yellow.ai

Hi, Welcome to our insurance Chatbot

Please select the options from below
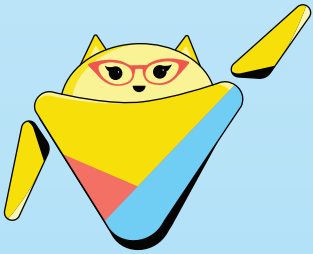
House Insurance

Life Insurance

Health Insurance

Car Insurance

Health Insurance

Conversational AI in Insurance: Fostering the Trust Between Customer and Company

WHITE PAPER

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Scenario

The insurance industry is often associated with complex processes such as claim settlement, hefty paperwork, tiring legal processes, and the responsibility to stay updated on the terms and conditions. This image is now changing as the leading insurance brands are putting forth innovative strategies to revamp the existing workflows and structures to amplify their business growth.

This paradigm shift is not limited to the big insurers only, in fact, a 2015 study **conducted by IBM** showed that **95% of insurance** executives were intending to start or continue **investing in AI capabilities in the future.**

According to McKinsey, the insurance industry is expected to gain a staggering **$1.1 trillion in value by implementing Artificial Intelligence.** With AI, these companies are able to revitalize their customer care by automating the end-to-end resolution of over 80% of inbound queries, while significantly cutting down on operational costs in the process.

In fact, according to the **research conducted by Juniper,** the use of conversational AI chatbots in insurance will lead to cost savings of almost $1.3 billion by 2023, across motor, life, property, and health insurance, as compared to $300 million in 2019. Deploying an AI-enabled chatbot reaps benefits to the insurer in terms of better customer experience and increased efficiency of operations.
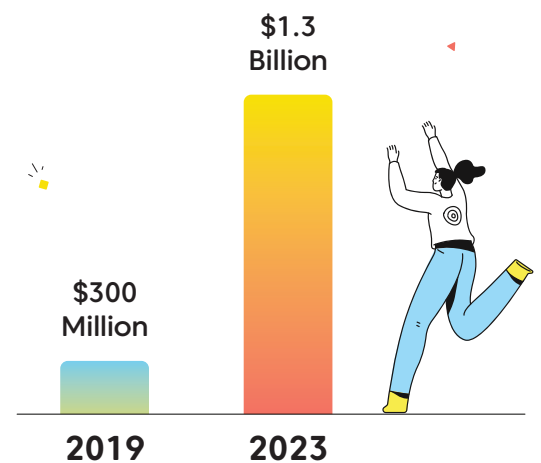
This white paper covers the limitations insurance brands suffer from, why they need an AI solution, the impacts of AI on the insurance industry, and how to use conversational AI in insurance.
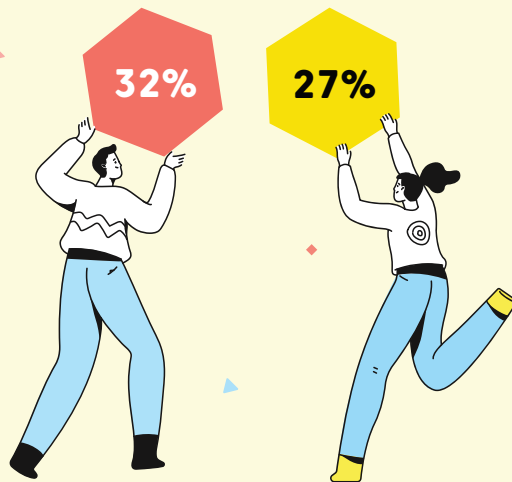
Why is the insurance industry adopting AI?

Gen Y and affluent customers are more demanding in the way they connect with their insurers

32%

27%

Gen Y customers

Use social media for insurance needs at least once a month

Interact with unsurer **2.5X** more on social media and **2.0X** more on Internet-mobile channel

Affluent customers

Use social media for insurance needs at least once a month

Interact with unsurer **1.5X** more on social media and Internet-mobile channel

Source: Gen Y and affluent customers are more demanding in the way they connect with their insurers - World Insurance Report 2016, Capgemini

The challenges

With brands embracing automation and recognizing the value of data, this exercise has now become easier. What still remains a challenge though, are the data silos. This data today is exchanged and passed along between systems and personas in the form of emails, SMSes, PDFs, call centers, online portals, and posts.

Insurance companies today face major challenges, and the majority of them are:

1. Competition from other industry players: Neo-insurers today have an edge over every aspect of the conventional insurer. Insurers with more dynamic IT capabilities have an added advantage in terms of growth and cost ratios. Hence, they are better able to match the increased need for digital offerings.

