



TIN THE INSURANCE
NETWORK

The strategic imperative for the adoption of AI and automation to enhance the customer experience in general insurance

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Introduction

This report explores the strategic drivers for the adoption of AI and automation to enhance the customer experience in general insurance and explores how these technologies can help close the gap that exists between customer expectations of digital interactions with their insurers, and the insurers' ability to meet them that Verint have defined as the Engagement Capacity Gap™. It is based on industry research, interviews with Tim Yorke, the Former COO of AXA, Lee Dainty, Commercial Claims Director at RSA and Dr Chris Humphris, VP Digital First Engagement EMEA at Verint, and contributions from Liz Ryan, Head of Claims Performance & Insights, Zurich Insurance and Steve Bell, VP, EMEA Solutions Consulting at Verint Systems.



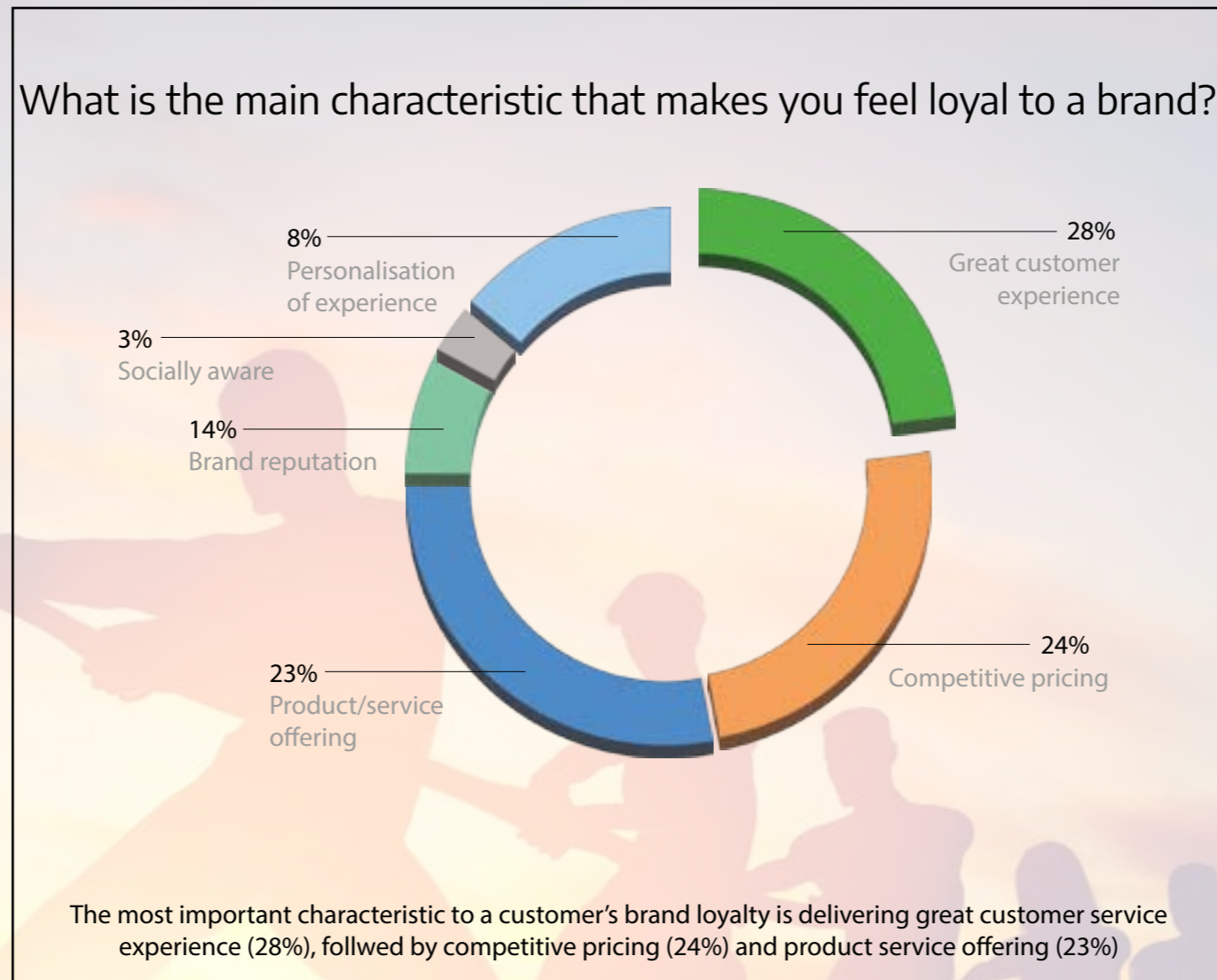
Meeting the customer experience challenge

