Technology

Insight

The New Reality

Artificial intelligence, machine learning and other analytics tools are the next frontier in customer engagement and creating new coverage needs.

As organizations progress along the analytics continuum, artificial intelligence and machine learning are all the buzz. In fact, 80% of insurance executives agree that AI will revolutionize the way they gain information from and interact with their customers, according to Accenture's *Technology Vision for Insurance* 2017 research study.

The revolution has already begun. Most insurers are using exploratory analytics and advanced analytics. They have created and automated their predictive models using model management to maintain and update them for use in underwriting and claims. They've also implemented text analytics for fraud detection and marketing, as well as spatial analysis for exposure management, production management and claims administration.

The next frontier is deep learning and knowledge representation. Deep learning technologies like speech-to-text will provide more data for analytics. Natural language processing and understanding will be key to customer engagement in marketing and customer service. Similarly, sentiment and emotion analysis will become a key part of customer engagement and the user interface, especially as applications become even more digital. Today, 80% of insurers are prioritizing ease of use and simplicity in the user interface to ensure a more human-like experience, according to the Accenture study. Chatbots, virtual assistants and robo-advisers are increasingly being used within websites.

Knowledge-representation technologies such as image and video classification will improve

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underwriting and claims management. Robotics and sensors are already being used to provide real-time analysis of weather and soil conditions in hail insurance. Drones were used extensively to inspect property losses during the recent spate of hurricanes. New applications such as auto physical damage applications, which do not require a physical inspection, are emerging. All of those advances enable insurers and producers to provide real-time quotes for customers when shopping, along with fast and convenient claims service when a loss occurs.

The challenges are keeping up with the technologies and having enough data scientists to apply them.

It's impossible for an insurer to keep abreast of all the developments by themselves. The good news is they don't need to. They can partner with vendors or insurtech and fintech startups that are embedding AI and machine learning into their apps that insurers can access and embed into their own applications. Insurers are developing innovation labs to explore those applications and determine how they impact their current business processes and business models. Also, they are leveraging startups, accelerators, academia, vendors and industry consortia to take advantage of these new applications.

Much has been said about the threat to existing jobs and AI replacing people. Yes, increasingly repetitive tasks will be replaced, but by and large, AI and machine learning will help everyone do their jobs better with less frustration, thereby leading to higher job satisfaction. Business processes will need to be re-engineered or replaced. Employees will need to be retrained in current or new roles. And, these technologies will create new exposures and the need for new cyber coverages and risk management techniques creating new jobs as well. **BR**

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