2. Customer expectations: 24/7 support is the norm and insurance companies have to be up to the expected levels of service. A study by **Harvard Business Review** says that if a customer doesn't get a response within 5 minutes, the chances of qualifying that lead decrease by 400%.

3. Margins' pressures: Meeting sales targets and margins over scaling operations is a challenge without a compromise in the level of consumer satisfaction.

4. Scalability: With easier lead generation from bots, come scalability issues that need to be handled at the grassroots level.

5. Data reservoirs with mixed data formats: Mixed and muddled data is hard to separate and maintain. Moreover, the extraction and analysis of specific data take time and bandwidth.

What if we could speak to all the different systems, collate all data points, and bring these insurance touchpoints to a conversational solution?

What if something as complex as raising a claim request, can be achieved in a couple of clicks on a channel of customer's preference?
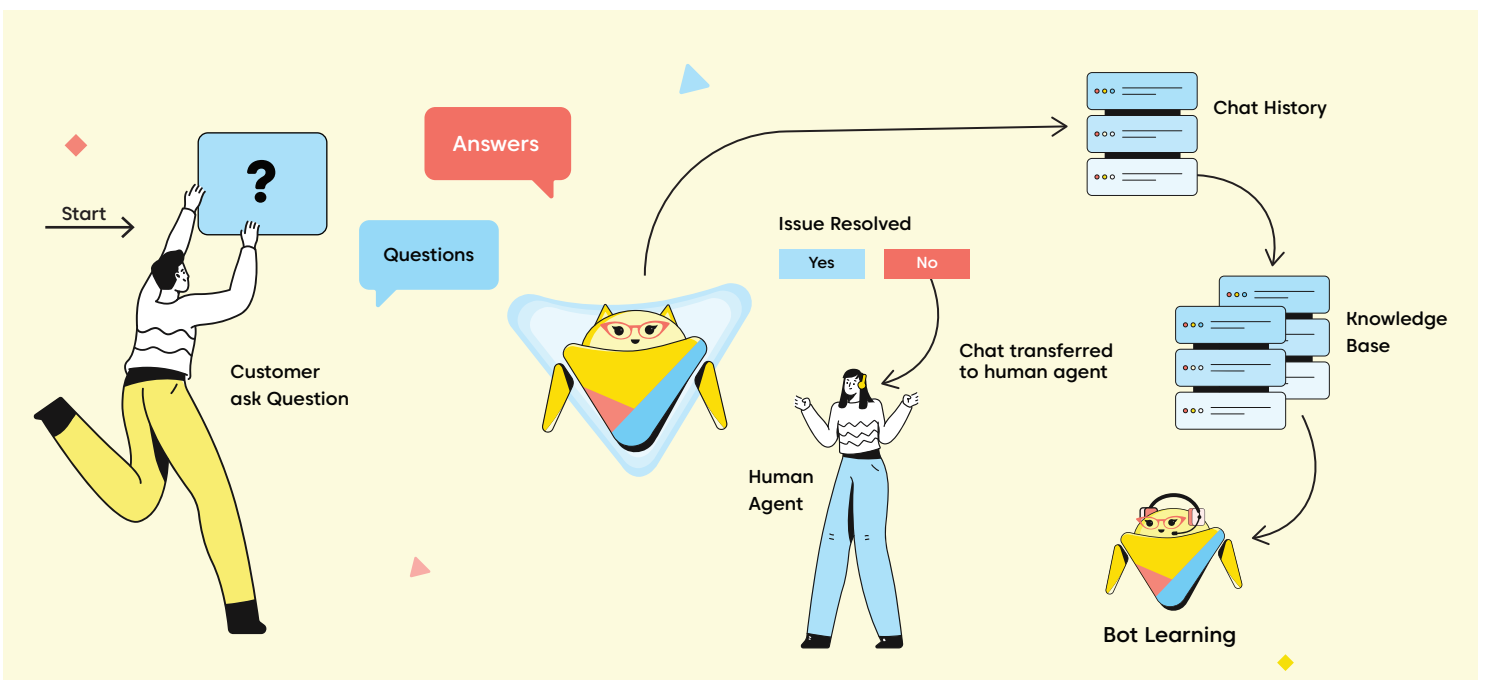
A solution, which truly could be referred to as omnichannel and can pave the way for digitization?

The solution

Enter AI-enabled chatbots. With the ability to communicate with different systems of records and exchange packets to create a super data set, employ the inbuilt NLP (Natural Language Processing) layer, and get governed by the laws stated. These AI chatbots can be the light bearer of automation today across insurance industries.

JUNIPER® RESEARCH

By 2023, Juniper Research predicts that chatbots will have a disruptive impact on the insurance sector by affecting savings of close to $1.3B.

$1.3 Billion

2021   2022   2023

Start

?