Customer experience, and especially the digital customer experience, has become the key differentiator and driver of competitive advantage in general insurance. The pandemic drove people to digital channels and has accelerated an escalation in customer expectations (largely driven by improving CX in other sectors) that was already difficult to keep pace with. The end of dual pricing and the race to the bottom on pricing happily orchestrated by the aggregators is over, and the next 1-2 years will see CX, and especially claims experience, become a key differentiator and driver of retention, which is now the key KPI: historically, acquisition has taken precedence over retention, and has been the main barometer of business performance: this is no longer the case for market leaders.

Tim Yorke:

Because of the pricing regulation changes you can't just go and suck in a load of business by pricing it low and then managing up because the rules have changed. So now retention becomes absolutely critical.

Verint's *The State of CX Trends 2021* report confirms that CX has eclipsed both price and product/service as drivers of brand loyalty:



AI and automation are increasingly seen as the key to delivering differentiating digital customer experiences: the wider availability and accessibility of external data sources, coupled with higher quality and more easily accessible internal data, and the evolving tech capabilities to both leverage and extract actionable customer insight, means that the foundations for realising the potential strategic value of intelligent automation are increasingly in place. This is unlocking investment in these technologies. However, automation and AI is not a panacea, especially in insurance where human interaction remains essential to some interactions – a successful automation strategy is as much about what you don't automate as it is about what you do automate.



Dr Chris Humphris:

Automation that is poorly integrated into the customer journey, plus chatbots created with too little attention to conversational design, have led to some customer suspicion and what Gartner describe as the “trough of disillusionment”: I’d say we are firmly at the bottom of that hype cycle now. However, as bots become part of mainstream customer experiences, and positive outcomes become more commonplace, consumers are starting to recognize the benefits of automation: speed, lack of wait or hold time, ease of use and convenience. For example with Messaging channels, the “persistence” of each conversation is a real benefit to many consumers – as they can stop and start a conversation exactly where they left off, as bots work 24x7 and are always ready to pick up again and help whenever you are ready to continue the conversation.

These benefits are all appreciated by those comfortable with the tech, so there are opportunities for insurers: but the absence of ‘the human touch’ and a lack of meaningful personalization can still lead to frustration, which is clearly counterproductive in a CX context!

5

What to automate and how to choose?

1. Start with the intent

All research participants agreed that defining the customer need or objective you are trying to better meet, what Dr Chris Humphris calls “intent”, is an essential prerequisite for automation. Speaking in the session on successfully deploying AI and automation at Virtual Digital Claims in November 2021, Liz Ryan, Head of Claims Performance & Insights at Zurich Insurance described this as defining a “Northstar customer journey”:

(When considering automation) It's really important to start with a clear vision of what you're trying to achieve with your digital investment. It can be easy at the start to pick off the low hanging fruits, the shiny bits of tech, but before you know it, you can end up with a landscape that's not really delivering what you need it to do. At Zurich we started by clearly articulating what we wanted our future Northstar customer journey to look like, and developed our digital roadmap and prioritized our investments to achieve this. So straight through processing of low value, less complex claims with AI-driven decision engine to screen to for fraud, check policy coverage in term etc, utilizing automation and AI to remove nonvalue add tasks.



