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## INSURANCE NEWS

**Date: December 12, 2011**

**Source: Daily Finance**

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### What Insurers Could Do With Your 'Social Media Score'

By [Sheryl Nance-Nash](#) Posted 7:00AM 12/12/11 [Insurance](#)  
*Daily*  
*Finance*

Here's yet another reason to watch what you say and do online: Insurance companies are already surfing social media sites to get the scoop about their customers, and what their data-miners find may soon be compiled into a new way to rate you as a risk: a social networking score.

Right now, vendors are building tools to automate the process of searching social media. Such technology would allow insurers and other companies to more easily mine data from Facebook, Twitter and other sites, explains Michelle Megna, managing editor of the industry-sponsored site Insurance.com.

And, just as insurers use credit scores as a factor in assigning you to a risk box, that data could be used to create a social networking score, says Megna.

She isn't alone in thinking the next step may be a social media score. "I think we're going to see data mining companies sweeping the Internet and collating public data about what you like and say and where you go online and use that info to create a social media score that companies can buy," predicts Douglas Heller, executive director of Consumer Watchdog. "And they'll use that to decide how much to charge or whether or not to sell insurance to an individual based on that."

Your digital DNA is gold to insurers. Your online activity -- everything from Facebook Likes, tweets, online searches or membership to a health website -- serves as background to insurers as they're setting rates or claims. "They are using this data to compile detailed dossiers of individuals," says Michael Fertik, founder and CEO of Reputation.com.

He says there is evidence in the media and industry reports that insurers are beginning to use social data to determine rates. "The backbone is in place -- [a massive data industry] to help facilitate the use of social media data and online information by insurance companies."

There is no question that at least some insurance companies already use the Internet and social media as part of their underwriting and/or claims handling process, says Michael Packer, attorney with Marshall, Dennehey, Warner, Coleman &

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Goggin, which represents insurers.

### **Proof in Pictures and Words**

How can your online presence prove problematic? If you say you've got a knee injury but post photos of yourself crossing the finish line in a marathon, the gig is up.

A life, health or disability carrier who is writing a policy would be interested in knowing whether an applicant engages in dangerous activities such as sky diving, shark diving, an appetite for travel to war-torn countries. If the underwriter sees the applicant's Facebook page has tons of photos of them shark diving off the Great Barrier Reef or doing relief work in the Congo, they might change their mind, says Packer. Similarly, if an applicant says he's a nonsmoker, he might have a problem if his Flickr account has photos of him clubbing in South Beach with a cigarette in hand. And if you "Like" Twinkles and Oreos on Facebook, that knowledge of your unhealthy taste in snacks might give pause to a life or health underwriter, explains Mike Fitzgerald, a senior analyst with Celent, a financial research and consulting firm.

It's not that insurers are nosy: It's just business. "They are using social media for due diligence and to verify information so that a risk is properly and fairly rated," says Packer. It doesn't do you any good to be untruthful in your application. If you later make a claim and then the insurance company finds out the truth, the company will have the right to deny the claim or rescind the policy from the date of the original inception, says Packer.

Online data has also been used to dispute claims. There are numerous cases reported where someone has claimed to be disabled (a back injury suffered on the job, for example), but a social media posting contains pictures of them dancing or engaging in other strenuous, recreational activity," says Fitzgerald.

The reverse is also true. "I have been involved in claims where information I found on Facebook or online message boards have confirmed the validity of a claim," says Packer.

You may not like the idea of being watched so intensively, but there's an upside if you're among the honest. Insurance fraud hurts not only the insurance companies, but everyone, because it adds 10% to the cost of the average policy. If insurers can bust more fraudsters, it could mean that eventually, your policy would take a smaller bite out of your wallet.

### **Brag on Yourself**

The fact that your social media profile is being watched doesn't have to be all bad, though. It also gives you the opportunity to show what a good gal or guy you are. For example, if you "check in" to a health club using a service like Foursquare, it can indicate that you are a good risk, because you're exercising and may have a healthy lifestyle -- good news for health and life insurers. If you blog about winning the office weight-loss contest, or comment about how you traded in your sports car for a minivan, would it help your rates? Maybe.

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Regardless, your social media score will be only one measure insurers can use to determine your premiums, whether you qualify for coverage, or whether your claim is valid. Insurers are regulated by state laws, and some dictate which criteria can be used in their decisions. State regulations govern what information insurers can use when setting prices, deciding whom to accept or reject and even how an individual's privacy is safeguarded.

"I have no idea if there are state laws that could prohibit the use of social media content for setting insurance rates, but I'd expect there'd be some sort of debate over this at some point," says Megna.

Nor is it clear if social media snooping will be done routinely or not. "It's most likely to happen if there are red flags involving a claim. Then an investigator will step in and start looking, and that looking will include social media," says Jeanne Salvatore, senior vice president and consumer spokeswoman for the Insurance Information Institute.

Be sure you have proper privacy settings so that only those you want to have access to your online life. Don't forget too, to tell your BFFs not to share your stuff. Who knows how "private" their pages are.

Privacy settings or not, your right to privacy could go out the window if you're involved in a lawsuit with an insurer. "Courts have ruled in some cases that private social media postings are discoverable," says Megna.

Lastly, says Packer, staying out of the spotlight is easy. When it comes to completing your application or filing a claim, "Be honest."

See full article from DailyFinance: <http://srph.it/tgZ3ib>

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