Customer ask Question

Answers

Questions

Issue Resolved

Yes   No

Chat transferred to human agent

Human Agent

Chat History

Knowledge Base

Bot Learning
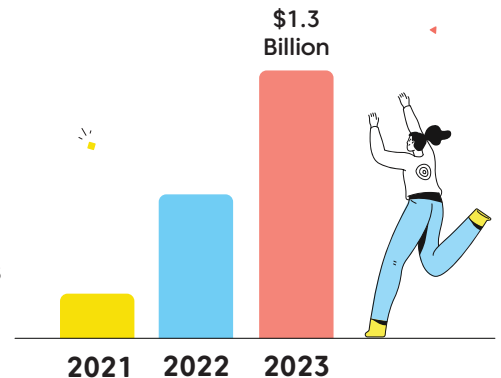
Caribou Honig, co-founder of QED investors once said,

" It's hard for big carriers to innovate as they have so much to contend with already - industry headwinds, legacy issues. But they need to be in the game, right now. "

Recently, brands have started recognizing the power of chatbots and voice bots, and the ease of use they bring to the table. Bots today are functioning and empowering users throughout the customer lifecycle. Starting all the way from lead generation, up-selling/cross-selling, farming & closure, to servicing and enhancing the user experience across a myriad of industries.

Data today has empowered the Intelligent Virtual Agents to automate and regulate premium payments, among other services, offering a seamless solution to both the brand and the end-user. The chatbot leverages the data parameters that were stored by the brand, to pre-fill e-forms and enable the process within just a few clicks for the user. This is a huge leap compared to the rather recent web forms, and it's an entire paradigm shift in comparison to the physical queues at banks.

How is conversational AI used in the insurance industry?

Role of chatbots in insurance

The bots of today can assist and ease the lives of the modern users throughout their lifecycle (refer to figure below).
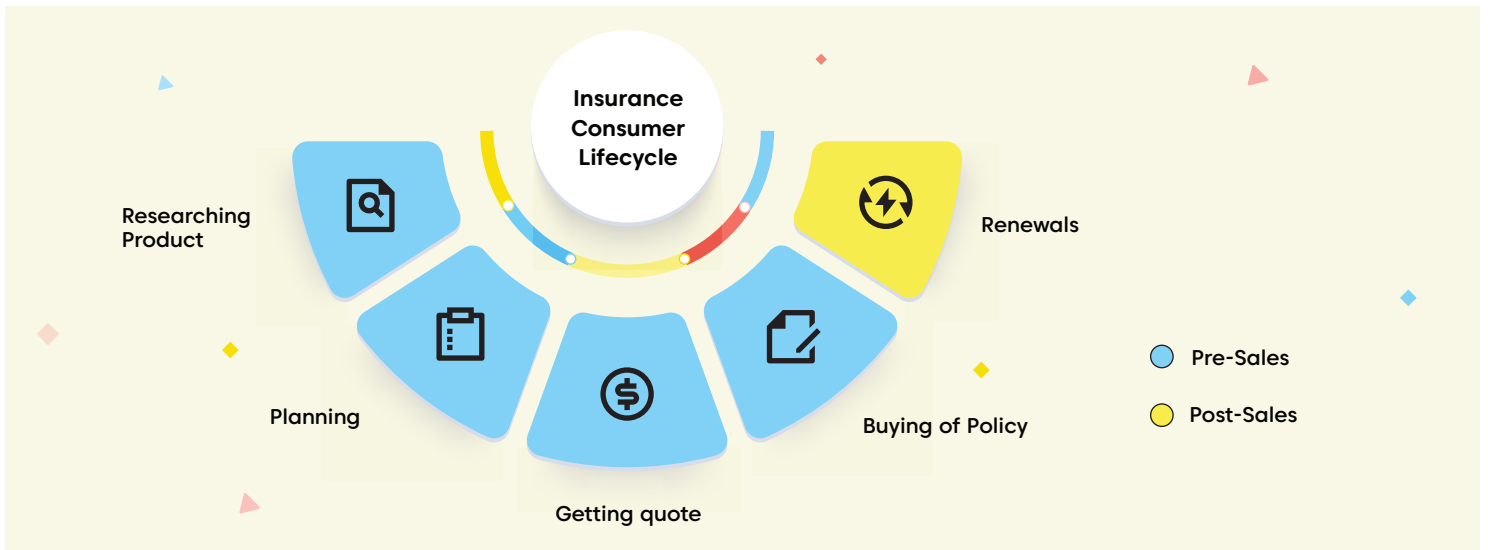
Product exploration

Users can identify and align personas; find suitable insurance products, whilst also addressing common FAQs, and establishing and increasing customer confidence. Also helps in lead generation, premiums calculation, the extent of coverage and ultimately choosing the product most suitable for their needs.