For Tim Yorke, identifying your low hanging fruit means starting with simple, non contentious, non-emotionally charged interactions:

There are some obvious ways where you can use automation to start to improve the customer experience, if you can offer an AI-driven chat bot that allows you to answer 40/50% of the customer's questions without them having to sit in the call center queue for 25 minutes, then actually that's going to be really beneficial. It's going to improve the customer experience

Lee Dainty at RSA described these as “pockets of automation” in their claims process.

An example Tim shared was using a bot to process renewals, where the customer is contacting the insurer to say “I’ve had my renewal notice and I’m quite happy with it. I just want to renew my policy”. In this case a chat bot might say, “great, you want to renew it? Give me some details and off we go”

That kind of thing can really smooth the path. Relatively simple, and straightforward, and it allows you to segregate out the time-consuming admin that doesn't need “the human touch”: that improves the customer experience, hopefully reduces your costs and possibly makes a slight dent in the “unprecedented number of calls” that you continue to receive!



Use case studies shared by participants



Use case 1. RSA: follow up treatment/repeat prescription claims for ongoing medical treatments in pet insurance

An advanced, no touch digital claims process - that checks customer identity, identity of the pet, the condition in question and the follow up treatment/prescription, it then checks policy and premium status, that the follow up treatment/prescription is covered, policy limits and excesses and if all is correct - settles the claim made.

This is one of the “pockets of automation” Lee Dainty RSA, that works to a set of rules structured insurance and veterinary medicine based rules rather than being ‘dynamic AI’: for example, it only works for follow up treatments /repeat prescriptions after the initial claim has been validated by a claim handler. However, by leveraging existing claims data and clearly defined rules to the digital front they can accelerate customer and claim validation and payment

“We’ve taken a process that could take a number of days, even a week or more, and turned it into something that takes you 10 minutes to do on your phone and can result in a faster payment of that claim.”



Use case 2. AXA: lost policy document

An example of simple non contentious, non-emotionally charged interaction where the customer can't find their policy document, and instead of waiting for a call centre agent to ask them to send a replacement they can interact with a bot.

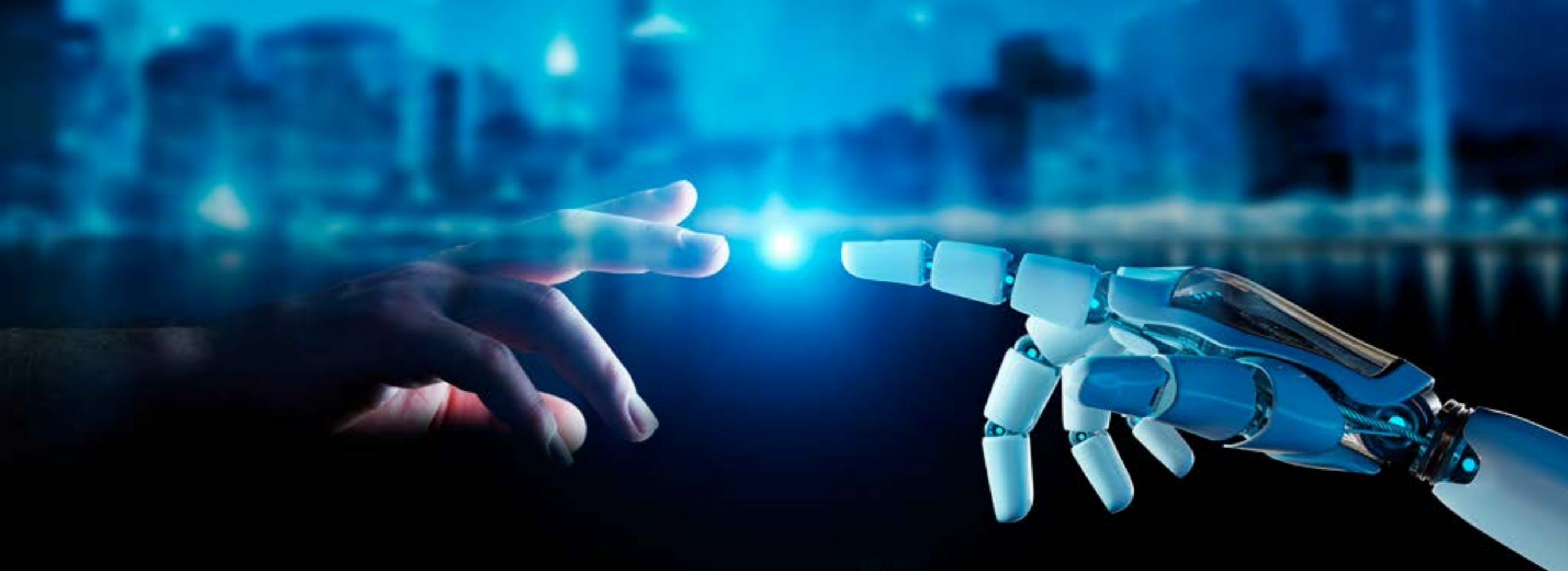
“In that situation, it might be quite possible to give it to a chat bot that says “OK, you can't find a policy document. That's no problem, I'll mail you another one or email you something, please give me your details”... and the process is automated. That doesn't need to touch the sides, it's nice and straightforward...”



