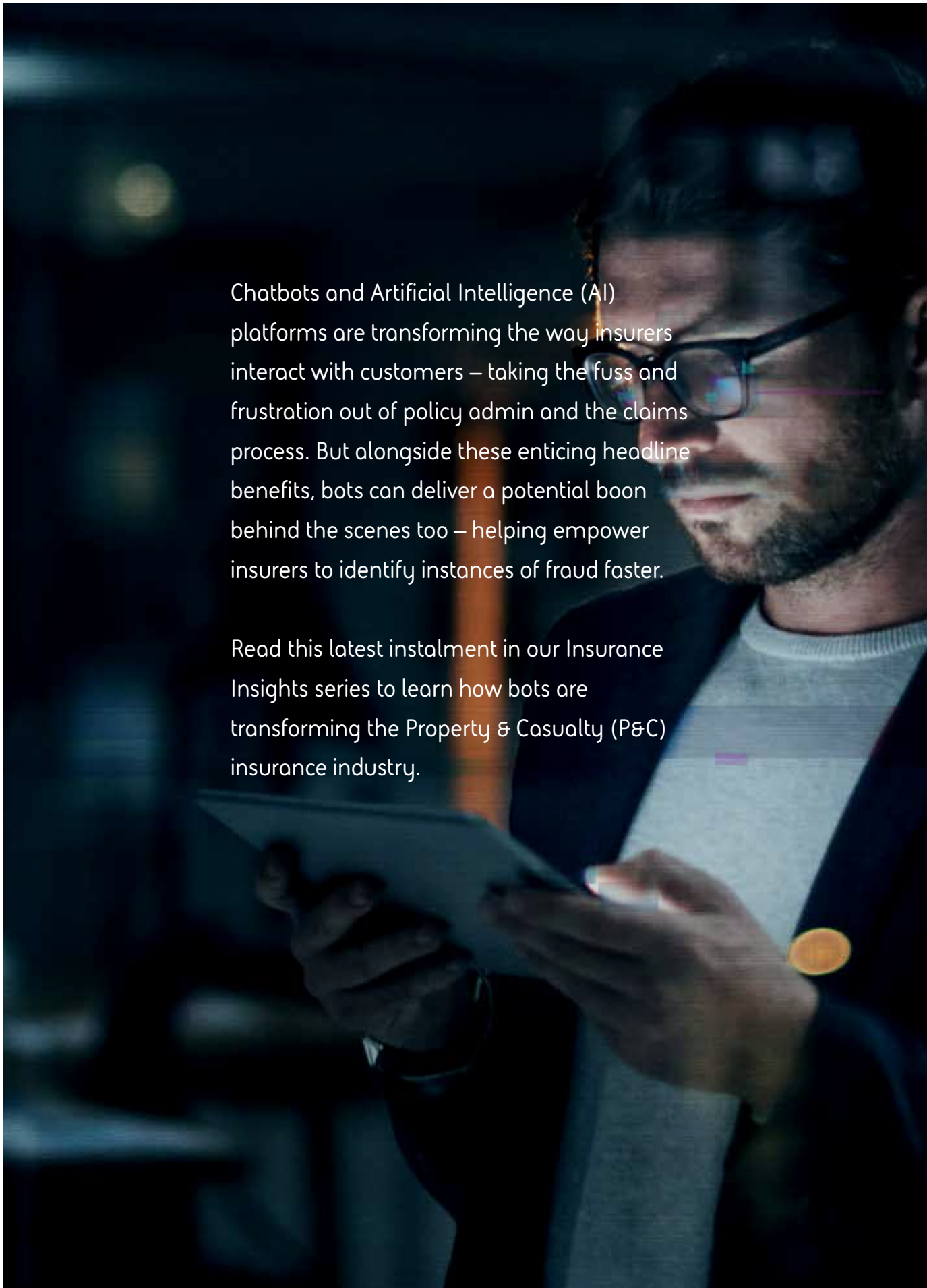




How Chatbots Are Raising The Bar For Insurance Customer Service



A man with glasses and a beard is looking at a tablet device in a dark, dimly lit environment. He is wearing a dark jacket over a light-colored sweater. The background is blurred, showing some light sources. The text is overlaid on the image.

Chatbots and Artificial Intelligence (AI) platforms are transforming the way insurers interact with customers – taking the fuss and frustration out of policy admin and the claims process. But alongside these enticing headline benefits, bots can deliver a potential boon behind the scenes too – helping empower insurers to identify instances of fraud faster.

Read this latest instalment in our Insurance Insights series to learn how bots are transforming the Property & Casualty (P&C) insurance industry.