Premium payments

Enables users to identify policies, validate themselves and securely make payments towards their premiums all within a few clicks without any wait time with need-based live agent transfer and a possibility to set up e-Nach.

Smart claims handler

Reduces handling and cycle time of the claims processes to improve customer satisfaction by creating a condition-based solution, which will validate and verify the incoming request with inbuilt rule-based fraud detection capabilities.

Fraud prevention

Validates the user credentials through 2-step verification and SMS OTPs and eliminates any possible human errors as well as making the entire system safe and secure.

Customer service

Leverages existing information and knowledge base to cater to customers' queries and resolve challenges by empowering them with access to their data.

A report suggests that 64% of customers feel that 24/7 customer support is one of the best conversational agents' features.

Top-priority insurance functions for chatbots

based on analysis, we've identified the most profitable and prominent targets for chatbots, which are highlighted below

Pre-purchase		Purchase	Post-Purchase	Claims
Product management	Marketing	Underwriting & Policy Acquisition	Policy Servicing	Claim management
Product development	Lead generation	Document submissions	Customer queries	Claims FNOL
Actuarial Process	Quote illustration	Underwriting	Policy endorsements	Claim validation
Risk management	Channel support	Fraud management	Policy renewals	Claims assesment
Product pricing	Campaign	Policy issue	Payments & refunds	Claims adjudication
Regulatory reporting	Upsell/ Cross-sell	Payments	Agent inquiries	Claims settlement
Product recommendation	Customer education		Alerts & reminders, status updates	Subrogation & recovery

Legend:
- ▇ Not applicable
- ▇ Medium priority
- ▇ Low priority
- ▇ High priority

## Use cases of chatbots in the insurance industry

The bots of today can assist and ease the lives of the modern users throughout their lifecycle (refer to figure below).

1. Automating repetitive queries: Insurance-related processes are complex and diverse which makes it obvious for customers to inquire about every fine detail. In fact, even the stakeholders and agents need their doubts clarified.

The volume and frequency of these queries are massive for insurance providers to handle, even with the help of contact centers with hundreds of employees. Conversational AI is how insurance companies can handle these queries efficiently without investing in contact centers.

NLP-driven chatbots can train on documents and knowledge base to answer repetitive queries faster. Further, this serves as the first level of support which reduces the workload of live agents. This means higher bandwidth for representatives to work on complex queries and revenue-generating activities.

2. Self-servicing for policyholders: Not just resolving queries, chatbots can even assist customers in their buyer's journey. Insurance companies can use AI chatbots and embed them on their website or app. Customers can go through the process of buying insurance policies themselves. The chatbots help them by providing necessary information or workflow to help them achieve their goal.
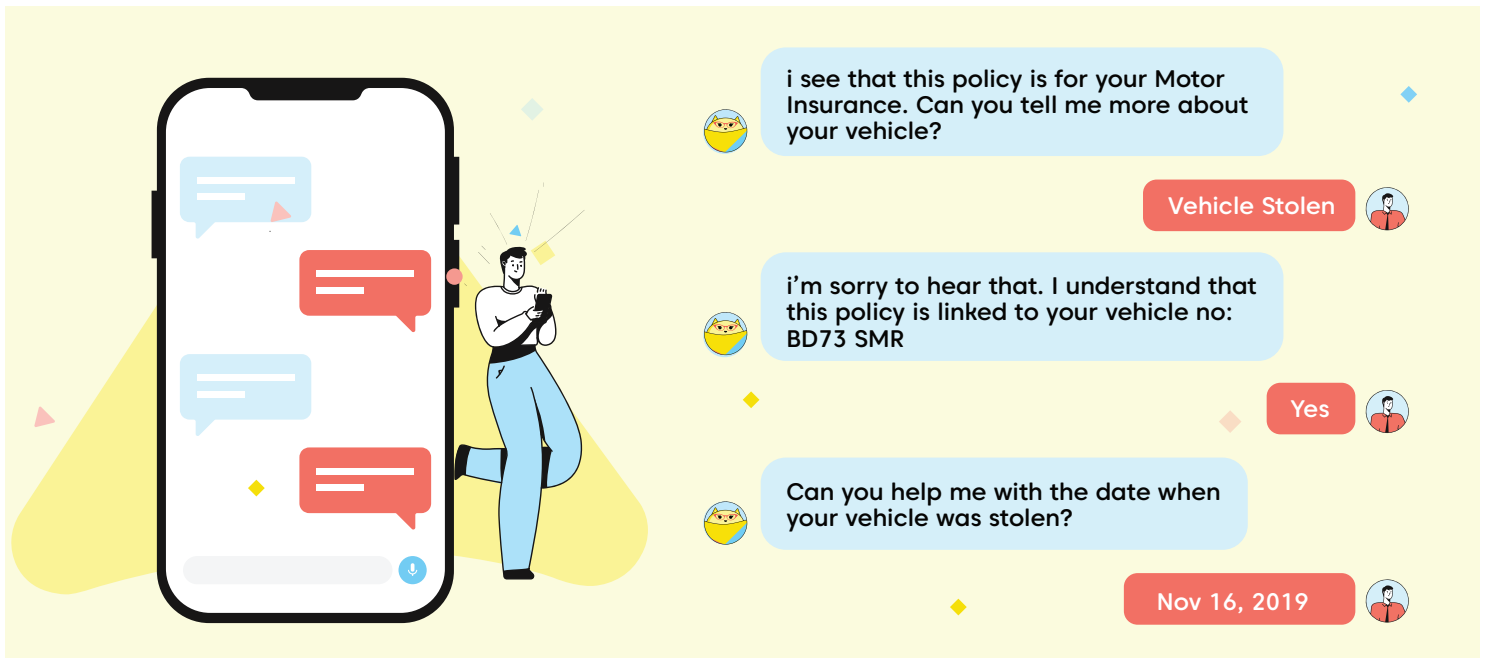

