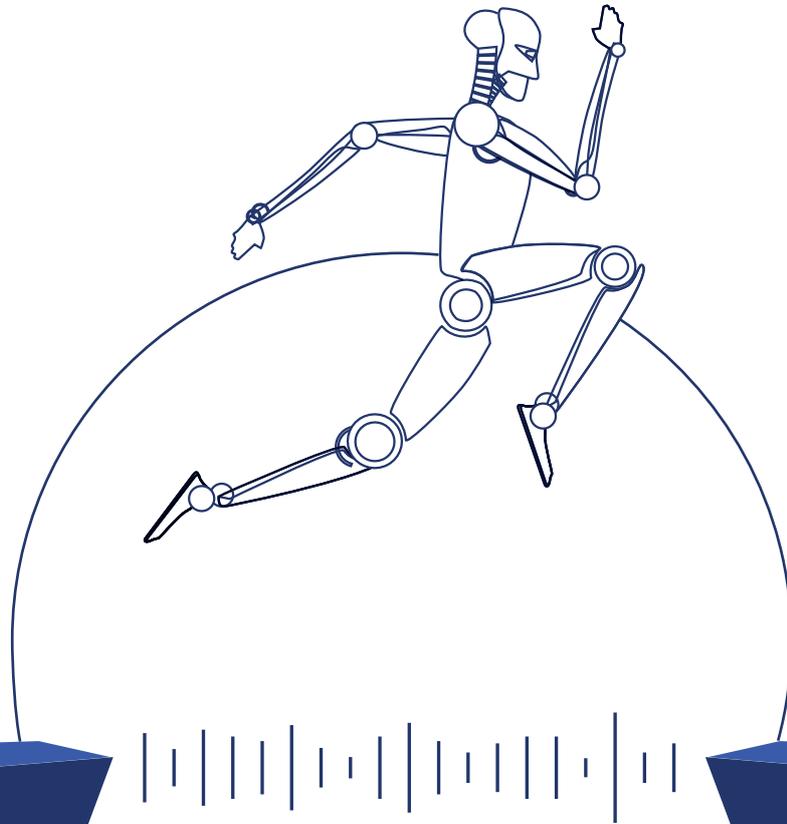


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AI AND ML TRANSFORMING INSURANCE CUSTOMER'S EXPERIENCE

INSURANCE EDITION

AI

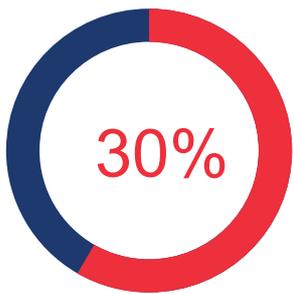
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RISING EXPECTATIONS ACROSS THE BOARD

Imagine you hop into a car and your auto insurer shows you a route that has a lower likelihood of accidents and auto damage via a mobile app. It also shows the adjustment to your monthly premium based on the route you choose and the volume and distribution of other cars on the road. In case of an accident, however minor, you are asked to take pictures so your insurer can assess the damage and confirm the claim while a mobile response drone gets dispatched to the lot for inspection. This scenario represents the exact direction of the insurance industry.

With artificial intelligence and deep learning techniques such as convolutional neural networks, customer experience has become a key differentiator in the insurance industry. Personalized experiences for individual buyers are the key to becoming successful players in the insurance industry of the future.



Experts estimate that by 2025, there will be up to one trillion connected devices and that insurance ecosystems will account for 30% of global revenues

AI and its related technologies are reshaping the insurance industry. Data from connected devices like cars, fitness trackers, home assistants, smartphones, smartwatches, etc., is shared with carriers and allows carriers to understand their customers more deeply. Convolutional neural networks and other deep learning technologies (currently used primarily for image, voice, and unstructured text processing) can be used for processing the incredibly large and complex data streams that will be generated by "active" insurance products, giving more insight into an individual's behavior and activity. Programmable, autonomous drones will all be commercially viable in the next decade. This will shift risk pools, change customer expectations, and enable new products and channels in the insurance industry. So, can these technologies be leveraged to transform customer experience in insurance? Let us look at this in greater detail.

