

Publication

Artificial Intelligence in Insurance Distribution

- no one-way street

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The article was originally published in in Versicherungswirtschaft (Insurance Monitor), November 7 / 11, 2024

<https://versicherungsmonitor.de/2024/11/07/kuenstliche-intelligenz-im-vertrieb-keine-einbahnstrasse/>

<https://versicherungsmonitor.de/2024/11/11/wie-kuenstliche-intelligenz-den-kunden-veraendert/>

This is a translation of the original article- enabled by Humans with AI

The Long View – Background

Many insurers are already gaining initial experience with the use of artificial intelligence (AI). However, even in sales, AI support is often limited to the back office. Many believe that interaction with customers, on the other hand, is difficult to support or even take over from AI. This is not the case. Insurers and their sales teams can already use AI applications today to help them understand and serve customers much better.

Hardly anyone would disagree with the assertion that artificial intelligence (AI) will change the insurance industry and therefore also the sale of insurance products. Many companies are already gaining initial experience with the use of “generative AI”. However, complex issues are usually still left out of the equation. In sales in particular, interaction with the customer is classified as an area that is difficult for AI to support or even take over. Building trust and empathy cannot be mapped using AI, many believe that AI support in the back office is fine, but the core of sales remains as it is today.

It will be different - through the use of innovative AI solutions by insurers, distributors and sales partners and by the customers themselves. In this case, the game goes both ways.

We have therefore divided our article into two parts: In the first part, we use examples to show that insurers and their distributors can already “go much further” than route planning and Next Best Offer, i.e. determining the product that the customer is most likely to buy. In the second part, we take up the current developments in “personal AI assistants” for customers and outline how such an assistant can significantly or even dramatically change the sales process.

(Part 1)

Use of AI by Insurers and Brokers

In insurance sales, the focus is on customers and their risk protection. How can AI help to understand the customer, systematically address them in a targeted manner, provide appropriate advice and thus create a win-win situation for customer and insurer? On the one hand, AI can provide additional relevant information about the customers and their needs and expectations. On the other hand, it enables a new form of communication and interaction with the customer.

By using text and voice AI, the needs and preferences of different customer groups can be systematically identified and taken into account throughout the entire sales process. Different and unstructured voice or text information from various internal or public sources is used to recognize needs, decision drivers and preferences (such as preferred communication channels) of customers as patterns - we call it “Understanding People at Scale”. The AI understands the context, classifies the information, can categorize the relevance and recognize psychographic patterns including emotions, similar to what a

sales employee would do. In compliance with regulatory requirements, state-of-the-art AI solutions can already find and measure customer preferences and use them in insurance sales.

Large language models (LLMs) are used to analyze both broadly and deeply at the same time. Employees or traditional systems cannot work on this scale and therefore cannot recognize the patterns. With the LLMs that have been further developed since 2017 and the computing capacities available today, analytics can be carried out with the quality and speed needed in day-to-day business. Depending on the task and language, suitable models are selected, often several, to ensure high analytic performance.

In a next step, modern LLMs can also be used to build AI applications that enable scalable human-like communication and interaction. Here, customer preferences are linked to “data or transaction information”, enabling direct, convincing and empathetic voice or text communication - almost like a human being. In the insurance sector, it is important that reliable data is used, that the systems do not hallucinate and that the company’s “tone of voice” is reflected in the language. Hallucinations are invented versions of language models that are not based on real data or events. It is therefore about accuracy of content as well as empathy and trustworthiness in an ongoing conversation - just like with a human counterpart.

Insurers can now use AI applications that have already proven themselves in various consumer areas. The graphic below shows selected topics along the sales process where AI analytics can be used effectively.

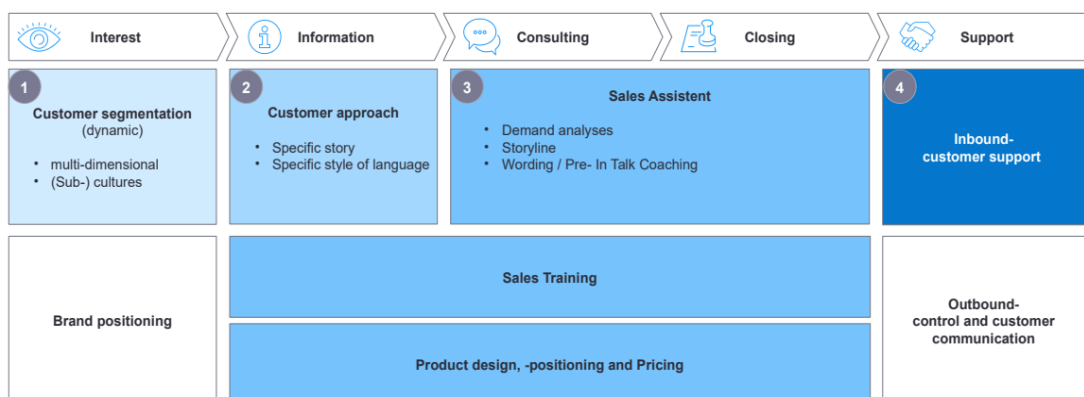


Figure: AI use cases in the sales process

In the following, we would like to highlight and outline four applications that can contribute independently or in combination as part of a strategic AI roadmap - today and even more so tomorrow.

1. Customer Segmentation: Customer needs and behavioral Segmentation

The first step is to analyze customer needs using “Understanding People at Scale”. AI makes it possible to identify and characterize suitable and individual customer segments with a comparable profile for the

company. Typical criteria are behavioral patterns, types of needs, socio-demographic values or psychographic characteristics.

It is relevant in the sales process whether a customer tends to make rational or emotional decisions, is more information-seeking or makes quick decisions. To assess this, external, internal and usually combined data sources are used that go far beyond “social media listening”. Complex methods are used to identify and described customer segments with their behavioural characteristics. Among other things, this makes it possible to determine how well a customer fits to an insurance company or a product, even across competitors.

It is possible to map these behavior-oriented customer segments to existing, usually non-dynamic and socio-demographic segmentations. What is the result? The insurer receives “tangible” dynamic target and customer groups that can be individually addressed and supported. Personas represent the respective target group and the offer or communication is geared towards them. In reference projects in the consumer sector, sales increases of 30 to 40 percent have been achieved through such individualized marketing measures and approaches.

In addition to this multi-dimensional segmentation, companies can also use AI to respond to changes in the purchasing behavior of customer groups such as Generation Z. With this target group in particular, it can be observed that their interests and preferences change more frequently and brands need to communicate and interact with them differently. This megatrend, known as cultural marketing, can now be mapped using AI approaches.

It is possible to capture fluid and constantly changing groups, characterize them as personas and then use suitable offers and communication formats for them. For insurers, this is a new opportunity to address target groups that fit their brand and positioning. This would not be possible without AI.

2. Customer approach / Messaging

In a logical next step, AI can help the insurer to address customers more precisely. Either elements for a suitable approach are summarized in a script or playbook depending on the target group or the AI can assist directly. A Copybot can be used to generate individualized marketing messages that are specifically adapted to a customer group in terms of content, form and language. The bot uses the previously determined language habits and preferred address formats and formulates the content in such a way that it “fits” the other person. The tone of voice and terminology of the insurer as a brand are reproduced, thus reinforcing the brand image. If you initially think of e-mails, blogs or posts, voice messages or even outbound calls are also possible - although this has not been the case to date. The fields of application seem almost without limit.

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For the full article please reach out to www.versicherungsmonitor.de or contact us at info@firstforest.com

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