Use case 3. AXA: motor total loss

A manual assessment process that took six weeks and often involved retrieving and storing the vehicle while an engineer was sourced to inspect it, was transformed into a less than 24 hour process because:

“we know the car, we know how old it is, we know what the accident was, we know where you’ve been hit and the speed you were going - so actually, the machine can say, 99 times out of 100, that’s going to be a total loss. Why don’t we just settle it?...and the cost of doing that becomes much reduced and maybe some of them (frauds or repairable vehicles) get through, but at the end of the day, it doesn’t really matter because they’re going to be marginal and the cost of repairs are going to be high anyway. So you’ll have some fallouts, but that’s OK because you freed up capacity to allow people to service the less clear cut cases, or those where the customer doesn’t want a total loss, or they don’t think it is one.”



2: Human vs Robot

Giving bots real intelligence is hard. A lot of bots currently deployed by brands do not understand what a good or a bad conversation looks like in the same way that humans do. We've evolved to be great at conversation by reading the subtle cues coming back to our questions. What is important is that the bot is trained to sense when the customer is showing frustration – through good natural language understanding (NLU) – and that enables the customer to get a swift transition off to a human agent who has all the context to that point to help resolve their concerns.

Dr Chris Humphris

When considering what to automate in insurance it is essential to understand when empathy and human intervention are required and when they are not. But this can be very challenging: the same claim in different circumstances can require very different responses. In some scenarios a bot can quickly and efficiently gather the details of a claim and fast track it towards resolution, delivering a fast and efficient service and a smooth and frictionless customer experience; but in a different scenario, where the customer “just wants to explain something to someone”,

that same bot can be obstructive and frustrating and become responsible for a terrible customer experience.