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AI OFFERS A GRANULAR UNDERSTANDING OF CUSTOMER BEHAVIOR

Essentially, AI places intelligent layers at strategic junctures to augment customer executive performance and enhance quality of experience. The process begins by identifying the customer experience use cases which bring the highest value to an organization. This identification is enabled by data analytics, with information collected over the long-term that reveals high-lifetime-value customers, high interaction frequency, and other action points. Once all of this has been identified, AI can be introduced to understand the details of customer behavior, sentiment toward various products and user interface elements, and any unfulfilled expectations. On one hand, AI will uncover insights into customer behavior patterns and dominant trends, while on the other hand, limiting application to only select customers will optimize investments.

At first glance, this appears identical to existing data analytics applications. This, however, isn't the case. While data analytics works primarily with historical records and large databases, AI engines can process data in bite-size chunks, giving enterprises insights in real time, powered by advanced computational capabilities. Some of the layers implemented by AI include:



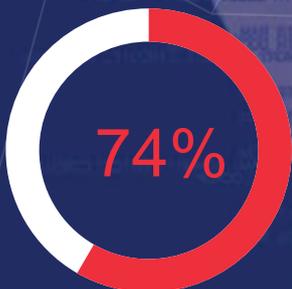
Machine Learning (ML) - a foundational layer, allowing the AI engine to become incrementally more intelligent with every use



Natural Language Processing (NLP) - helping comprehend unstructured data and convert human language information into a machine-ready format

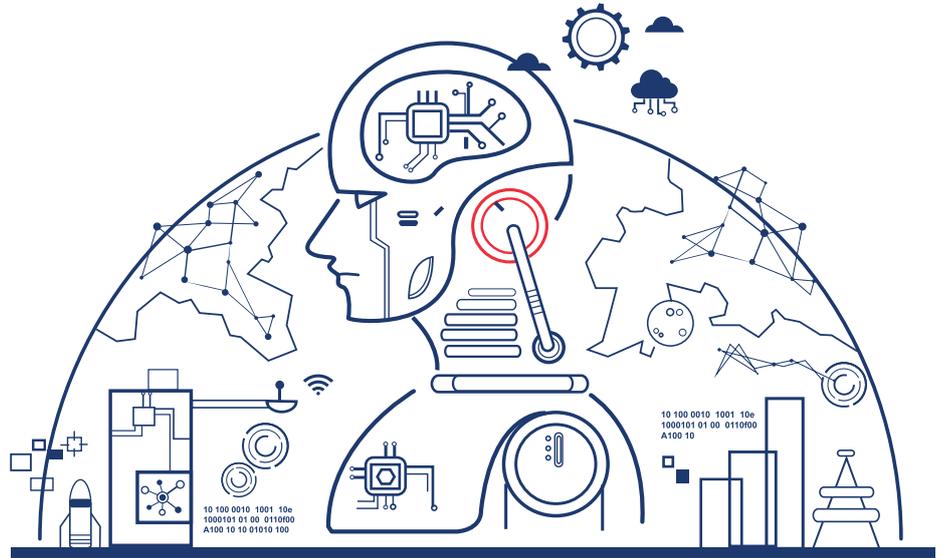


Component technologies such as sentiment analytics and Optical Character Recognition (OCR), among others

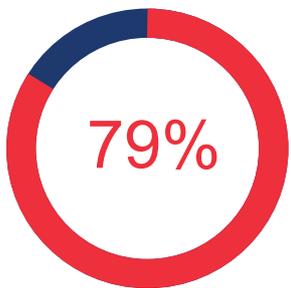


According to a survey, 74% of customers would like to interact with modern technology and appreciate the system-generated insurance advice.