This type of automation works best when the insurance product is simple, e.g, travel insurance, motor insurance, and mutual funds are such products where self-servicing can become extremely efficient.

For instance, customers can explore different products, compare prices and premiums, identify the best fit, and purchase the policy with the help of a chatbot.

3. Better fraud detection and prevention: One of the biggest challenges in the insurance industry is that it faces over **$40 billion of fraud per year.** Using conversational AI, insurance companies can reduce the frequency of fraud to a great extent.

Deploying AI-enabled chatbots on websites or other channels helps build trust in customers. These chatbots resolve queries of customers quickly and securely. Insurance companies can add a security layer by verifying and authenticating customer information via chatbots. Thus, safeguarding the customer from falling prey to disguised transactions.
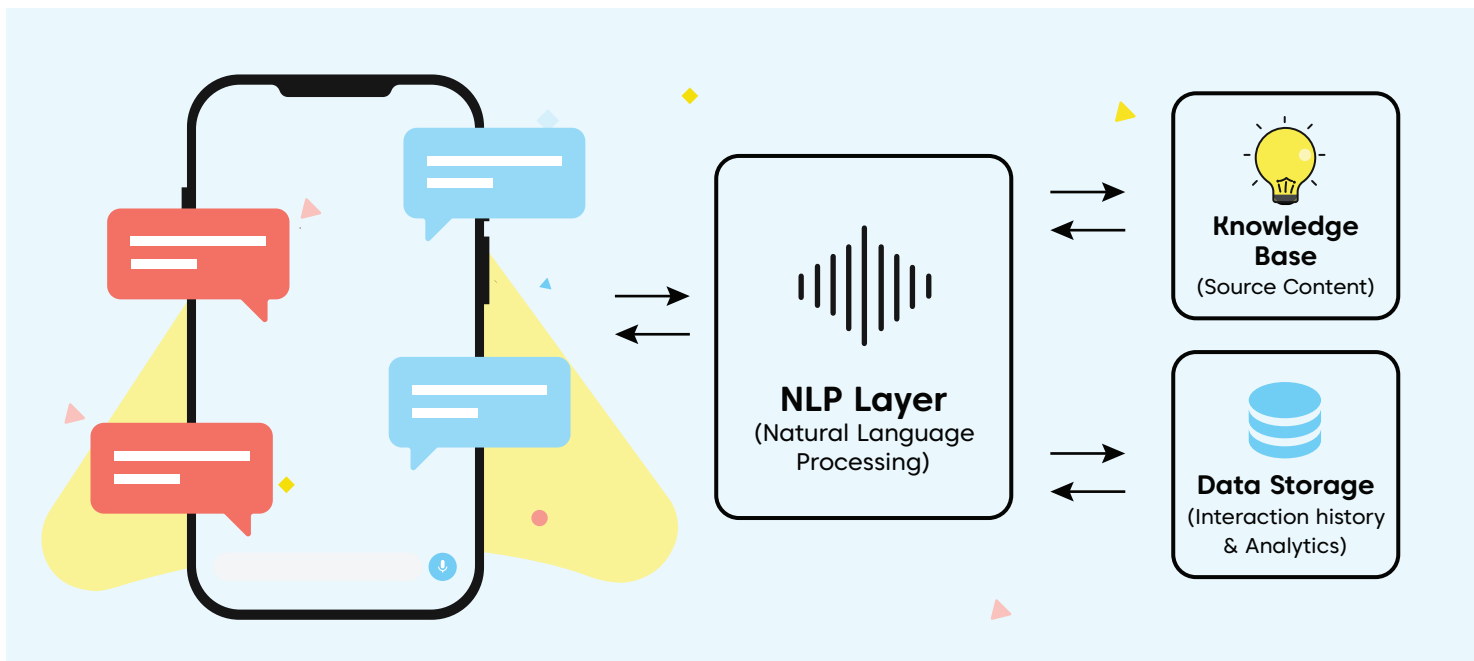
4. Premium payments collection: In the insurance industry, recurring payments and processing require the involvement of two parties. One is the customer who wants to make the payment and the field agent(s) who collect those premium payments. Although online payments are integrated, the customer still has a problem in deciding where to pay and how.