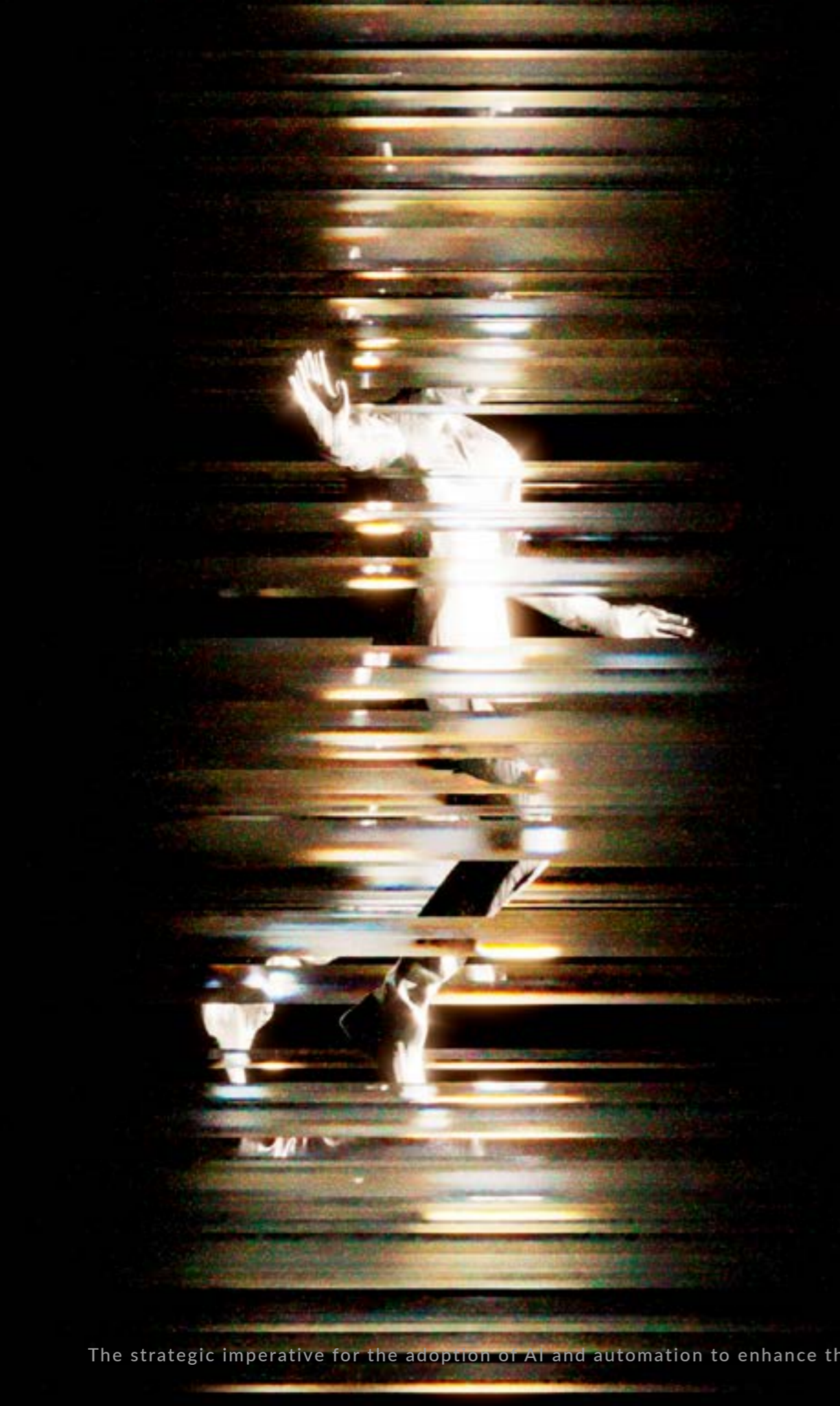
Sadly this is often exacerbated by a lack of patience with insurers born out of mistrust, especially in a claims setting: the perception is too often that insurers' 'default' to a reluctance to pay claims, and therefore any delay in processing them caused by automation, or the clunky transition from automated self-service to assisted service via an agent, is less well tolerated in an insurance setting (especially a claim) than it might be (for example) in an online retail or remote banking setting.

Differentiating the manual 'administrative' tasks like renewals, changing address or renewing a prescription that can be automated, from the more contentious, complex or emotionally charged that cannot is essential. If you are going to try and automate borderline cases make sure you have (enabled) agents on hand to intervene if the automation 'fails the empathy test' or starts to frustrate the customer.

Tim Yorke:

If you're interacting through a chat bot or something like that, or even potentially from an application or web application or another sort of app of some description, then at any time there's got to be an 'escape route' for the customer that should be relatively simple to do that says, "you know, actually, I need to speak to somebody at this particular point".