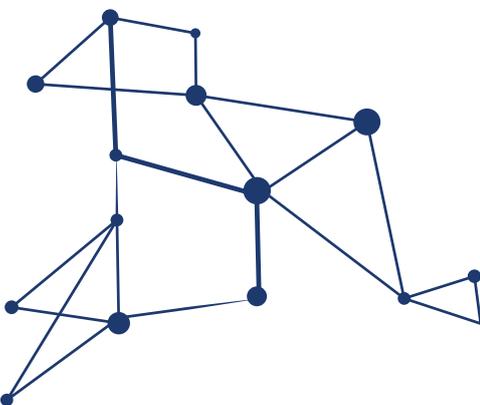
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By holistically looking at customer opinion across various points on the purchase journey or across multiple interfaces where a brand is present using a blend of these technologies, an accurate picture of brand/product perception can be gathered as well as the factors causing friction during buying experiences. The granular information uncovered by AI will prove key to reshaping experiences with an eye on emerging demands and individual customer preferences.



Driven by benefits like this, interest in AI for customer experience enhancement is gradually increasing. In the near future, 79% of insurance carriers will deploy AI in order to improve quality of experience, specifically in the areas of content management, CRM and marketing personalization. This brings us to the next area of discussion.



PERSONALIZING FOR A “SEGMENT OF ONE” USING AI IN THE INSURANCE INDUSTRY

AI and its related technologies will impact all aspects of the insurance industry, from distribution to underwriting and pricing to claims. The access gained by insurers to a mass of data about their customers has also created an opportunity to personalize for “Segment of One” using AI and analytics. Consumers also expect personalized, self-directed interactions with insurers as much as they do with online retail leaders such as Amazon. *Per a recent survey, seventy-nine percent of insurance executives believe that “AI can revolutionize the way insurers gain information from, and interact with, their customers.”*

01



BETTER TARGETING FOR INSURANCE PRODUCTS

A buyer looking to purchase a policy online may complete the first few stages of the sales funnel before changing their mind at the very last moment, causing a drop-off. This is a high potential lead with a significant possibility of conversion. An AI engine will automatically identify the buyer and route them to a human representative, enabling the remainder of the funnel to be processed via offline channels. With appropriate measures in place, the insurance provider could even integrate a conversational commerce interface (such as Messenger or WhatsApp) where a bot requests more information or shares customized promotions to encourage the purchase. This can improve quality of experience (QoE) by using multiple service platforms, both online and offline.

02



BETTER DISTRIBUTION WITH AI AND DEEP LEARNING TECHNIQUES

With the use of AI and related technologies, there will be less manual interaction from the insurer and the customer in purchasing insurance. Data from a combination of drones, IoT, and other devices help proactively create risk profiles based on individual behavior. This reduces cycle time for purchasing a policy to minutes or even seconds. The human agent’s role will also evolve, using smart personal assistants to optimize their tasks. Additionally, AI-enabled bots will help tailor the agent’s interactions with each customer to more precisely fulfill the customer’s current and future needs.

03



PERSONALIZED UNDERWRITING AND PRICING

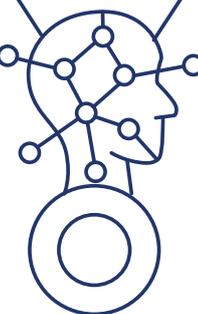
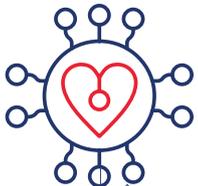
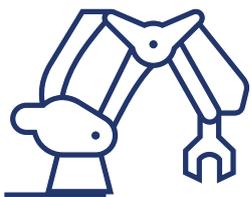
The process of underwriting is reduced from few minutes to a few seconds with the automation of underwriting. Information collected from devices provided by mainline carriers, reinsurers, product manufacturers, and product distributors enables insurers to underwrite and price based on the buyer's risk profile and coverage needs. Pricing is available in real time based on usage and behavior, empowering consumers to make decisions about how their actions influence coverage, insurability, and pricing.

