

SOCIAL INSURANCE COMPANY RELIES ON COMMUNITIES TO REDUCE PREMIUMS



FINANCIAL SERVICES

We've seen a number of innovative insurance initiatives in recent years, from [free medical insurance in Mexico City](#) to [discounted car insurance for GPS-guided drivers](#). Now we've spotted [friendsurance](#), an initiative that lets you manage your own insurance claims amongst a select group of friends. German friendsurance enables its users to create communities of up to 15 people who can help cover an insurance claim in the case of an accident. These friends can be pulled in from a user's Facebook account, and, once they have become a member, they can then provide between EUR 30–50 to help cover a fellow member's claim. When a claim exceeds the amount the group can provide, friendsurance will then cover the rest of the claim. The "social insurance" model means that many small claims can be handled without the need for involvement from friendsurance itself, which reduces administration costs and thus enables the company to provide cheaper policies. What's more, because the insurance claim is handled by a trusted group of friends, it is also hoped that the model will lead to a reduction in the number of fraudulent claims. Currently offering home, liability and legal insurance, friendsurance claim that that by using this model their policies are up to 70 percent cheaper than their competitors. As other services and commercial enterprises have already embraced social networking and the 'crowds' wholeheartedly, it's refreshing to see a truly innovative application of these concepts. A model for success — and one to be inspired by! (Related: [Auto insurance by the mile](#).)

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