Chatbots can help get this payment process running smoothly. Chatbots can help the customer find the appropriate channel through which they can renew their policy. Customers can also find the relevant information required to make the payment.

For example, chatbots can be developed to guide the customer through the process of making the payment. It can make it easier for a customer to get acquainted with the platform better and make the payments effortlessly.

5. Claims processing and settlement: Settlement of claims requires the involvement of providers, adjusters, inspectors, and agents. It's a complex process that takes around 30 days or sometimes even more. Meanwhile, the customers have to constantly follow up with a customer rep to check the status of the claim.
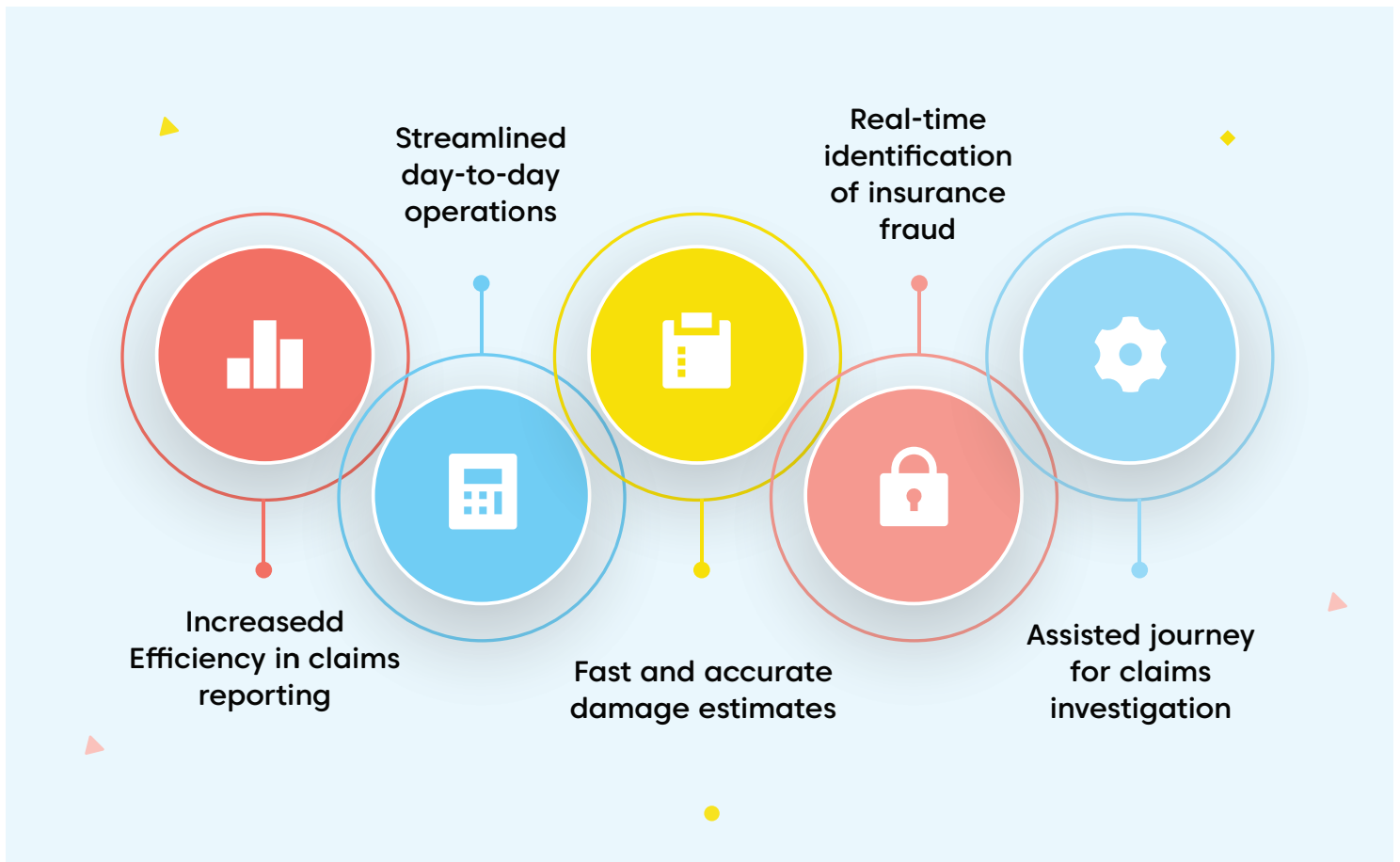
With the help of an insurance chatbot, making and checking up on claims is as easy as it gets. Policyholders just have to tell about the nature of the claim. The bot then asks for a few additional details, pulls up the customer's policy from the company's CRM, and immediately initiates the claims filing process.

