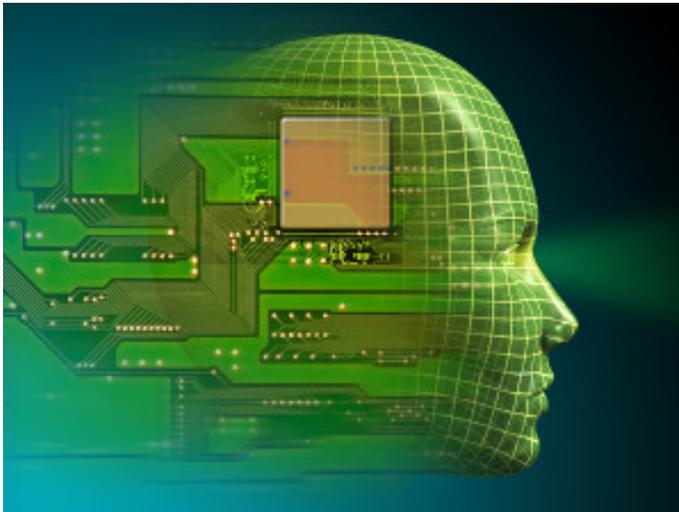


Too Smart to Fail: How AI Will Benefit Customers and Claims Pros

March 8, 2017 by [Joseph Bracken](#)

As artificial intelligence continues to improve, it offers a wide range of new possibilities for the insurance industry. Machines can quickly analyze huge swathes of data. They can apply complex formulas and cross-check many sources to produce accurate quotes and settlements. They can handhold prospective customers and deal with simple queries. And this is just the beginning.



“AI’s initial impact primarily relates to improving efficiencies and automating existing customer-facing, underwriting and claims processes,” according to a recent [report](#) from PwC. “Over time, its impact will be more profound; it will identify, assess and underwrite emerging risks and identify new revenue sources.”

A Better Service for Customers

In today’s 24/7 society, many customers are always online, and they expect immediate service. Today, they can submit claims themselves, through self-service portals like [MyPropertyLoss](#). Tomorrow, they can talk to the intelligent personal assistant in the corner of the room—whether it’s Amazon’s Alexa, Google’s Assistant or Apple’s Siri—to ask and answer questions that may lead to more accurate coverage and claims.

Robo-advisors, or automated assistants built on preconfigured scripts, can guide customers through the claims process, answer basic queries and offer valuable advice about the coverage customers need. There’s evidence that many consumers prefer a DIY approach in the early stages of interacting with a

carrier and don't feel the need for any human interaction. For example, 74 percent of consumers said they were open to robo-advice about which insurance coverage to purchase, according to a [survey](#) by Accenture.

Data transparency and automation also offers enormous benefits for claims processing. While claims often take between 30 and 45 days to reach settlement, startup insurer [Lemonade recently made headlines](#) when it paid an insurance claim in "three seconds without paperwork." The customer submitted the claim online. AI was able to review it, cross-reference the policy and run an anti-fraud analysis in seconds. It then approved the claim, instructed the bank to pay out and informed the customer.

This kind of automation can reap immediate rewards in terms of efficiency, while machine learning will lead to fresh insights in the future.

Deeper Personalization

There's scope here for AI to lead the way toward much greater personalization. Carriers have never had access to so much granular data about their customers. The Internet of Things is bringing all sorts of new information to the table. Vehicle sensors can pick up on the kind of driver you are. Fitness trackers reveal a lot about lifestyles. Smoke detectors, heating systems and household appliances all offer insights that become more meaningful and powerful in concert.

Only AI can quickly analyze mega loads of data and extract some real value. It can pick up keywords in correspondences, instantly scan lengthy documents, highlight emotional tone in calls or identify pertinent details in crash-site photographs. It can also be empowered to fill in the gaps to form a complete picture by accessing other data sources or even directly questioning customers.

Through machine learning, decision models will grow more and more accurate over time. Each decision or recommendation will ultimately be approved or rejected by a real-life, experienced insurance professional, and that decision is fed back into the AI system where it continuously learns from the process. This will lead to a much deeper understanding of customers and their specific needs, making risk assessment more accurate, improving fraud detection, and paving the way for personalized interactions and highly tailored offers.

A Win-Win Opportunity

It's clear that advances in AI will lead to a better sales experience, higher-quality coverage and a more efficient claims process for consumers. There are significant advantages for carriers and their employees as well. With AI shouldering the burden of mundane, manual, time-consuming tasks, claims professionals are free to focus their skills and expertise where they add the most value.

Automation of repetitive tasks can help to boost job satisfaction while improving accuracy and efficiency for customers. By retraining and redeploying talent, smart carriers will evolve to harness the benefits of digital transformation and gain an edge over their competitors.

With the likes of IBM Watson taking a seat at the innovation table, the insurance industry is undergoing a fascinating and perhaps necessary reinvention in the face of technological progress, and there's really no way of stopping it. AI can be seen as a vital component of that transition, with the power to improve the lives of customers and claims pros alike.