Lee Dainty echoed this when discussing the balance between automation and human interaction in intermediated business:

I think the technology has made it even easier for brokers to interact with us, and I think you can see a clear differential now between those who have remediated their legacy platforms and are exploring exploring digital interactions with brokers and customers in the claim journey and those that haven't: it brings efficiency, consistency on claims intake, and It enables an element of touchless claims or STP across simple rules engines, which over time you can then develop into more sophisticated AI - and start to push boundaries. However, we also very clearly see sentiment from brokers that says "don't go too far the other way, don't push me down a completely self-serve route where I can only interact with you digitally". And some insurers have probably gone a bit too far in that respect... the journey has to be designed so that the broker can drop out of that digital journey - you must still have the human touch in there.



CX vs UX

15

Not automating part of the customer journey does not mean AI and automation have no role to play in improving the customer experience of that part of the journey. These technologies can make as much difference to human interactions as they can automated ones by 'enabling the agent'. For interactions where empathy is essential the focus for investment in automation should be on enabling the agent to allow them to deliver the best service possible. For example, NLP can be deployed to speed up process times for internal form filling and data processing just as effectively as it can in a self-service/direct to customer context.

So there are 2 main areas for investment in AI to improve the customer experience: firstly, 'front end' CX where 'digital-first' technologies like chat bots and conversational AI are removing friction and enhancing engagement, mainly through self-service, or bot assisted service; and secondly technologies that 'enable the agent' - both whisper technologies that prompt the agent with the best responses in predetermined scenarios, and tools that provide the right data to the agent at the right time.

When considering the business case for automation it is no longer a case of choosing to invest in either driving operational efficiency or enhancing the customer experience, and it is no longer the case that improving CX always negatively impacts operational efficiency (and vice versa). In many



cases the customer experience is the experience of having your data processed – and if that can be achieved more quickly, and with tangible and immediate benefit to the customer, then the two have become one: a good customer experience is efficiency in action.

Indeed, Tim Yorke was keen to dispense with the distinction altogether:

We should not think so hard about the differentiation between agent and customer. Certainly, in the personal lines space, what we've got is a transaction to serve a customer purpose, and the question is "what's the most efficient and effective way of getting that transaction done?" Increasingly, in personal lines, it's going to be self-service and you're thinking of the agent almost as being 'transaction support' rather than 'customer service'...you're saying there's a transaction that needs to be processed here, and if it's most convenient for the customer to do it then it's a self-service transaction, and the direction of travel should be to get as many of those customer interactions happening on a self-service platform as possible. If, however, that transaction runs into trouble while it's being processed, whether via a chatbot or self-service, then your agent gets involved. But it's the agent saying, "How can I help you? I'm here to help the help you through the process", but it's the same process.

