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# From customer service to profitability, AI is changing the face of insurance sector

AI has transitioned into a technology that can majorly impact various services in the insurance sector, says Bajaj Allianz General Insurance's Head – Operations & Customer Service, KV Dipu.

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Artificial intelligence (AI) has transitioned from a buzzword to a standard practice in fintech. Its growing adoption is expected to impact a wide spectrum of services, while adding increasing value to the bottomline. Operating behind-the-scenes till recently, it has since moved to front and center helping deliver customer service at lowered cost--AI-enabled chatbots for example-- saving companies time and money.

Bajaj Allianz General Insurance has been leveraging the technology across various processes.

KV Dipu, the company's Head – Operations & Customer Service, noted that chatbots enable financial institutions to undertake numerous internal and external communications easily.

"Here, Natural Language Processing (NLP) plays a vital role along with deep machine learning algorithms to generate responses naturally. Moreover, chatbots can be programmed as financial advisors, increasing convenience for customers while reducing labour cost and human errors for businesses," he added. Currently, there are basic bots with standard query handling mechanisms, but he predicted that these can be "taught" as more NLP-based consultative ones emerge.

Bajaj Allianz's two-year-old AI-enabled chatbot, BOING, is helping customers with quick information 24x7. Talking about its benefits, Dipu said, "Agents don't need to handle repetitive tasks, leading to higher productivity and efficiency with increase in sales leads. Human errors have also ceased to exist."

Additionally, customers would get irritated with lengthy wait time on a call centre's IVR. The chatbot has eliminated this wait period and gets to the point quickly. Any untrained query is passed to a real agent seamlessly.

However, a robust AI strategy can be employed only on the bedrock of methodical data management practices, with relevant data repositories or data lakes. These can be a combination of internal structured and unstructured as well as external data.

**AI in underwriting, claims and risk management**

In the insurance segment, AI powers many more applications. It can accelerate underwriting and fast-track claims processing by providing real-time data and analytics, apart from generating highly accurate risk insights. Already, claims teams across the industry leverage it to sift through tonnes of data and queries, Dipu noted. “The industry also uses AI across customer service to claim processing – whether it is looking at thousands of claims, customer queries or large amounts of diverse data,” he added.

Risk management is an integral part of financial companies. AI increases the predictability of losses and enhances the possibility of earlier and higher fraud detection. According to Dipu, it plays a crucial role in scenario building, and testing robustness of current risk management mechanisms. “It can derive from a multiplicity of sources including an organisation’s internal data and that from the external world,” he added.

“The next step is to understand the level of analysis of this data, since any analysis is only as good as the question asked or the output expected,” Dipu pointed out. According to him, the governance structure around these data lakes, their usage, logging etc. differ for each organisation. However, the overarching theme should tackle data security, privacy of customer, logging of usage, result tabulation/ capturing and data modelling.