



THE INSURANCE OF TOMORROW

TRENDS AND CHALLENGES

KOIOS INTELLIGENCE

INDUSTRY OVERVIEW

In recent years, the speed at which customer experiences have improved in online retail and banking markets has caused client expectations to quickly rise with regards to insurance carriers. In order to meet client needs, traditional insurance carriers are completely re-designing their processes through the use of AI and analytics.

Most established insurers and incumbents must change their strategies and workforces in order to keep up with competition. Following the rapid growth of Fintechs, Insurtechs are now integrating these new technologies and paving the way for more automated processes. One McKinsey Report has found investments in Insurtechs to have grown more than tenfold from 2013 to 2015.

From client-facing platforms to data-driven quote pricing systems, the many changes being implemented by industry players primarily aim to make customer experiences more enjoyable. However, letting go of legacy systems is proving to be a challenging and costly task for most carriers.





ROOM FOR IMPROVEMENT

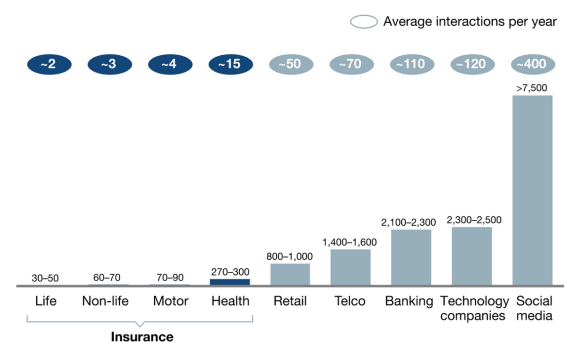
While this digital transformation is changing industry standards for the better, customers are far from being satisfied.

In fact, one survey has even found digital insurance clients to consistently seek more improvements from their respective carriers compared to more traditional customers.

So far, most of the innovations designed by Insurtechs focus on enhancing the Distribution and Pricing processes of classic insurance value chains. But while these improvements may prove to be most profitable, they may not be prioritizing the new digital client's needs.

Finding the source of their customers' dissatisfaction may be the most efficient way for incumbents and Insurtechs to attain faster industry growth.

Estimated average number of customer contacts over 20 years (and average per year)



Of all comparable industries, Insurance ranks the lowest in terms of customer engagement, reaching as low as two customer interactions per year.

One area where this lack of engagement is particularly felt by customers is that of *Claims Processing*.

PERSISTENT PAIN POINTS: THE CASE OF CLAIMS

EFFECT ON CUSTOMERS

Most customers associate standard claim processing systems with excessive paperwork and long waiting times.

Our research team conducted a 250 person survey in order to get a better understanding of insurance customers' experiences. When asked how satisfied they were with their current insurance carriers, close to 1/4 of participants reported that their carriers' service was less than satisfactory.



The participants of our survey were then asked to rank the following processes from most to least cumbersome: Renewing Policy, Obtaining Quote, and Processing Claims.

Our results showed that close to 50% of survey participants found processing claims to be the most irritating part of their customer experience, ranking it 1st. This means that reducing client waiting times, and simplifying the claims process is a must to achieve better customer satisfaction.

"CUSTOMERS RANKED CLAIMS PROCESSING AS THE MOST CUMBERSOME TASK OF THE INSURANCE PROCESS"

EFFECT ON CARRIERS

From the carriers perspective, making the claims process more efficient would translate into significant cost savings by reducing operational costs relating to call center staff and equipment.

For auto-insurers, a redesign could double profitability levels within five years.

Additionally, integrating automated claims processes would greatly reduce the number of fraudulent claims (that make up 5-10% of claims).

(illustration by Adam Hamdan)



THE ROLE OF CONVERSATIONAL AI

CUSTOMER EXPECTATIONS

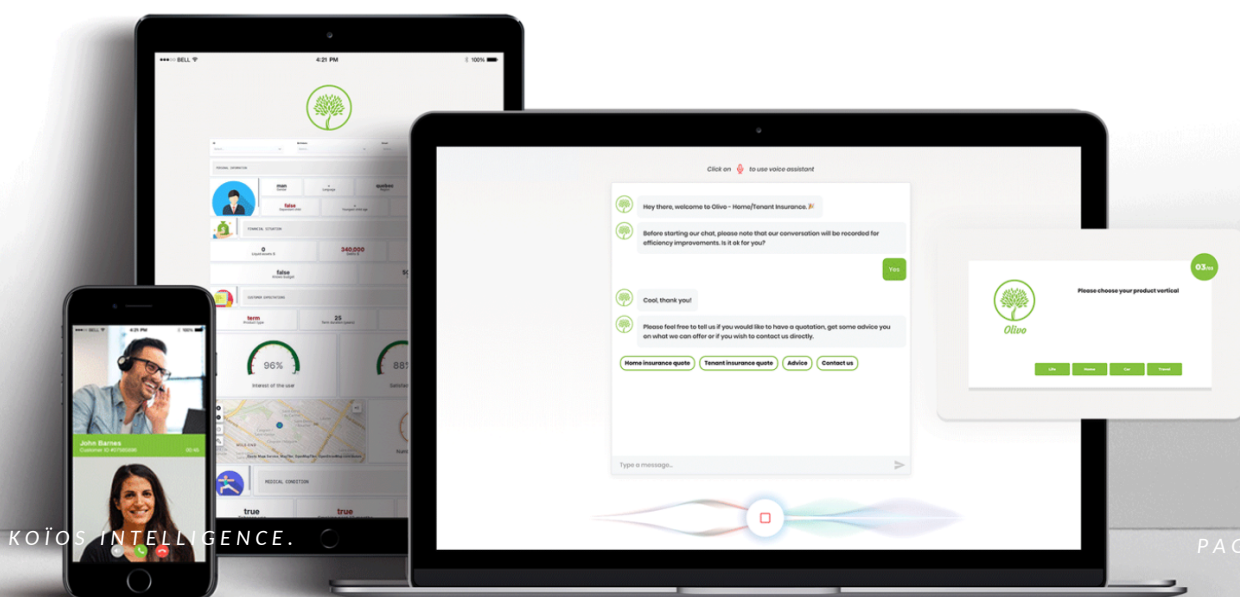
According to a Koios Intelligence study that surveyed close to 1000 insurance consumers:

- ¾ of insurance consumers would feel safer interacting with a chatbot when buying insurance in the near future, given the current state of the Covid-19 pandemic
- 70% of insurance consumers prefer chatbots over call centers when asking FAQs
- 70% of insurance consumers who don't currently own a health or life insurance policy are more likely to purchase one because of the Covid-19 pandemic.
- ¾ of insurance consumers are comfortable sharing health information with an insurance-specific chatbot
- ¾ of insurance consumers think VDA's are getting better at context understanding thanks to Artificial Intelligence.

ADAPTIVE TECHNOLOGY

Ever since the spread of the Covid-19 pandemic, safety regulations have pushed all types of businesses to enable self-service options and avoid human contact when possible. AI-powered chatbots allow brokers and agents to make that switch to a remote salesforce.

- One may 2020 survey found that "50 percent of agents cited remotely building new customer relationships as the biggest challenge during COVID-19."
- Agents' needs for sales-enabling digital tools is much greater than before, and is crucial if agents want to maintain their customer relationships and stay on track of their lead generation targets.
- Another survey reported that as much as 70% of ongoing life insurance conversations were held in-person before the pandemic hit.



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