

The Future of Insurance: AI's Role in the Insurance Industry (Part 2)

In Part 1 of our running series on AI's role in insurance, NIACE shared how AI could improve the claims management and fraud detection process for insurers while exploring AI's growing prominence in the financial industry. In part 2 we will be further exploring AI's potential impact on policy administration, as well as sales and distribution process of insurers.

The potential benefits of AI on policy administration would bring cost savings for end users and insurers across the board. Case in point being automation of repetitive administrative processes and policy customisation. With the implementation of AI algorithms, AI can help insurers automate administrative processes. By automatically extracting the relevant data for application forms, data validation and policy generation, previously manual processes can be successfully automated, reducing human error and manpower requirements which will lead to long term cost savings. Additionally, AI algorithms can benefit policy holders as well. Customised policies can eventually be offered to policyholders that provide the lowest premium for the highest coverage. This is achieved through the real-time analysis of data by AI which crafts insurance policies that are both optimal in cost and value for the customer.

Another aspect that AI will eventually streamline would be in sales and distribution. The emergence of AI chatbots to manage customer enquiries will likely be a mainstay within the industry with further live chat features integrated into existing chatbot ecosystems. This can allow insurers to address any queries that clients might have on the go, anywhere, and anytime, to facilitate a smoother sales and after sales process. Additionally, the chatbot could be further enhanced to include sandbox elements which allows potential clients to customise their own policies based on individual requirements and needs before following up with a sales representative from the insurer.

Building upon the AI chatbot function, employing AI-enabled analytics marketing can help insurers to better identify customer preferences, demographic data and market trends that helps to distill potential leads and tweak marketing materials that target specific segments of potential customers. Additionally, it can assist insurers in discerning comprehensive insights which tailors suggested products according to each client's financial profile, personal preferences and risk appetite.

NIACE is excited about the developments in the insurance industry as we constantly look to improving our product offerings while trying to incorporate new advancements in AI into our daily operations. The company will continue to do our very best as we seek to be the top insurer for our clients.

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