04

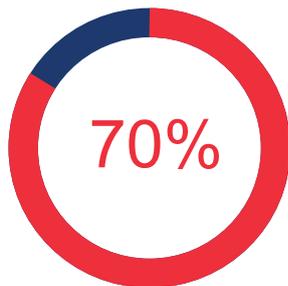


EASE FOR CUSTOMER IN CLAIMS FILING AND PROCESSING

Claims for personal lines and small business insurance are largely automated, reducing claims processing times from days to hours or minutes. In the case of an auto accident, for example, a policyholder takes a streaming video of the damage, which is translated into loss descriptions and estimated amounts. For large-scale catastrophe claims, drones can be used to assess damage quickly and safely. Connected technologies could also allow policyholders to diagnose their problems and report incidents. The claims process is also personalized based on the user's behavior, allowing for smarter adjudication. Also, AI can help insurers look at behavioral economics to tackle fraudulent claims, bringing in transparency and trust to the process.



*In all these cases, what we have is literally a **Segment of One** – an ecosystem created by utilizing data analytics pertaining to past behavior, engagement patterns, and dominant areas of interest. Accordingly, the AI engine drives messages and triggers actions in real time, continually updating the insurance ecosystem, even as the user progresses further on their journey.*

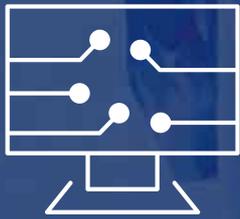


More than 70% of policies are automatically renewed each year without additional documentation, so automated policy checking and renewal can be beneficial for both policyholders and insurers.

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CURRENT APPLICATIONS AND IDEAS FOR FUTURE INNOVATIONS

Personalization is not a new concept in marketing and customer experience design. However, enterprises have traditionally relied on basic demographic data (gender, age group, socio-economic bracket, and so on) to arrive at customer segmentation models. But such simplistic demographics are poor predictors of actual behavior, especially in a world of increasing product competition, aspirational marketing, and differentiated preferences within the same segment. It is critical to leverage analytics for processing customer data at granular levels and use AI to personalize for a “segment of one” in real time.



An implementation already being witnessed is the customization of web pages based on previous trends, recommending the products, content and services that a specific “segment of one” is most likely to buy.

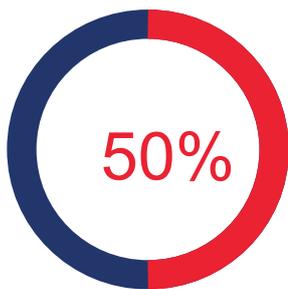
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CHALLENGES TO IMPLEMENTATION IN INSURANCE AND THE WAY FORWARD

Several factors are contributing to this rather sluggish implementation of AI and ML. On the one hand, there is a lack of ownership as insurance carriers struggle to assign responsibility to IT, marketing, or any other department. Existing employees may also be resistant to change, convinced that AI is a possible threat to their roles. Another concern is the siloed nature of customer data, which is often available in fragments and disparate formats, incapable of being processed by a singular AI engine. Finally, while use cases are numerous, there is an absence of clarity around prioritization and transformation starting points. This has resulted in the emergence of specialized AI vendors and consultants with expertise in implementation. These consultants would address both the cost of hiring in-house technical talent and any skills shortage faced by enterprises. Technical expertise would have to be complemented by a focus on R&D, with funds specifically allocated to the same.

