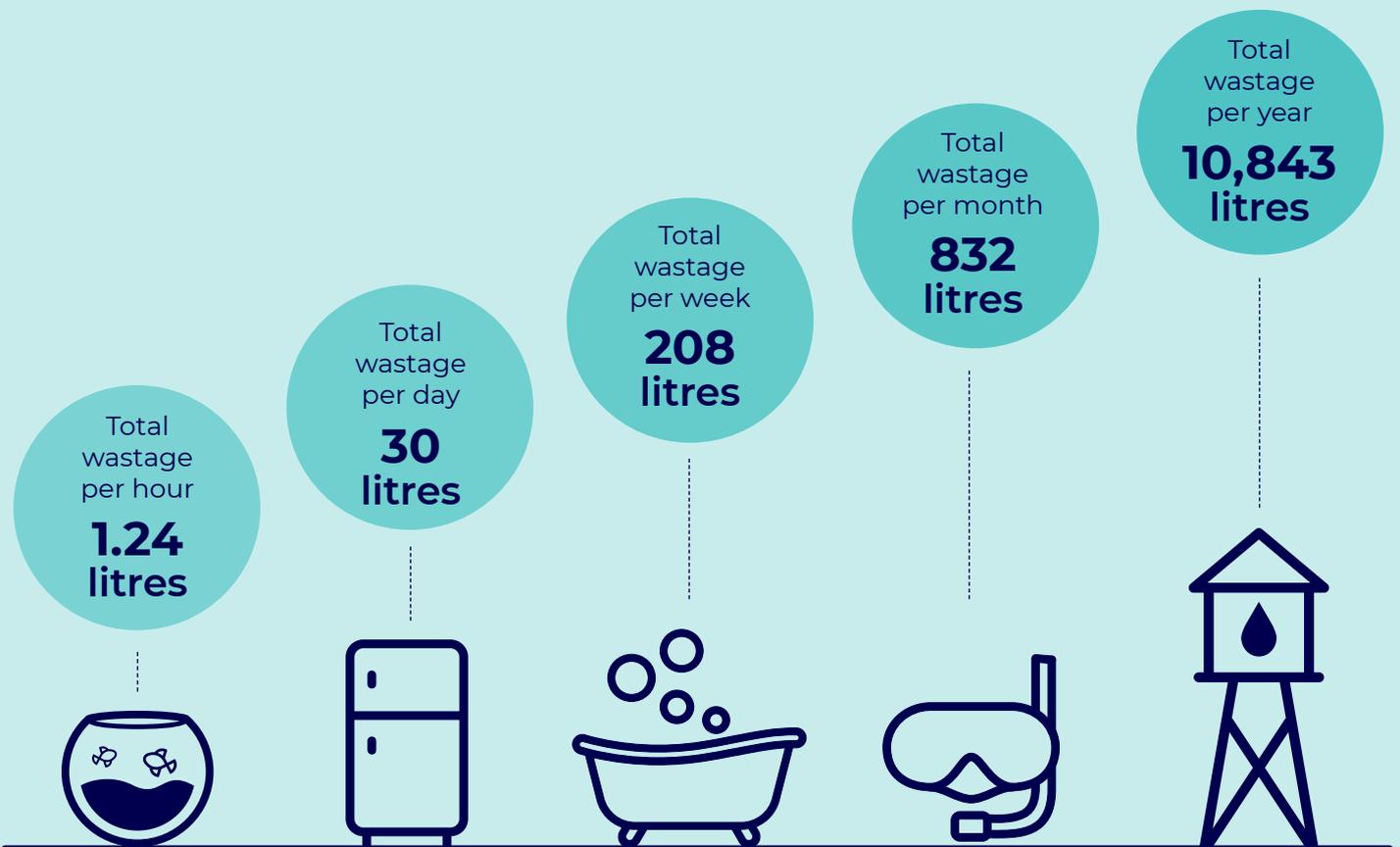
Water conservation is a rising priority for both consumers looking to reduce their bills and environmental impact, and for insurers' own ESG strategies.

In the US the Environmental Protection Agency estimates that minor water leaks in domestic homes accounts for the loss of nearly 900 billion gallons of water annually – enough water to fulfil the needs of 11 million homes in a year.

The average leak rates taken by LeakBot engineers quantifies how early detection and repair reduces water waste.

We find on average a property with a leak has a flow rate of water at 20.6 ml/min, equivalent to 10,843 litres of wasted water per year.

