# Your insurance company knows more about you than Facebook

Ed Leefeldt

Congress may have forced Mark Zuckerberg to reveal more about personal data gathered on Facebook FB). But consider this: Your insurance company likely knows a lot more about you.
Insurers' cache of private information includes credit reports, the market value of your home, age, marital status, education and, in the case of a life insurance policy, the status of your health.
In fact, insurance companies know more than legal authorities can often obtain — and insurance companies don't even have to issue warrants to get it. But insurers won't discuss this information or how it's used, instead saying it's proprietary and, if leaked, would give competitors an unfair advantage.
"I doubt anyone fully grasps how much and what insurers have on us, how they obtain it and how they use it," said Bob Hunter, the director of insurance for the Consumer Federation of America.
Insurers believe they're entitled to your private information because they offer products such as car insurance that are required by virtually every state. They argue that these calculated risks could cause them to suffer billions in losses if they guess wrong.

And now, insurers are learning to harness artificial intelligence AI) to interpret this information. This helps them delve deep into our lives and determine what triggers us to buy insurance, purchase more of it and keep it when it's no longer a bargain.

Conversely, it gives them a heads up if a policyholder is likely to get in trouble, so the insurer can cancel the policy or not offer it in the first place.
AI gives insurers an in-depth ability to interpret data as minute as bar bills or social media postings that indicate alcoholism or tobacco use.
More than half of all risk managers in a survey by Marsh LLC said they also use the "Internet of Things" to find out about people. For example, a device in your car can tell your insurer if you're driving safely. Drivers don't have to allow it, but they often do in exchange for lower premiums.
Michael Barry, the head of media for the Insurance Information Institute, which represents property-

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casualty insurers, said regulators are trying to catch up to the new realities. "To make sure there's a proper balance between the information insurers gather from current or prospective policyholders and with whom and how they share that information, the National Association of Insurance Commissioners NAIC) has created a Big Data Working Group." But the NAIC can only set guidelines for state regulators, who aren't governed by national law.

So how does AI help insurers? CEO Dror Katzav of Atidot, an Israeli technology firm, said by mining data from life insurers and linking it to public information such as Census data, he can pinpoint people experiencing a "change in circumstances," which could lead to their buying more insurance. Say you change addresses. Your insurer would be able to tell if you're in a better neighborhood and a candidate for more insurance.

With billions of dollars on the line, insurers maintain a huge database of those they regard — correctly or erroneously — as bad risks. ISO, a subsidiary of Verisk Analytics, uses detailed reports from insurers to perform this type of "predictive analytics."

Insurers can also obtain crucial data on car accidents and violations on an almost real-time basis. One company, Nexar, said it can "automatically create a comprehensive collision report within minutes of an incident — including footage of the crash and notify [insurance] providers."

"Insurers look for everything they can find on an individual or company, including Yelp reviews," said risk consultant Evan Taylor of NFP Corporate Services, an insurance consultancy.

While these new tech tools can be beneficial, insurers have also been caught using "price optimization," now outlawed in 16 states. Insurers mined customer data and tested incremental price increases to figure out which policyholders would switch to another carrier. The AI told insurers who would accept higher premiums, so they could charge them more.

Amy Bach, executive director of United Policyholders, which represents consumers, said insurers' knowledge of their customers' financial status can aid the insurer if and when a claim is filed. "Insurers can determine how to lowball a claim settlement offer and get away with it, where the breaking point is and when the consumer will push back and retain a lawyer," said Bach. "AI finds the sweet spots in both sales and claims."