The vast potential of Artificial Intelligence for Insurers
introduction
One of the more popular and much-discussed topics within the insurance industry is the introduction of the next level chatbots to increase customer experience, namely chatbots powered by Artificial Intelligence. As of now, the insurance industry is among the least innovative areas for customer experience, resulting in disappointing and dissatisfied online interactions with insurance companies, increasing the demand for innovation within the insurance industry.

During the last couple of years, the industrial use of AI has seen an uprising – in terms of interest, investment and implementation. Moreover, many insurers and insurtechs are more than motivated to take the next step in digital-enrichment.

This whitepaper will focus on the adaptation of chatbots powered by AI, the challenges that come with it and important aspects to take into consideration during the implementation process.
from rule-based bots to AI
As of now, some of the leading firms and companies within insurance are taking the first steps to deploy AI capabilities. Traditional methods of filling in claims are long and tedious. Since claims are being handled by people, claim request can take quite a while before being finished, especially if the person responsible for the claim is ill or on vacation. This in turn increases the workload for the agents and frustrates customers. To shorten the time between filing and receiving a claim, insurance companies turn towards automatization.

The first steps towards an AI utopia have been made by AI-related technologies such as machine learning, speech recognition and natural language processing (NLP). Moreover, the amalgamation of these technologies, together with many more digital improvements, have resulted in rule-based bots: software that uses IT for automation processes. Rule-based bots use rule-based processes or decision trees that can carry out conversations quickly and consistently. Unlike with artificial intelligence, there is no learning done by the machine and the bot is only capable of answering questions that were predetermined by humans. This form of “artificial intelligence” is already in use by many insurers and insurtechs. The goal of this technology is simple, to gather data quickly and efficiently.
Artificial Intelligence

AI, a term that has both been popularized by Hollywood to make robots more menacing and writers who need an interesting word to describe smart technology. But what is artificial intelligence exactly?

Artificial intelligence consists of a range of data and technologies that make software smart enough to interpret data in order to autonomously control machines, produce forecasts, derive actions and to hold conversations. Moreover, AI systems use advanced algorithms to constantly learn from newly inputted data to adjust and enhance their predictions and interpret context.

An important difference between machine-learning technologies – which likewise can track developments and recognize patterns – and artificial intelligence is that artificial intelligence is able to apply its learnings in new situations.
Chatbots

Chatbots are automated answering systems which work through messaging app that can appear on websites of the insurer but also in your favorite apps such as, Facebook Messenger, WhatsApp and Skype. Currently, chat bots have the function to responds to your typing through sensible and intelligent answers by the use of a decision tree.

However, the next generation of chatbots will act more like personal assistants, doing everything from booking your flights to handling your insurance claims, and interpreting context within a conversation. It is also important for these chat bots to have a natural language processing and the ability to interpret context to understand what every customer says or means.

Finally, the short-term goal for the insurance space is so that chatbots can resolve claims, as well as sell products, address leads, or make sure customers are properly covered by their insurance.
In addition, the next step towards AI has also been taken by the biggest players in the insurance world. Instead of working with “systems that do”, some have made the next step to a “system that thinks”: bots that are characterized by the need to identify anomalies and are enabling machine learning together with human intervention. Moreover, in line with the steps that are being taken towards a fully integrated AI, Gartner predicts that:

- “by 2019, more than 10% of IT hires in customer service will primarily write scripts for bot interactions”¹ and
- “By 2019, startups will overtake Amazon, Google, IBM and Microsoft in driving the artificial intelligence economy with disruptive business solutions”¹ and
- “85% of customer interactions are predicted to be managed without a human by 2020”².


technical hurdles
Though providing many possibilities in the near future, AI also poses some real challenges. Some of these concerns were shared by insurers and industry professionals during the round table hosted by We are you Amsterdam during the Next in Finance conference early 2018.

First of all, implementing AI requires a vast investment of funds and other resources upfront. Not only to adopt this new technology, but also to market it to the customers. Other concerns are its reliability in the insurance market and the integration of this new technology into the existing architectural landscape.
customer readiness

The first and foremost problem that insurance companies are dealing with now is the customer readiness. The mindset of the customers, as of now with the rule-based bots, is that they are skeptical towards the capability of the software. This is tightly linked to the sensitive nature of the information shared with insurers. Customers are more confident confiding in a person about a sensitive subject than in sharing that with a piece of software. The two main concerns are:

1. The machine not handling the sensitive information right or not respecting the client’s privacy.

2. The machine misunderstanding the customer, his emotions, context and his personal “needs”.
Every person has his own style of verbal communication, translated into different languages, accents, voice patterns and even the use of slang. Therefore a challenge lies in interpreting language accurately and getting the message right. AI that’s learning needs human oversight to equate with human capabilities. It is a significant investment of human time to re-configure whenever a machine has “learned” something wrong. Moreover, the bot must ‘understand’ the person it’s talking to and recognize unreasonable or illogical answers given the context of the conversation. Things like background noises and other disturbances can’t distract it from the conversation.

The challenges in reliability will have to be covered by human oversight and manual interventions.
integration

One of the persisting problems regarding the integration of Artificial Intelligence is that a lot of data in the back office systems has never been collected and stored with the goal of complicated processing as is needed for AI. AI can only be empowered when it is fed the right data, which could be a big handicap for many firms. Many insurers and insurtechs will have to start over with collecting data or convert its huge database to accommodate the new conversational user-interface. For example, to make machine learning possible you need certain information which can only be captured at the time of data capture. If this hasn’t been done, the database could not be used.

