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The Jetson future of insurance

“Meet George Jetson”

George Jetson wakes up in Johannesburg and inevitably first checks Instagram, emails and of course the load shedding schedule for the day (yes, load shedding is still an occurrence in this version of The Jetson future). His meetings are scheduled in Pretoria, so he checks the route on Google Maps.

Without him knowing ... in the background, his insurer is formulating a risk assessment profile:

Assessing the trip, time of the trip, whether load shedding will affect the route, the number of potholes on the road, how many highways will be crossed, how many cars are on the road and whether there is a high rate of accidents on this route.

He is instantly prompted with a notification asking:

“Do you want to insure this trip for an additional R110?”

George Jetson was provided with a real-time quote based on his live data!

While on his way to Pretoria, George pulls up to a traffic light that is not operational (surprise, surprise) and sees that it is clear to proceed. As he starts moving, a taxi driver who has not waited for his turn knocks into George’s vehicle. Luckily, George has insured this trip!

A notification from his insurer appears, asking if he has been in an accident. The sensor in his vehicle detected the impact. He selects “Yes” and is prompted to take pictures of the damage to his vehicle due to the accident and uploads these pictures onto the insurer’s mobile application. The accident is automatically recorded and after a few questions, his claim is submitted. Thank goodness for artificial intelligence ... making an unfortunate incident quick and easy to conclude.

While this scenario is not quite reflective of what goes on in Orbit City (there definitely aren’t any aerocars around in 2023 like in the show), it is a realistic expectation of where the insurance industry is heading.

Introduction

Insurance is a big and old industry not known for innovation, however it is on the cusp of seismic change. There is a significant opportunity for insurance companies to disrupt and reimagine how insurance works and reaches people. InsureTech (short for Insurance Technology) is the confluence of technology and insurance, and it is anticipated that this is where the opportunity lies for the insurance industry.

In this article we will provide insight into the ways that technology is already transforming the insurance industry.

Artificial Intelligence (AI)

History has shown that humans are fascinated with creating a machine that replicates human thinking. That is why AI was created. At first, AI was used to recommend similar Netflix shows based on our previous choices but now we use it for facial recognition to unlock our phones and for cars to drive themselves.

Insurance is fundamentally about the use of reliable and relevant information to predict future eventualities, to make decisions about accepting risk and to inform claim payment decisions. It is clear then that information is golden!

AI, with Machine Learning (ML) algorithms, has the capability to mine and analyse vast amounts of data in a short period of time. It also has decision-making capabilities that contribute to making the end-user experience more efficient and user-friendly in a seamless manner.

Insurance companies have an extensive to-do list from underwriting and policy management, to claims processing and complying with regulations. The mundane and time-consuming tasks can be tackled with AI, more specifically, by a robot.

Robots are dominating the world...they vacuum our floors, mow our lawn, drive our cars, can cook for us and can serve food in restaurants. It is undeniable that they will increasingly become more and more indispensable in our everyday lives.

Robots, such as Chatbots and Robotic Process Automation, can increase productivity, reduce human error and improve quality, which is why many insurers are looking at robots as an option to reduce workloads and optimise operations.

Chatbots

Over the last few years we have seen many insurers enlisting their “virtual assistants” to communicate with policyholders in the form of AI-powered chatbots. AI-powered chatbots can be beneficial in many scenarios; they can provide customer support, collect customer data, handle inquiries, facilitate underwriting and even detect fraudulent claims by comparing thousands of data points in a few seconds and listen for pitch outside of the natural vocal range to detect stress or emotional tension.

Included below are a few initiatives for insurers to consider in implementing this type of technology throughout the business:

- There is a large population of individuals who prefer interacting with a chatbot rather than a real person, particularly with the younger generations. In response to this preference, chatbots are revolutionizing the way in which insurance companies attract, engage, retain and serve varying cohorts of clients based on their individual preferences.
- Accidents by their nature are unpredictable and can occur at any time meaning that the insurance industry is one that provides a 24/7 service requiring customer calls to be attended to immediately. After having gone through a distressing life event, the last thing that a policyholder wants to experience is to be placed on hold or repeat themselves every time their call is transferred. The use of a chatbot can assist with responding to or resolving a client query in an instant.
- There is benefit in improving and simplifying the overall claims process. Customers can inform the chatbot of the nature of the claim and upload images of the damage. The chatbot will then pull up the customer’s policy from the insurer’s database and immediately initiate the claims filing process. It can also go so far as analysing the facts and circumstances of a claim through a fraud detection algorithm before processing the claims for further consideration and payment.
- Chatbots can eliminate the risk of human error and reduce the number of instances of being told “please resend your information”. Chatbots are able to ensure that every query and claim is attended to quickly and sometimes immediately and the customer experience is improved.

- Chatbots can also be used to recommend personalised policy options based on an algorithm of scripted questions being asked of customers. In some instances the chatbot can respond to customers' follow-up questions to provide more clarity and understanding of policy options.

Robotic Process Automation

It goes without saying that insurers have large amounts of data that needs to be analysed to determine appropriate premiums, process claims and to complete monthly financial reporting processes.

Welcome, Robotic Process Automation (RPA) - the use of software robots to handle routine-level tasks. From underwriting and onboarding customers to claims processing, RPA is changing the way in which insurers conduct business by automating data collection, transforming data so that it is uniform and comparable and reveals the key insights. With the use of AI and ML technology, information can be swiftly extracted from documents, collated with other information, analysed to identify errors and patterns and be reported on based on pre-determined templates.

RPA improves the operational efficiency of an insurer and allows it to free up time to focus on more complex matters. Popular culture says that robots will take over the world, but for now, they are helping transform the insurance industry and people's lives for the better.

The Internet of Things (IoT)

The Internet of Things has arrived and is rapidly transforming our everyday lives. Many people already use car and fitness trackers, home assistants, smartphones and watches, and will continue to increase the use of new possible connected devices such as eyewear, home appliances, medical devices and shoes.

Today's devices are already producing fourteen zettabytes of data, with numerical or visual information on people, things and environmental factors. The resulting avalanche of new data created by these devices means better and more reliable data that insurers can utilise to understand their clients more deeply, allowing for the development of new products and distribution channels, more personalised pricing, increasing real-time service delivery and extending the insurer's role to include prediction, prevention and assistance.

A more data-driven adjudication process also reduces the problems created by human bias. Meanwhile, the individuals in the claims department would continue to be responsible for tasks that humans do especially well, such as complex problem solving and process innovation.

In the past, insurers have predominantly played a risk-transfer role, helping clients offload selected risk exposures. With IoT technology, insurers can move into the area of risk prevention: providing timely advice and alerts to prevent claim events from happening in the first place. This could range from relatively small situations - an alert about an autonomously operated machine that is about to fail because of a worn-out motor - to much higher-value insights, such as a build-up of temperature or pressure that suggests a plant explosion or geyser leak is imminent. In short, thanks to the IoT, risk prevention may become another arrow in the insurance quiver.

Conclusion

I grew up watching The Jetsons and their utopian future. In 2023, our houses are not yet in the sky, and we do not have aerocars but we do have our own version of Rosey. So, we can say that we are heading to the future.

The use of technology (more specifically AI) in the insurance industry is still emerging however it is becoming more and more prevalent and the benefits of adopting AI outweigh the risks of not doing so.

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