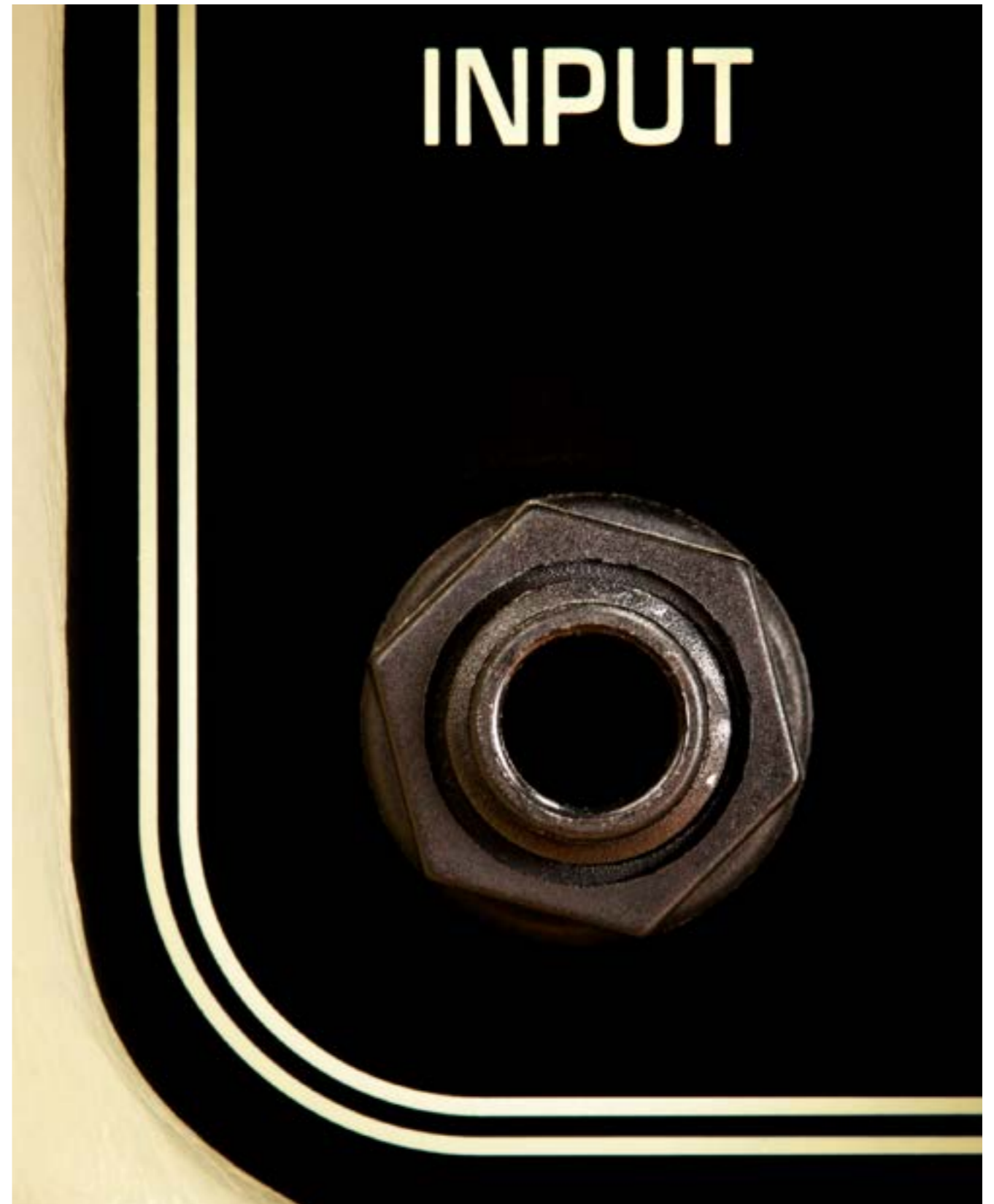
Challenges

Not for the first time in digital transformation, the golden thread that enables all of these enhancements to CX is data. However, the issues around data quality, reliability and accessibility were the most often cited by participants in the research for this report when asked about their major challenges. One participant spoke for many when they lamented “what’s holding us back is the ability to effectively plug things into our core system of records”.

To enable a seamless shift from automated/self-service to the agent, the systems the agent and the customer are using to execute those transactions need to be accessing the same data regardless of channel:

Tim Yorke:

If you're going from an automated interaction to a human interaction then it's almost beholden on you to make all the data and inputs that's been collected by the automated channel available when you switch over to the agent (so that) the agent's got all of that data in front of them straight away, and they can go," Okay, I know exactly where you are"



What's needed to deliver that is a data architecture that underpins all operational activity, and allows the necessary data to feed to specific use cases. The data needs to be in one place and accessible to all departments, and in most cases that's going to be a data lake or the cloud (Tim Yorke described the cloud as "just somebody else's data lake that you're renting"!). A big benefit of this approach is the flexibility to access and leverage data from diverse internal and external sources in multiple formats.

In terms of approaching the data transformation required, both Tim Yorke and Chris Humphris advocated an iterative approach, and both (once again) advocated starting with a user story or customer intent.

