



Insurance news analysis

Video transcript

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Abbey Compton

Global Marketing Lead—Insurance, Accenture

Welcome to Accenture's Insurance News Analysis. I'm Abbey Compton. Joining me as always is Kenneth Saldanha, Accenture's Global Lead for Insurance. Welcome, Kenneth.

Kenneth Saldanha

Global Lead—Insurance, Accenture

Hey, Abbey. Nice to see you again.

Abbey

And I'm delighted that we have with us Daria Sharman from Accenture Song. Daria, welcome.

Daria Sharman

Senior Manager—Insurance, Accenture Song

Hi, Abbey.

Abbey

So Daria, we're very excited to have you on. You just published a great article on LinkedIn with "The seven challenges insurance carriers are facing with generative AI." So we want to talk a little bit about that. So our first story, technology advances, we know invariably bring new dimensions of risk, and generative AI is raising all kinds of questions about intellectual property and identity, digital identity and other potential risks, particularly in commercial lines. So Daria, tell us, as insurers work more with their customers to manage the exposures resulting from use of generative AI, do you think this emerging technology is understood well enough?

7 challenges Insurance companies are facing with generative AI

LinkedIn, @darialeesharman

March 29, 2023

Daria

Well, I think it's like any new technology. There's a little bit of an apprehension at first, and particularly in the insurance industry overall, where it's an industry completely founded on risk avoidance when you think about it, right? So anytime we're looking to adopt new technologies, there is an inherent risk in that adoption. And it's been a particularly spicy conversation in the data space for many years as insurers know, and just as you referenced, the personalization of data. But what generative AI finally presents for the industry is a very manageably actionable way to start balancing the efficiencies that they're looking to gain with the experiences that consumers are increasingly demanding in the commercial and in the personal space as well, right? So when we think about—particularly, I talk about underwriting and the challenges of underwriting—and what generative AI finally does is it gives underwriters and the actuaries of the world both a strategic and a tactical asset.

From a risk assessment perspective on the strategy side, what generative AI does with the machine-learning algorithms is really speeds up that analysis of the data and leverages those algorithms to truly, truly get to an accelerated predictive modeling capability for forecasting anything from just like a climate casualty to personal behavior changes, right? Being able to recognize and think about trends and personal behavior changes or consumer behavior changes. That finally allows them to get to that underwriting a segment of one. They talk about underwriting a segment of one and get to personalized pricing and personalized solutions. And it always seemed kinda like a myth that never could happen. This is the thing that may make it happen. And oh, by the way, at the same time, there's a very tactical application from the automation perspective. And you think about all of the cumbersome processes that go into that risk assessment upfront and being able to not just analyze the data, but process the data, speed decision-making, optimize the customer service, all the workflow optimization that's going to happen from this. It's kind of that magic tool.

Abbey

Wow, Kenneth, Let's hear—what do you think?

Kenneth

What I'd add to that conversation is—we talk a lot about how generative AI is playing within the insurers' operations within the opportunities space for insurers. But what I think about the risk—we were just having an industry conversation about this elsewhere—there's a risk on the other side of this equation as well, right? Because you can imagine the sophistication of fraud and the sophistication of what underwriters now have to deal with in terms of what's coming into them, right? So I think I agree with all Daria talked about on the internal operations side and how insurers are gonna be impacted by this. I think it's an interesting notion also to say, "Are we ready for all of the beautiful claims, narratives and all of the descriptions of events and risks that are going to come from a fraud and from a policy submission perspective coming at the carriers," right? So I think also there's no way that anyone can just say, well, we're just going to ignore this technology. The risks are there. But that train has left the station. We have to talk about how we're going to actually work through it. I think it's just interesting that there's gonna be a whole bunch of things that happen internally within the carrier in terms of how they use it and how they're impacted by it. But also how that's going to start to play out in the industry in terms of risks and customer behavior, as well.

Abbey

Well, our next story gets us back to a claims conversation that we've had before. More than six months after Hurricane Ian, there are still many claims to be settled. And across Florida, pop up events called insurance villages are being held to allow customers to meet face-to-face with reps from more than a dozen carriers and also from the National Flood Insurance Program. So Kenneth, is this a novel approach? Does it take a village to settle the kinds of claims we're seeing from Hurricane Ian?

Are 'insurance villages' a novel approach to claims?

Fort Meyers Beach Talk
April 11, 2023

Kenneth

Well, I don't think it's an entirely novel approach, Abbey, but I think the idea of saying, can you actually create an environment where multiple carriers are coming together along with the flood program. Florida, of course, is a particular exposure to this conversation. I think that's an interesting new spin on it. I think the volume spike that every carrier sees around any of these cat events. And unfortunately, particularly in the last few years as we've seen the climate change impact on loss experience, it's a little hard to say what's a catastrophic event and just what's a higher-volume event. And there have been so many more of these that in general, we're seeing the volumes and claims just be much higher. So all carriers there for a long time have had many different models to say, how do we actually *really* accelerate the process around cat events?