6. Lead generation: Insurance companies can generate leads (potential customers) via marketing campaigns and personalized promotions to customers. Since conversational AI looks more like a conversation than an ad, the chances of scoring a lead are higher.

Chatbots developed on NLP understand customers' intent and improve themselves over time. This means with each conversation, the chatbot is able to understand the needs of a customer. When a customer tries to buy a particular service or product, there is a small window of opportunity for cross-selling and up-selling. The most crucial thing to consider here is that making relevant product suggestions is extremely important for efficient cross-selling.

Chatbots can be integrated with learning models and recommendation systems that can offer relevant products which the customer is more likely to buy. By remembering the profile of the customer and the product bought earlier, the chatbot knows well about the customer and can sell better. Chatbots can convert the opportunity for cross-selling and up-selling to a sale with a higher probability.

Benefits of conversational AI in the insurance industry

Streamlined day-to-day operations

Real-time identification of insurance fraud

Increasedd Efficiency in claims reporting

Fast and accurate damage estimates

Assisted journey for claims investigation

Empowering live agents with AI

For most customers, live agents are still the go-to resource for help. Yet, agents are flooded with many simultaneous requests from different customers. Moreover, the details of policy like duration, premium, price, and availability also change over time. This means that agents have to keep a tab on regularly educating themselves about the new updates and the customer requests regarding them.

Agents have to simultaneously monitor their portals for notifications, formal transactions, and email dashboards to stay updated with knowledge. In such a resource-heavy environment, agents can often be very challenging to serve customer queries and send them the information at a moment's notice. This can affect their relationship with the policyholders.

Conversational AI helps agents regain their bandwidth to allocate on critical tasks like escalating a complex query or sending multiple documents in case of discrepancy. The rest, AI chatbots can serve most of the FAQs quickly and on-demand.

Stronger brand image

Insurance companies have an image of being late in responding to customer queries. This decreases customers' trust in the insurance company leading to churn. In fact, HBR suggests that if a customer doesn't get a response within 5 minutes, the chances of qualifying that lead decrease by 400%.

From an organizational standpoint, this situation is understandable because of the huge volume of queries. Using a chatbot helps insurance companies automate customer support and resolve queries in real-time. This improves the company's goodwill and creates a strong brand image. When customers get the required information just in time, they make faster and better decisions.

Higher operational efficiency

A conversational chatbot provides personalized answers to customers quickly and on-demand. Thanks to the availability of 24x7 support, customers move forward in the buying process without friction. The entire buying experience becomes seamless for them too.

For this reason, a report by Accenture suggests that 74% of customers are happy to receive computer-generated insurance advice. Further, 78% would like to take investment advice from a virtual assistant. Conversational AI can prove to be an advantage for firms that employ large teams for customer support. These contact center agents are tasked to support customers through various channels including phone, email, messenger apps, and chat portals.

But with live chats, they may be able to handle two to four sessions concurrently. Conversational AI agents can help them scale their support by automating around 80 percent of these interactions, increasing their productivity by anywhere between 200-400 percent.

Higher scalability

Scalability refers to the ability to handle multiple queries across different channels. AI-enabled chatbots can be deployed across different platforms to provide an omnichannel experience. Conversational AI can answer up to 80% of customer queries and seamlessly route complex queries to live agents. This means insurance companies would be able to serve more customers seeking information like policy details, nominee changes, interest, etc.

Reduced cost and time invested

Cost and time are the two main factors businesses consider when deciding to deploy technology or hire an employee. In an insurance company using AI, the cost of training and time involved is reduced significantly. In fact, IBM reveals that one can see a drop in per-query cost from $15-$200 (human agents) to $1 (virtual agents). That's a big saving for a company.

How an insurance giant offers seamless CX with AI-enabled chatbots

Whether it's updating account information, purchasing a new insurance plan, or filing a claim, offering 24/7 self-service makes it possible to truly be there for customers in their hour of need with Yellow.ai.

