

Potential for AI in Insurance Automation



Currently, four of the top ten insurance companies in the U.S. are using some form of artificial intelligence (AI) or machine learning. Over the next three years, more than 75% of insurance companies plan to implement some type of insurance automation to correct outdated processes.

Insurance employees spend 10 to 15% of their time on repetitive computer tasks, which wastes several hours of their time each week (e.g. manual underwriting and claims processing, customer database updates, scheduling meetings). These tasks don't help them better serve their customers or earn the company new ones.

Insurance faces another a secondary productivity issue: a tightening job market. As unemployment continues to trend downward, many insurance roles are left unfilled. This causes work to continuously pile up for their employees, yet there's never enough people or time to get it all done.

Insurance automation solutions enabled with AI is a beacon of hope for insurance companies and their employees as it eliminates repetitive busy work. For the business, this means that more work gets done. For the employee, this technology offers some relief from the neverending piles of paperwork they face on a daily basis.

Future of Insurance Automation

- AI represents a potential cost savings of \$1 trillion to U.S. companies across banking, investment management and insurance.
- Automation can reduce the cost of a claims journey by up to 30%.
- By 2030, manual underwriting will cease to exist for most personal and small-business products across life and property and casualty insurance.

Insurance Automation Use Cases

Automating customer requests

Automatically updating a customer's address in a database or forwarding a service request to the proper department.

Up and Cross-sell

Suggesting better policies for customers based on recent changes to their insurance profile.

Document generation

Having data pulled from emails, spreadsheets, applications, etc. and populate a closing form or claim document.

Churn prediction

Reducing the money outflow by alerting the insurance broker of the risk before a customer cancels their policy.

Scheduling meetings

Scheduling a meeting in an employee's calendar based on an email interaction.

Claim processing

Porting information from a database to an application or vice versa to reduce the amount of "copy-and-paste" tasks a claims officer must perform.

CRM activity tracking

Automatically importing CRM data for employees to reduce time spent on data entry and increase CRM data quality.

Many manual tasks take insurance employees away from their customers. Eliminating, or at least alleviating, the workload for your team allows them to focus on the more productive elements of their job and get more work done. Other AI capabilities make insurance employees much more effective at their job.

About 66% of insurers believe AI will improve workforce productivity and 98% intend to use this technology to enhance the capabilities of workers, which will ultimately increase revenue.

Cost Savings

The insurance industry will see \$400 billion total cost reduction, which is a 14% reduction of the traditional cost base. Below is how these cost savings are expected to breakdown:

- \$168 billion of insurance industry costs will be saved by targeting insurance sales staff, customer service agents and commissions.
- \$99 billion will be saved by targeting compliance, information services, workflow and accounting systems and other data processing.
- And \$125 billion will be saved by reducing claims due to higher underwriting accuracy.

Why Now?

Insurance is typically a late-adopter of new technologies, due to the nature of the work and the vast complexity of the industry. When it comes to AI and automation, they will not have the same luxury.

And because this innovative gap is so apparent, insurtechs have popped up to fill the market void. Venture capitalists globally invested \$2.6 billion in insurtechs in 2015, and nearly \$1.7 billion in 2016. Tech-driven startups like Lemonade, a rental insurance company, and Metromile, a pay-by-the-mile car insurance company, are pushing traditional insurance companies to rethink their strategies or risk losing customers.

By 2021, insurer spending on this type of technology will reach \$1.4 billion. Sooner, rather than later, insurance providers should change their digital strategies and get on board with technological innovations.