And of course, the balance has always been between, are we making sure that we don't have fraud versus what's happening on the relevant claim side. But at the end of the day, you have to move these claims on a fundamentally different model and a fundamentally different pace. And of course, you know a lot about what's happened and what the cause of lost sales, et cetera, et cetera. So the idea, I think of bringing together in a single place, a number of carriers and organized forum like that I think is interesting and I think it reflects the fact that the industry as a whole is going to have to innovate what we do given just the volume that we're seeing out of these Cat events, right? So I think we'll continue to see innovations about how can we accelerate the pace we are talking about AI. One could imagine the volume of kind of straight-through process claims. If you could precondition the AI to recognize that this is a catastrophic event and there are certain parameters that have now fallen away, the pace at which you can actually process through decisioning and work steps is of course very, very different. So the specific event of bringing this pop-up together, I think there's a nice scaling of the industry working together along with everyone who's actually got exposure to find a way for customers, to make it easy for customers. I think we're going to continue to see a number of innovations as the demand for this cat volume just keeps climbing.

Abbey

Daria, What do you see as a potential role for generative AI in this?

Daria

Well, I think what generative AI does, and there was a really interesting—there's a lot of interesting stuff about generative AI being published, right? Everybody sees something every day. There was an interesting study in the New York Times that referenced a generative AI or an Open AI and University of Pennsylvania partnership, where the study said that probably 80% of employees, we're going to see 10% of their tasks impacted by the use of generative AI across industries, right? So when we think about what that means is it's like the PC moment where the PC came in just like we were talking about before, and automated all

of these very routine, administrative, mundane tasks. And what it did is then freed up knowledge work for more innovation and creativity. So I think things like the insurance villages and the approaches to being able to harness more power around personalization. Again, going back to that—there's not a trade-off anymore between cost optimization and efficiency and experience optimization, right? That's the kind of thing that's going to fuel into this because there's going to be more time to think about creatively solving and mitigating and responding to the things that are happening in a very dynamic global community right now—very dynamic climate situation, very dynamic changing behaviors and whatnot, as well. So that's where I think it really comes into play. And then also on the inside from a claim's perspective, in particular, the knowledge management capabilities that generative AI unlocks for insurers who are dealing right now with some of the worst tenure problems they've ever had in terms of their claims associates. This is going to be a huge accelerant for them to be able to do that knowledge transfer of all of the great things of understanding what it takes to be in this business and also what it takes to work at a specific carrier. And be able to more readily package that and ease the transition of people coming into the space.

Abbey

Alright, well, staying with the claims conversation—claims are not just high in P&C, we're also seeing really high mortality rates that have not returned to pre-pandemic levels. Even though COVID-19 deaths have fallen. A new non-profit called the 'Insurance Collaboration to Save Lives' was formed by some industry leaders and is looking to use technology solutions to address elevated death rates. Daria, AI solutions have long been used to try to predict where damage might occur and to mitigate those losses. How do you see generative AI today playing a role in mitigating these losses related to life?

How will generative AI play a role in mitigating losses related to excess mortality rates?

Insurance News Net
April 10, 2023

Daria

Well, I think it gets back to, again, it's a creative evolution of partnerships that are, that are happening around going back to the resiliency—it's moving from resiliency to proactive prevention. And that's where generative AI can come in and really leverage that next step and that trainability beyond what the human eye sees to get to that more personalized integration of the whole person. So from a risk assessment perspective, really taking into account multiple facets when we talk about wellness, we talk about wellness of the mind, the body, and the wallet. And what this does is proactively through that partnership and through data-sharing allows you to accelerate, again. I use accelerate a lot with generative AI because that's really what it is. It's like an accelerant here. It allows you to get to that more tailored approach for the actual individual to be able to take ownership of what's going on with their situation. And for the carrier to get a better understanding and personalization of pricing and solution, proactive offering of solution upfront. And I use 'solution' on purpose because when we see it's that partnership emerging between and that convergence between life and health and everything. It's really going to start becoming more bundled type solutions, more integrated type solutions that this is going to unlock.

Kenneth

I think Daria described it perfectly from a customer's perspective, right? I mean the wellness discussion about the various—we talk about a circle of protection around all the different elements of someone's life. I think from an industry perspective, Abbey, we've talked a lot about the convergence of industries. I think what used to be fundamentally a set of health insurance conversations, digital health conversations are now very much on the agenda for life insurance, for disability insurance. So we're talking about things like care navigation, like recovery management, like chronic condition management. And again, the levels of personalization that Daria refers to being able to deliver that with an AI type solution lets you get into what we've heard our consumers telling us they want—they are willing to provide data. And they're willing to pay for personalized products and services that reflect their behavior and usage. And so that ability to now accelerate the personalization and the ability to get to that individual level of risk because you can use some of the tools that are the new AI tools that are out there to get, to get to that personalized answer is, again, going to be a big part of how we can see digital health start to play out across the insurance spectrum.

So I'm always thrilled to—you and I have talked about many times how I feel like we as an industry have not done enough to the brand and message how much we do for the general wellness of the social purpose of what insurance is about—this kind of an effort that says, "how do we proactively go out there and do some risk mitigation, help people mitigate and avoid risk versus indemnify their claims and their bad experiences," right? So I think for us as an industry, I think it's a terrific move that moves us always towards this notion of saying, "we actually are here to help you manage and mitigate risk versus simply pay for it on the backend."

Abbey

Well, thank you both so much for your time and for joining us and talking about what's happening in the industry and with generative AI, which is accelerating so many things. So Daria, thank you for joining us and Kenneth, always a pleasure.

Kenneth

Thank you, Daria. Thank you, Abbey.

Daria

Thank you, guys.