The insurance sector is one of the most data-intensive sectors. With the growing expectations of the policyholders, it is more important than ever for insurers to tackle customers' need for convenient, personalized, and seamless experiences.

Therefore, insurers are moving towards deploying conversational AI technology via text or voice to scale their customer-facing processes. Yellow.ai worked with one of the world's largest insurance brands' catering to 15 million customers spread across 167 cities with over 99K agents. It is one of the fastest growing insurance companies that has covered over 30 Million lives as of September 2020.

Challenge

An absence of optimal 24x7 customer support

The company expected a drop in policy verification and collections as an aftermath of the pandemic. They were looking for an innovative solution that would help them optimize the customer outreach during the pandemic and reduce operational costs whilst offering a superior customer experience.

Solution: Using conversational AI to boost customer experience at every touchpoint

Multilingual voice bot

Yellow.ai built a multilingual voice bot that would help users verify policy details, check policy due dates, manage payments, update customer information, set premium due date reminders, and more seamlessly. Manually collecting and filing routine information can take up a lot of time for claim adjusters, keeping them away from resolving critical customer issues. The insurance brand, therefore, deployed a multilingual voice bot built by Yellow.ai to automate these mundane tasks.
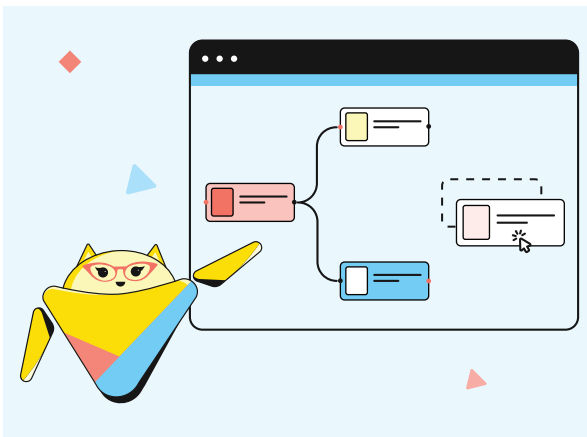

Smooth integrations

The bot was integrated with client systems including policy administration, policy management & billing to offer a seamless and personalized experience to users. We removed the need of hopping from one application to another and made it all possible from a single interface.

Context-based intent resolutions

The multilingual bot had superior context-based intent identification to help understand queries better and provide insights from customer interaction to help constantly improve chatbot performance and understand consumer behavior. Thus, it wasn't just a support bot but provided real-time resolutions, leading to happier customers.

80%
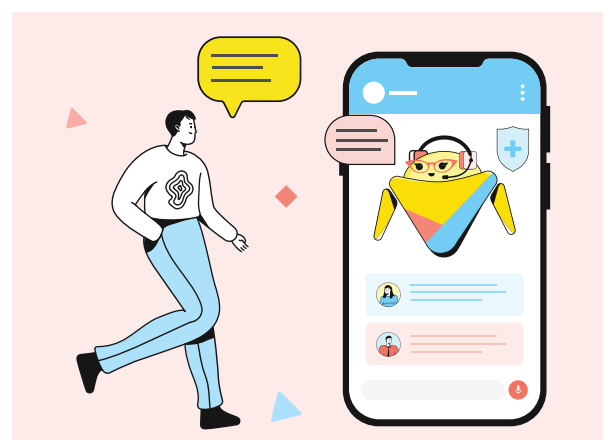
reduction in operational cost

Automating end-to-end resolutions of routine policy and claims-related tasks help insurance companies save up to 80% of operational costs, as compared to fully manual customer servicing

12%

higher efficiency with AI chatbots

The bot proved to be 12% more efficient than live agents leading to an increase in customer satisfaction.

50%

higher time utilization

Overall effective time utilization increased by 50% for the live agents of the insurance company. To better quantify the impact, if a human agent can make 30 calls per day, the bot could make 60 calls per day or even more.

80%

reduction in operational cost

The voice bot successfully handled over 1.5 million calls over 6 months providing 24/7 support to customers and is equipped to scale and handle 4-5X backlog in case of seasonal demands.

The anticipated disruption in the insurance industry is huge. While these changes won't happen overnight, many of them are already being implemented. Thus, there's a clear advantage for the first movers. Insurance companies will surely benefit from including AI in their strategy and then revamping their operation models accordingly. The paradigm shift will take years, but it's better to lay the groundwork now to brace for the changes in the coming decade.

Automate complex insurance processes and deliver customer experiences that grow your businesses.

Take a quick demo of our insurance chatbots that come with pre-built templates, offering a rapid time-to-market.

See insurance chatbot demo

yellow.ai