Chatbot revolution? Now you're talking

You might expect that it's younger digital-native customers who are most likely to prefer text-based chats rather than phone calls. And yet (in a recent survey by Drift.com¹) baby boomers were side by side with the millennial cohort – eager to experience the benefits of chatbots to communicate with insurance providers.

In fact, nearly three quarters of consumers would be happy to deal with chatbots when shopping for insurance or making a claim, according to Accenture².

Bot benefits

So, both customers and insurers can see the benefits. Customers know they get faster (and often simpler) assistance – including efficient 24-hour service and instant answers to the majority of questions. And as the insurer, you get happier customers, deeper insights and a wealth of valuable data to take advantage of.

If you've yet to embrace chatbots, you might be missing out on a range of big wins. That's why we've put this briefing together, outlining the chatbot benefits that await you and demonstrating the benefits to both customers and insurers.

1. <https://www.drift.com/wp-content/uploads/2018/01/2018-state-of-chatbots-report.pdf>

2. <https://www.accenture.com/gb-en/insight-ai-reshaping-insurance>



#1 Enhance customer experiences

Chatbots provide insurers with the ability to engage customers more effectively and efficiently than ever before. And do so in the way the customer prefers. This has traditionally been difficult in an industry where the majority of insurer-customer communication comes at a difficult, often negative, time in the customer lifecycle – at the point when an accident or loss has occurred.

The introduction of chatbots can change that – promoting effective ongoing communication and a greater understanding of a consumer's policy coverage.

They also help at the point of claim. In 2017, Lemonade famously reported that it was able to pay a claim in three seconds thanks to AI³. The insurer often runs its customers through the entire quote process using a bot and it provides far simpler and faster claims settlement in the same way. Co-op Insurance, a larger player in the market, has since followed suit and is using chatbots for quick high-level quotes and customer management.

Chatbots have the potential to drastically speed up the policy acquisition and claims processes for insurance customers. And the less time they have to spend dealing with insurance admin, the happier customers will be with their provider.

#2 Data accuracy and efficiency

Chatbots also provide the ability to capture and aggregate data (both in terms of volume and variety) that was never previously available to insurers.

Speech recognition technology can be expensive and isn't ubiquitous. Meanwhile, human operators and analysts don't necessarily log everything said by a claimant or policyholder during a call. Instead, they selectively write down what is immediately relevant – with additional data recorded but accessed infrequently when required.

Chatbots, with embedded machine learning, are able to accurately capture and learn behaviour over time, providing insurers with the ability to understand more about their customer's activity and identify trends. This newly yielded data and improved understanding of your customer base can prove to be vitally important for multiple purposes – including that of fraud detection.

#3 Efficient operation

As we've discussed, faster and more accurate processing makes for happier customers. But it's clearly beneficial to you as an insurance provider, too. Chatbots offer savings in the call centre environment by reducing hold times, call answer rates and eliminating opening hours.

Chatbots can boost operational efficiency. Using bots at the point of quote or at first notice of loss, as Zurich UK is doing with Zara (Zara has helped customers with 60% of claims made outside of office hours⁴), could also help you discover very quickly whether an interaction is genuine, or if there is suspicious activity taking place.

If a bot can effectively process a simple claim (and the customer is identified by your fraud detection algorithms as low-risk), you can pay the claim faster. And that opens up the possibility of a completely touchless process – reducing processing costs, increasing satisfaction for your genuine customers and reducing the risk of fraud.

3. <https://www.lemonade.com/blog/lemonade-sets-new-world-record>

4. <https://www.spixii.com/work/zurich-case-study>

Walking the talk

Chatbots are having a profound impact on the insurance industry – evolving beyond merely ‘another customer service channel’. They’re improving information gathering, simplifying customer interactions and will soon promise the potential to further enhance fraud detection.

And, probably most important of all, bots are making customers happier.

Discover more about the adoption and application of advanced technology in insurance by visiting baesystems.com/insuranceinsights.

BAE Systems, Surrey Research Park, Guildford, Surrey, GU2 7RQ, UK

E: learn@baesystems.com | W: baesystems.com/insuranceinsights

 [linkedin.com/company/baesystemsai](https://www.linkedin.com/company/baesystemsai)

 twitter.com/baesystems_ai

Copyright © BAE Systems plc 2018. All rights reserved.

BAE SYSTEMS, the BAE SYSTEMS Logo and the product names referenced herein are trademarks of BAE Systems plc. BAE Systems Applied Intelligence Limited registered in England & Wales (No.1337451) with its registered office at Surrey Research Park, Guildford, England, GU2 7RQ. No part of this document may be copied, reproduced, adapted or redistributed in any form or by any means without the express prior written consent of BAE Systems Applied Intelligence.