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AI wave: Your next insurance product will be chosen, driven by AI, not humans

Chatbots are an area where AI is being deployed heavily in the insurance sector. This is not only to assist customers through the purchase cycle but also to help choose the right products

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Imagine this. From opening a bank account or buying an insurance policy to fighting cancer or even buying a pair of shoes, we are increasingly being helped or influenced by artificial intelligence (AI).

In Mumbai, designers Falguni and Shane Peacock used AI to design their latest collection. In Bengaluru, a startup is using AI to improve detection of breast cancer and also make its treatment cheaper. And in Tata Motors plant in Pune, a robot is skilled enough to do 30 different tasks — that's artificial intelligence again.

The world around is changing much faster than we can imagine, and this six-part series goes behind the scenes to understand how.

Today, we look at how artificial intelligence helps to choose an insurance policy that suits your needs. Part one dealt with AI's impact on the auto sector.

In the 1990s, all of us had that one neighbourhood insurance agent who would come home every other week. He would carry a large file of the mortality tables as well as calculators for deciding the premiums.

Today, the same agent comes home with a tablet, in which he enters data – like income, age – and the machine throws up the ideal product that you should be buying. Any idea who does the research? It's the Artificial intelligence (AI).

AI, commonly referred to the ability of machines to imitate an intelligent human being, has taken over the data mining roles in insurance companies that an individual would otherwise be doing. While AI is still at a nascent stage, insurance sector experts point out that it is not far when query resolution and basic customer service will be taken over by machines.

Simplifying insurance

On one hand, while insurance is still considered a push product, on the other, there have been concerns raised about the fact that the products are considered complex. An immediate need to 'de-jargonise' the sector has been felt and experts believe that AI could be the much-needed solution for this issue.

Take HDFC ERGO for instance. On April 9, private general insurance company HDFC ERGO General Insurance launched its AI-enabled Chatbot 'DIA' on Amazon's cloud-based voice service, Alexa. This would provide easier access to data and basic information about the products.

The new platform will allow customers to interact and get easy access to information about their insurance policies, simply with the use of voice commands. Their chatbot will be constantly learning from different queries thrown by the customers and may be able to answer complex questions.

Ritesh Kumar, MD & CEO, HDFC ERGO General Insurance said that they envisage a paradigm shift in the way we humans interact with technology. He added that they are using AI to provide customers with a seamless experience.

According to a recent report by Deloitte, India's 'Internet of Things' (IoT) market is expected to grow to USD 9 billion by 2020 from USD 1.3 billion, last year.

This will mean that sectors like insurance will be using AI across functions and the technology will be constantly updated to ensure that instant responses can be provided to the end-customers.

"Before the advent of these technologies, things were more manual and labour-intensive where claim processes took months to finish," says Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.

Areas where AI is being deployed

Chatbots are an area where AI is being deployed heavily in the insurance sector. This is not only to assist customers through the purchase cycle but also to help choose the right products.

Private life insurer Aditya Birla Sun Life Insurance was among the first insurers to launch a comprehensive chatbot when it did so in March last year. Here, this was to help customers get any information related to their policies on-the-go, obtain quotes and enable quick and personalised response to their life insurance-related queries.

However, going forward the bot's aim is to answer queries related to customer's policies, provide recommendations and tailor the right product addressing the customer's specific needs.

Unlike a regular customer care centre that works only for fixed hours, these chatbots are active 24/7 for any query to be responded to instantly.

At Bajaj Allianz General Insurance, they have introduced an AI-enabled chatbot BOING which is aimed at aiding customers 24/7. To make the customer interaction better, they also introduced the bot on Amazon's Alexa, and Google Assistant, a next-generation interface 'Voice' that transforms the customer's experience and takes it to the next level.

Specialised companies working in the insurance sector have been exclusively using AI as the sole platform to sell their platform.

For instance, insurance web aggregator AskArvi is looking to raise another round of funds to build a voice-based intelligence platform. This company, which is an Insurance Regulatory and Development Authority of India (IRDAI) licensed insurance web aggregator, uses AI-enabled mobile chat to understand the needs of customers and offer personalized plans.

Since AI constantly learns from the data that is fed to it on a daily basis, the data stored on telematics devices for motor insurance can also be analysed using this. For example, if the telematics device installed in cars shows that the vehicle is driven at a very high speed and travels through uneven terrain, AI could be used to suggest that the car owner buy a zero depreciation policy so that any repairs do not have the depreciation value deducted.

Bots that read and reply

You may be among those customers who write to insurers for all issues, major and minor. Since the staff strength is limited, companies are using AI to respond to the dozens of mails that they receive on a daily basis.

In May 2017, HDFC Life Insurance launched a chatbot, SPOK, that could read, understand, categorise, prioritise and respond to customers emails in a jiffy.

Among other insurers, ICICI Lombard General Insurance and Apollo Munich also use AI-powered bots to help customers.

Apollo Munich's travel chatbot, 'Travel Ninja', suggests to customers the right travel insurance plan and sum insured, creates a policy proposal for them and gives them a payment link, all in just minutes.

On the other hand, ICICI Lombard's chatbot MyRA, offers direct interaction for customers/insurance agents with a virtual assistance robot to seek faster quotes for policy issuance.

Reduction in turnaround times and preventing frauds

The main advantage of using AI for business operations is that it cuts down the time taken to complete a process takes less than half the time taken by a time. While there is a school of thought that believes that this may completely eliminate the 'human touch' that customers look for, efficiency is improved.

Take the example of private life insurer IndiaFirst Life Insurance. They launched a chatbot IRIS (IndiaFirst Responds) in August 2017, which not only helps in service queries but also responds to customer emails.

Going forward, Mohit Rochlani, Director-Operations & IT, IndiaFirst Life Insurance had explained that they are looking at introducing technology that will help chatbots interact with customers in different languages, understand their needs and also respond in the same language using AI.

Singhel of Bajaj Allianz added that insurers are now deploying various tools and technology like in-home monitors and wearables.

"These are typically a part of the insurance offering and offer on the spot data to customers. This data is enabling insurers to solve customer problems more efficiently by providing them personalized service and even taking pre-emptive action towards claims," he added.

In the near future, once a single repository for claims is set up, insurers are likely to use AI to look at past claims to ascertain any future discrepancies in any segment. For example, if an individual files claims on any repairs for a car or submit bills whose authenticity cannot be tracked, AI will be used to check if similar claims have been made in the past.

Future prospects

It is expected that wearables will become an important aspect of how insurance will be priced for policyholders. Even here, AI will be used to assemble data about daily activities of the customer and thereby determine their fitness levels. Fitter the customer, lesser will be the premiums.

In the future, Singhel said that it will lead to automated underwriting enabling insurers to issue customer policies instantaneously with a much deeper understanding of customers and approach them in a targeted manner.

But the pertinent question here is, will it ever replace humans? No, say industry experts.

"Machines learn as they evolve, but they can't compete humans while tackling a novel situation. Both will continue to co-exist in the 'phygital world', but at the end of the day I feel that humans will continue to be the overlords of machines," says Singhel.