However, with the General Data Protection Regulation (GDPR), the incentive for companies to have their data and consent up-to-date is bigger than ever before. This could very well be the new foundation on which to build your companies artificial intelligence.
lifting customer experience to the next level with AI
Today is the age of consumer. It is important for companies to connect with their customers. However, the interaction between consumers and technology is changing rapidly, especially when we look at the next generation. Children interact very differently with technology and it is especially interesting to see that even at a young age, children can communicate with apps and websites by simply pressing interactive buttons and by sending spoken messages. Children who can’t even read are clicking on the microphone button in YouTube, telling YouTube to open their favorite cartoons or having conversations with Siri on their parent’s phone. It’s clear that the next generation has a much easier time getting accustomed to voice integrated systems. It is a valid option for (insurance) companies to invest in conversational bots, powered by AI. In addition, as mentioned earlier, Gartner’s latest hype cycle in developing technologies mentions how conversational interfaces will achieve a commodity level in five to ten years. Amazon’s voice controlled system Alexa is already in its second generation and reaching maturity. Although voice controlled AI is currently still very innovative and – it could be said – is still in its introductory stage, it is a matter of time before voice controlled AI is readily available in our favorite apps.

Conversational bots in its simpler form are called rule-based bots. These are already implemented in the market and their evolution towards a full-fledged conversational bot is continuing. The first versions are being implemented by early adopters. Whether the bots are in its most basic or advanced form, there are always four factors that companies should consider as key points when integrating conversational bots.

In Sitecore the information of your customers becomes more readily available. We are you’s accelerating technology InsuranceRight brings this information into an insurance context.
integrated conversation

It is very important to set up the entire conversation chain from front to back, to be able to conduct an intelligent dialogue instead of just collecting data. In addition, the collection of behavioral data is a vital part of the integration. The conversation online should be just as authentic as the conversation you conduct on the phone or in person at a local office.
The vast potential of Artificial Intelligence for insurers

Customer is king, especially in the insurance market. Insurance customers want fast claim processing and integrated communication throughout multiple channels. The more disjointed the process remains, the greater the gap between customer expectations of multiple channel integration and the level of customer experience delivered. The goal is for AI to create a cross-channel experience for everyone involved in the claims process, both customers, customer service staff and claim agents. Looking at both context and channel integration we should note that a cross-channel approach does not mean facilitating everything on every channel.

Rather, the experience on every channel should embrace the channel specific customs and possibilities and respect the context they are used in.

channel integration

Customer is king, especially in the insurance market. Insurance customers want fast claim processing and integrated communication throughout multiple channels. The more disjointed the process remains, the greater the gap between customer expectations of multiple channel integration and the level of customer experience delivered. The goal is for AI to create a cross-channel experience for everyone involved in the claims process, both customers, customer service staff and claim agents. Looking at both context and channel integration we should note that a cross-channel approach does not mean facilitating everything on every channel.

Rather, the experience on every channel should embrace the channel specific customs and possibilities and respect the context they are used in.
cost reduction

AI could provide a big cost reduction by improving efficiency throughout the whole customer journey. It can also play a big role in fraud detection. Machine learning can detect patterns of fraudulent claims and notify insurers of suspicious claims. Conversational software will only improve in accuracy as time progresses and more claims are run through the system. In addition, AI reduces manpower required, which in turn makes the company benefit in saved overhead costs.
futureproof platform technology
When developing a platform for insurance companies and insurtech, especially if its needs to be “futureproof”, it is important to stay away from infamously long development cycles. Most companies see themselves in a squeeze between the need for quality and the need for fast delivery. Moreover, in the insurance industry, the communication will be almost always cross-platform. To Gartner large numbers of customers through various platforms, it is important to create a solution that is adaptable so customers can use it on the go, wherever they go. Rather than replacing the entire backend and frontend to facilitate a cross-channel experience, it is recommended to gradually migrate to a futureproof situation by following three steps.
step 1: choose the right platform(s)

Ultimately the customer experience should rely on a singular platform equipped to facilitate a cross channel approach. When selecting a platform, it is preferred to choose one with a worldwide presence. Select a basic customer experience platform that is modern, open, modular and API oriented.
step 2: select your preferred API standard

Based on a standardized data model it is possible to connect your platform to various solutions. This ‘loosely linked’ approach allows you to interchange solutions without losing valuable data. At the same time, it enables you to utilize the latest technology without drastic changes to your core platform. Where in the past the credo was Mobile first development, now it is API-first development.
step 3: build your MVP

Rather than entering the market with a fully formed robust product, launch only a minimum viable product – an MVP – to enter the market fast. Immediately begin collecting data using a build-measure-learn feedback loop. Use the feedback collected to continually inform the development process.
The InsuranceRight Solution

InsuranceRight utilizes the Sitecore capabilities to achieve the ultimate Insurance customer experience. This allows the insurance marketeer to invest more in the unique qualities that identify their brand from others, requiring fewer development hours and therefore offering a short-time-to-market. With all the basic interaction in place, more time and money can be spent on enhancing the interaction, making a conversation rich digital channel and reaching the right customers. InsuranceRight allows you to launch a unique insurance proposition in as little as six months.

InsuranceRight is completely responsive and covers all basic insurer needs.
We are you is an international digital agency born from the merger of five digital agencies. It counts over 400 professionals. We are you Amsterdam specializes in transforming digital channels for banks and insurance providers.

With over 20 years of experience in the world of digital transformation, we have been supporting our clients to better understand online behavioral patterns and create an engaging customer journey. When clients work with us, they benefit from a personalized customer experience, increased loyalty, higher conversion rates, and shortened time to market.