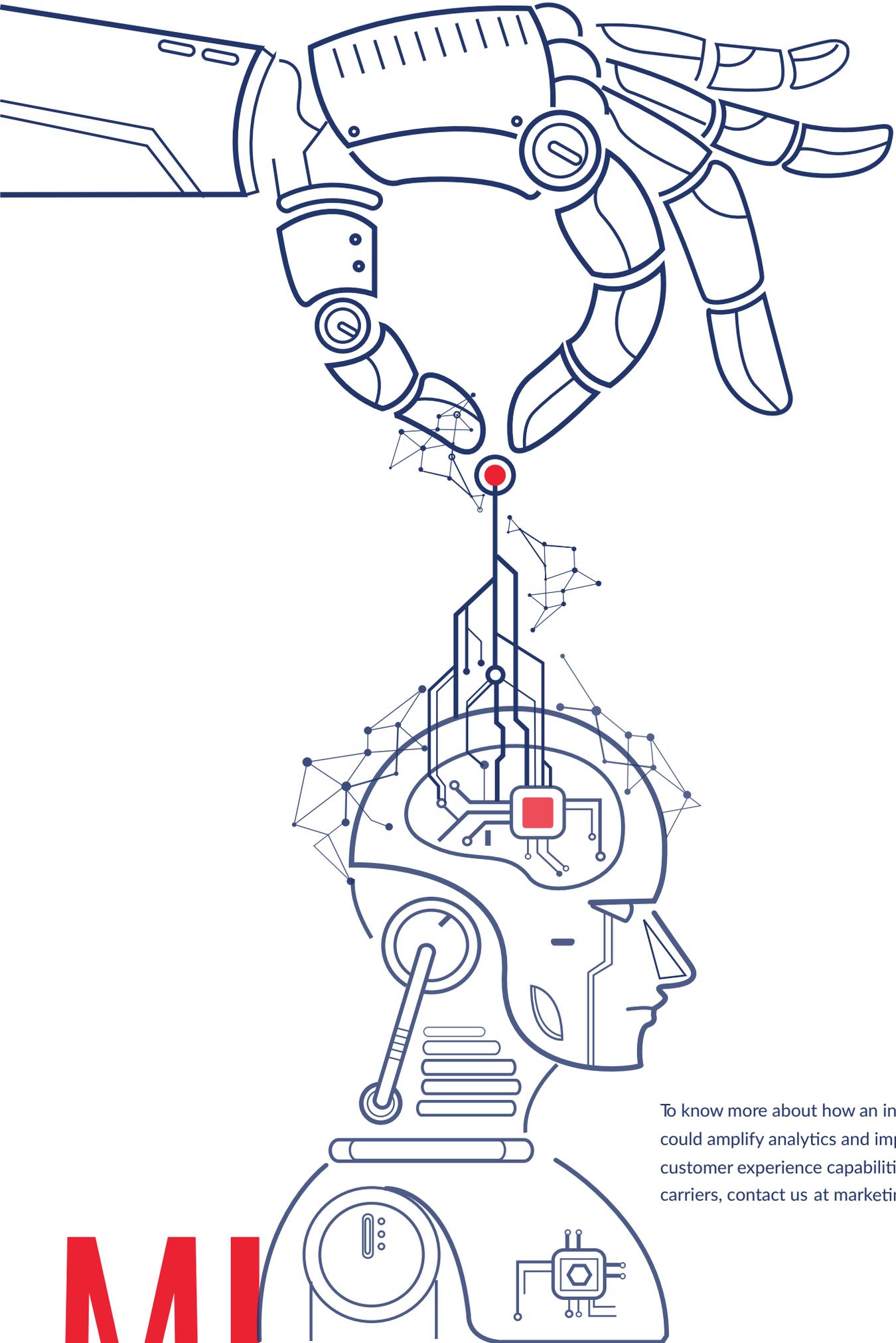
As more industry leaders are pushing for differentiation, an AI-driven customer experience will be pivotal in pushing boundaries in any industry or sector. For insurance companies, this means a new way to attract attention, connect emotionally with customers, and build relationships. In service industries, AI and ML will exponentially improve QoE through intelligent chatbots and virtual assistants. Given AI's current experimental status, early adopters will have a clear advantage.

Insurers can prepare for these accelerating changes by proactively adapting to AI-related technologies and trends by developing and implementing a coherent, strategic plan. This starts with insurers creating and executing a comprehensive data strategy with the right talent and technology infrastructure.



With 50% of modern consumers expecting a response to their queries in under an hour, these technologies will prove game-changing. In the next part of this series of whitepapers, we discuss how AI and ML could redefine customer service experiences and add to an insurance carrier's bottom line.

AI



To know more about how an intelligent layer could amplify analytics and improve customer experience capabilities of insurance carriers, contact us at marketing@zensar.com

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Zensar Technologies

Zensar Technologies is a leading digital solutions and technology services company that specializes in partnering with global insurance, retail, and IT organizations on their digital transformation journeys. We are a technology partner of choice, backed by a strong track record of innovation, credible investment in digital solutions, and unwavering commitment to client success. Zensar's comprehensive range of digital and technology services and solutions enables its clients to achieve new thresholds of business performance.

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