

Will generative AI be a revolution for insurance?

Unless you've spent the past year under a rock, you'll be aware of the excitement for generative AI. While many have used the technology to write emails, do homework or create CVs, generative AI could be one of the most transformative technology stacks to businesses. Laila Beane, the chief marketing officer at IntellectAI, the insurtech and wealthtech brand of Intellect Design Arena, recently delved into generative AI's impact on insurance.



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According to a report from Enterprise Apps Today, the generative AI market within insurance is expected to be worth around \$5.5bn by 2032. This growth is expected to be driven by companies implementing the technology to improve their operations and customer experience.

Insurers must manage multiple external influences, including interest rate volatility, increased catastrophic events, inflation, continuous regulatory change, economic downturn and ever-changing employee and customer expectations, Beane said. To help them efficiently manage these changes, they have increasingly sought technology, namely AI.

However, AI has been a buzzword in the industry for many years. The technology has seen increased adoption over the years and is often considered to be a pivotal piece of companies' digitalization strategies and efforts to overcome those mentioned influences. So, what makes generative AI truly special and justify the excitement?

According to Beane, it's the ability to generate actionable insights. Beane said, "Unlike most widely available AI models and techniques in use for decades, generative AI provides the ability to analyze vast volumes and variety of data, to generate actionable insights for enhancing decision-making processes, personalizing customer and broker experiences, providing dynamic loss reserving, performing reputation monitoring, recommending dynamic pricing and coverage options and more." On top of this, a well-built foundational model can remove human bias, improve data quality and ensure auditable explainability, something older AI models have struggled with, she added.

When people think of generative AI they instantly think of conversational platforms like Chat GPT. These platforms have their place in insurance. A generative AI-powered chatbot can provide personalized customer and broker experiences by answering questions, providing summary information, guiding people through claims, providing product suggestions and more. Customers demand smooth and personalized experiences and generative AI is an easy solution.

But generative AI is more than just a chatbot. NLP-powered generative AI can analyze huge quantities of textual data, including medical records, legal documents, articles, websites, and more, and provide clear contextual information for risk assessments, claims processing and personalized coverages. Through this, insurers can boost policy holder retention and business growth without increasing staff workloads.

"By analyzing data related to an individual's behavior, lifestyle, medical and social history, genetic datapoints, and more, generative AI can help insurers personalize pricing models that reflect a customer's actual risk profile more accurately."

Are insurers hesitant about generative AI?

While generative AI will have a huge impact in insurance, there is a risk some insurers will not embrace the technology. As mentioned, AI has been a buzzword for many years, and as such it risks people being fatigued by it. Beane stated that market census' and industry discussions hint that many companies are overwhelmed by AI, almost to the point of not wanting to hear about it.

“More mature forms of AI have been more widely adopted for intelligent automation of mundane tasks. Very few companies are exploring generative AI in real world scenarios,” Beane added. On top of this, many are hesitant about generative AI because of concerns around data privacy, security, regulatory compliance and the potential loss of jobs. But insurers shouldn't be put off.

Beane offered some guidance on how to ease into generative AI – the key is starting small. Initially, insurers should look for proof of concepts with clear goals and outcomes. To ensure implementation success, solid change management practices, good communication and sufficient staff training is vital. Staff is often the biggest hurdle for companies to overcome. New AI solutions can heavily impact a team and often causes resistance from employees, Beane said. Considering this, Beane recommends insurers opt for a hybrid approach where AI serves as an intelligent assistant rather than a replacement.

“Successful AI implementations do not apply AI to existing processes, rather they recreate the approach toward the outcomes desired while ensuring the critical human checkpoints are incorporated and slack is eliminated.”

Generative AI and underwriting

According to Beane, underwriting is the perfect place for generative AI. Underwriting is at the heart of insurance and requires data-centric decisions to ensure the best-fit risks for the business. Despite its importance, it is plagued by several challenges. These include meeting new customer expectations, effective data analytics, the speed to identify and quote qualified business from 100% of submissions, maximizing underwriting productivity, removing decision bias and ensuring technology can scale.

