

Insurance industry leveraging unique benefits of chatbots

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How the insurance industry is leveraging the unique benefits of chatbots

By *Rose de Fremery*

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Have you recently visited a company's website or opened up a messaging app to ask a question and received a response that seemed just a bit too robotic to be human? You were probably engaging with a chatbot, a type of artificial intelligence that a growing number of industries are using today. According to Business Insider, **80 percent of businesses want to use chatbots** by 2020. The insurance industry is a particularly enthusiastic early adopter of the technology, and has been experimenting with it for a decade. Business Insider estimates that chatbots could save the industry \$12 billion

dollars in labor costs. Here are the roles chatbot technology is currently playing in insurance enterprises:



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How chatbots are deployed in the insurance industry

When integrated with mobile messaging apps, chatbots can act as virtual customer service representatives, engaging with prospective customers using natural language, answering basic questions and assisting them in determining which insurance products would be most appropriate for their needs. GEICO's app, for example, features a virtual assistant named Kate who responds to simple billing and policy questions. Digital insurance startup Lemonade employs two different chatbots: Maya, who sells homeowners' and renters' insurance, and Jim, who settles claims in a jiffy — according to The Economist, he even recently **squared away a claim** in three seconds, setting a new world record.

Virtual insurance agents like Kate, Maya and Jim can simultaneously field multiple interactions; the insurance agency can then scale up its customer service operations without investing in more staff. The virtual representatives can seamlessly hand off complex tasks to

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human insurance professionals so the insurance company can better capitalize on the talent of its employees.

The machine learning upon which AI relies could analyze past claims and predict which incoming claims are likely to result in nettlesome, time-consuming problems such as fraud or litigation, and flag them for proactive human intervention. These AI tools are adjusting to their customer-facing roles; as VentureBeat notes, they can even be [designed with personalities](#) that align with the brand they are representing.

Implementing an automated insurance agent

As wonderfully efficient it may sound, bringing a chatbot onboard as an automated insurance agent can be a complicated endeavor. Not all claims are straightforward or simple, the process can be somewhat inflexible and the insurance industry is highly regulated. Modern AI systems are currently only capable of handling tasks that fall within somewhat narrowly defined parameters. For higher-order functions like analyzing trends and patterns in claims, they depend on large amounts of high-quality data. Accordingly, insurance companies that want to make the most of their future chatbot implementations can prepare now by ensuring they are collecting and efficiently organizing the data upon which their AI assistants will depend.

Given chatbot technology's current state of maturity and the insurance industry's unique requirements, enterprises are carefully implementing automated agents only in specific scenarios. They may run pilot programs that center on targeted areas of the claims process, evaluating the cost of investing in AI at certain junctures and then determining what possible ROI they can expect to reap. Doing so can be a smart, strategic way to begin identifying processes for which chatbot technology can be useful, building on past successes while gradually expanding the use of AI. As insurance firms undertake those incremental projects, they can develop valuable levels of proficiency and competency using AI that paves the way for future innovation.


Where chatbot technology goes from here

As AI evolves, you can expect chatbot technology to play a more prominent role in insurance enterprises. This trend neatly dovetails with a growing consumer preference for communicating with businesses using [mobile messaging apps](#). In a recent survey, [90 percent of consumers](#) said they prefer to interact with brands using messaging apps, where a chatbot is often handling the initial interaction. Insurance enterprises, spotting a ripe opportunity, will likely deploy more chatbot representatives in messaging apps so they can efficiently meet consumers where they prefer to engage with brands.

In the future, chatbots could potentially be employed to settle the majority of claims that an insurer receives, all within the convenient [mobile apps](#) that consumers enjoy using. Legions of intelligent automated insurance agents could proactively spot trends in claims as they arrive, enabling insurance enterprises to continually optimize and enhance their business processes. They may seem limited in application now, but AI assistants will likely be leveraged for considerable strategic advantage within the marketplace before long.

The insurance firms that learn how to maximize chatbot benefits early in the game stand to gain the most lucrative rewards.

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