## Average flow rate for a domestic property with an active leak alert



\*Based on 100 LeakBot customer visits. Average flow reading taken 20.63ml per minute

# Conclusion

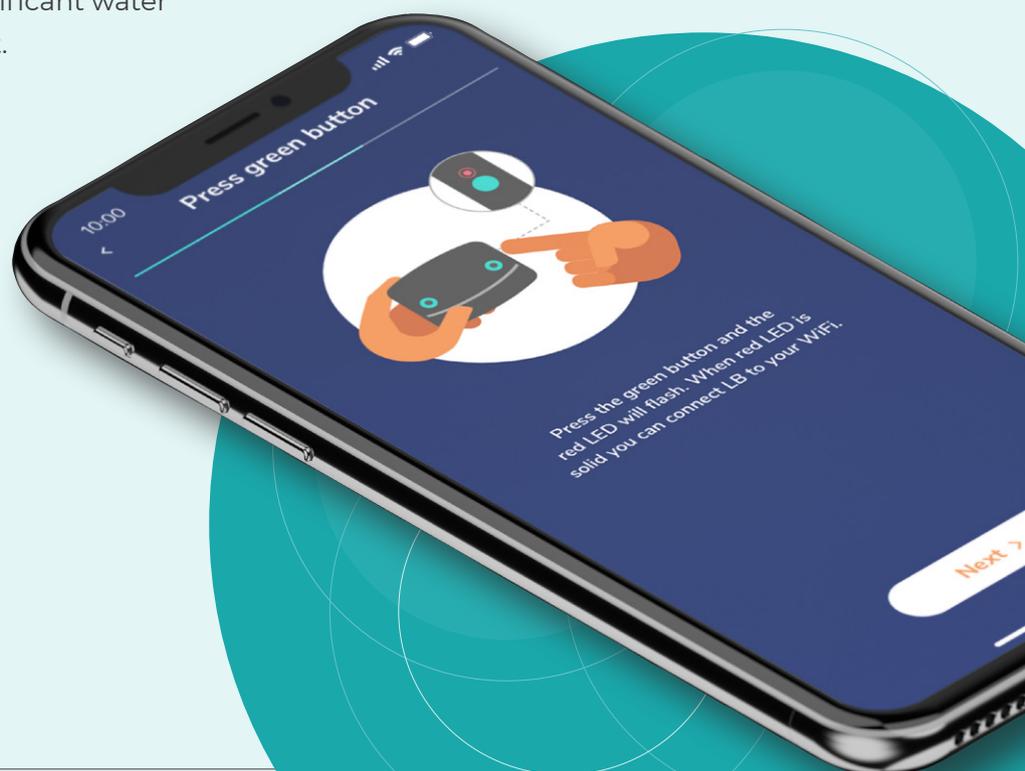
**This wide ranging and robust research across multiple countries shows that LeakBot technology is consistent in reducing the frequency, severity and overall cost of water damage claims.**

It does so to such an extent that insurer investment in providing simple LeakBot devices to customers pays back in reduced claims costs within just five months not to mention the data and analysis LeakBot provides insurers to inform future risk and underwriting models.

The support provided by LeakBot further builds loyalty towards the insurer that provided it and the rising NPS scores amongst those who have received an alert indicate this will only rise further over time. Additionally, deployment of solutions like this have an additional environmental benefit due the significant water leakage that is prevented as a result.

The survey proves there is a mass market scalable model with possible savings of \$11 billion in the territories LeakBot already operates in.

Any carrier that is serious about reducing its household claims ratio and maintaining competitive pricing to attract and retain customers should consider IoT devices such as LeakBot as a natural next step towards risk mitigation and water conservation.





### About Ondo

Ondo works with home insurers to deploy proprietary solutions to deliver sustainable risk reduction. Ondo's focus is on the global scale-up of LeakBot - an end-to-end internet of things solution which protects homes from the impact of water damage.

Water damage is the single biggest cause of home insurance claims, accounting for \$17bn of claims every year in the USA and UK combined. LeakBot is a patented self-install solution that connects to the home wireless network and, if it detects a leak, notifies the customer via the LeakBot mobile app and provides access to a team of expert LeakBot engineers to 'find and fix' the problem.

LeakBot partners with 10 insurance carriers - including Direct Line Group, Hiscox, Mapfre and TopDanmark - across 5 different countries, in Europe and the USA.

In March 2022 LeakBot became the first InsurTech to IPO in London, as Ondo InsurTech Plc.



**London**  
Stock Exchange



### About Consumer Intelligence

Consumer Intelligence (CI) is an insight partner for financial services, inspiring confident decisions that build consumer trust. For 18 years the company has been benchmarking the insurance market and retail banks in the UK and beyond. The unique combination of benchmark data, consumer research and extensive experience has helped some of the world's major brands focus on delivering better services to customers and improving their own business performance as a result. Clients include the Financial Conduct Authority, The Office for National Statistics and Compare The Market. For more information, visit [www.consumerintelligence.com](http://www.consumerintelligence.com)



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