Specialty and E&S lines come with their own challenges. They require speed and underwriting flexibility to intelligently consume 100% unstructured documents, handle complexities of high clearance, especially when product boundaries are not clearly defined, handle tough risk assessment rigor and quickly bind niche opportunities while leveraging Excel rates and downstream systems. AI applications can help provide businesses with agility and drive portfolio profitability.

“AI can not only bring automation efficiencies and streamline underwriting processes, but advanced ML techniques and generative AI models can analyze vast amounts of internal and external data very quickly to reduce bias in decision-making and efficiently recommend coverage and quote alternatives, trigger cross-sell and upsell, and improve personalized communications.”

How IntellectAI can help insurers embrace generative AI

IntellectAI is the InsurTech division of Intellect Design. Among IntellectAI's defining features is its ecosystem of pre-built embedded-AI solutions which are custom configured to the unique needs of carriers, MGAs and wholesalers. These solutions can be fine-tuned to meet the needs of commercial, specialty and E&S lines.

Beane explained that IntellectAI has a practical view of AI. “The collective intelligence of the human and the machine is far superior than the human or machine alone. Embracing AI is about transformation to augment business decisions culturally and digitally with people being at the core. We have immersed ourselves in the actual human processes, and

through continuous prototypes and feedback, we mature the transformation approach for the best outcomes keeping empathy at the center of all our designs.”

Its platform supports the entire underwriting value chain, from automatic submission ingestion, real-time data validation and enrichment, clearance, submission prioritization and comprehensive workbench capabilities including full policy administration functionality. It also boasts proprietary triangulation algorithms to generate deep exposure insights from thousands of internal and external sources. “Leveraging existing valued underwriting assets is critical to our design,” Beane added.

Use cases of its AI include contextually extracting, validating against external sources, and normalizing information from documents, including ACORD forms, SOVs, loss runs, broker specifications and carrier supplementals for quick consumption by downstream systems. Advanced AI models triangulate insights from external unstructured sources and provide deep risk analysis with contextual alerts and recommendations for underwriting decisions including climate change, catastrophe and ESG. Its generative technology can also recommend file content based on submission data and additional insights, and perform primary policy language analysis to determine underlying coverage quality.

As an example of how IntellectAI helps underwriters, its Risk Analyst product leverages generative AI to read submission data and provide underwriters with a summary of the account and the opportunity. It can also map the carrier's underwriting guidelines and recommend what characteristics of the account are preferred, acceptable or unacceptable risks. As for renewals, the system compares important attributes of the current term with the expiring term and recommends required changes.

“We see great opportunities for our AI to be the Underwriter's AI assistant that can perform email sentiment analysis to understand intent, provide underwriters with more upfront insights on the broker's request, answer questions that an underwriter might have about the opportunity or the account or the entire book v/s plan.”

Why choose IntellectAI?

With the potential market size of generative AI in insurance, it is set to become a competitive space, so what makes IntellectAI the right answer?

Beane said, “At the core of IntellectAI is its people and a culture of innovation. IntellectAI has a proven footprint in applying emerging technologies and advanced AI to simplify business complexities and effectively position companies for the future with sustainable outcomes in a constantly changing marketplace. We have proven experience in operationalizing AI. Our pre-defined and granular underwriting capabilities with embedded AI in the right proportions enable rapid deployment and immediate ROI.”

Moreover, IntellectAI is devoted to providing an unbiased, open and innovative AI ecosystem that helps customers and partners create and deploy their own AI models and apps, faster, cheaper and at scale. To ensure it stays ahead of competition, it invests 16% of its revenues into emerging technologies to help solve complex business problems across verticals.

Beane concluded, “As we innovate and mature as a brand, we welcome new consulting firms, InsurTechs and Advisory partnerships to help accelerate the pace of innovation.” ●