Tim Yorke:

Pick a user story that you want to go for, that you think is going to drive most value, and then work out what data you have got and what you can do. You could start by saying, "Well, let's engineer every single bit of data into one overarching data architecture that will support everything that we're ever going to do now and for the future?" Well, that'd be nice. But you'll get it wrong and be it'll take an eternity. So that's the point at which you need to say, "I've got my data over here. Let's start by thinking about how do we deploy it?" Then you can begin engineering that data to support the use cases. And that becomes an iterative process driven by the development of use cases which are providing benefits to you and the customers.

Dr Chris Humphris:

Taking an iterative approach to successive deployments of automation by addressing one customer 'intent' at a time, can allow the benefits of automation to be felt immediately, and the overall customer journey improved in incremental steps. So, you start by asking, "what are the top intents?" Let's just start to understand the top customer intents, and then try to automate as much of that as we can, as well as we can". Start with one or two intents but do them well, and then automate more of that journey... go from 5% to 10% automation, 15 to 20% and so on.



Opportunities

Having considered some of the challenges of unlocking the potential in data, AI and automation, we also asked participants where they saw the opportunities.

Customer Insight

AI and automation is not just about serving the customer, it can also very much be about achieving a better understanding the customer that will uncover opportunities to upsell and cross sell. Too much customer insight remains locked in claims and underwriting databases and in customer interactions that are neither recorded or analyzed. Technologies like natural language processing (NLP) and natural language understanding (NLU) can derive customer context, emotion and experiences from emails, messages, posts and calls.

These speech and text analytics tools can derive valuable customer insight from post-transaction analysis, but also provide real-time insight that can be used in the moment to impact CX, sometimes by prompting the agent and sometimes by giving them instant access to the data they need when they need it. This approach allows for a virtuous circle of experience management, where insurers can engage with their customers to capture, analyze, and act on their feedback in a closed-loop process that enhances the customer experience, drives retention and provides opportunities to offer other services.

These technologies are changing the collection of voice-of-the-customer (VoC) data. They can now enable insights generated from indirect data, turning contact centre communications and other customer interactions into knowledge of customers' emotions, context and experiences. Investing in customer listening and analytics technologies like customer journey mapping, speech analytics, text analytics, video analytics, user research and social media analysis can help ensure insurers keep pace with the changing needs and expectations of their customers. There is also a 'virtual circle' to strive for, where introducing process automation and developing more sophisticated self-service capabilities in turn drives greater availability of customer data and enables deeper customer analytics.

Customer interactions leave behind digital fingerprints that can be analysed. Customer analytics can enrich traditional data such as personal, demographic and historical transaction information with the customers current situational context to deliver outstanding CX.

Combining customer analytics with AI can enable you to create highly personalised engagements with your customers, delivering real-time communication and offers based on their current context.

Steve Bell, VP, EMEA Solutions Consulting at Verint Systems

AI Learning through customer engagement

Looking further ahead, AI will be able to understand, in real time, the customer needs, circumstances and/or frame of mind in order to offer the right channel to resolve the situation most effectively.

It is already possible to deploy AI to analyse current customer interactions across all channels/contexts in order to make better decisions on the best future interactions. By capturing, transcribing and analysing customer interactions, the AI can begin to understand and learn how customers react to both human and automated responses in different scenarios (and can even tell agents how people respond to specific questions, phrases or even individual terms). Through engagement data management and by combining natural language processing, machine learning, and libraries of topics and use cases, it is possible to analyse interactions and escalate seamlessly to human channels when deemed necessary by the circumstances, context or content of an interaction.





Conclusion

Success in the new digital era will mean leveraging data and advanced analytics in a way that combines human agents with self-service through adaptive automation. True success will lie with those insurers who understand the growing consumer desire to be a part of a two-way conversation: as Chris Humphris articulates it, “conversation is the cornerstone of customer engagement”. By leveraging technologies that can orchestrate customer interactions, insurers can intelligently unify all interactions to connect the customer journey across all channels, equip their workforce with a single-pane experience for customer engagement and enable them to optimize every interaction to provide a seamless, cross-channel experience.

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