Auto Casualty

Insurance Chatbots Are Transforming The Industry With Automation

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Bots are cropping up everywhere. Just six months after their launch on Facebook Messenger, there were 34,000 of them on the platform. But just what are they and why do they matter? First, it's important to understand that the term 'bot' encompasses many different types of technology, and the technologies themselves serve a huge range of purposes—from rules-based robotic processing automation (RPA) for automating back-office processes that would ordinarily have to be done by a person, to complex, AI-powered, human personas serving as customer service agents. Each of these, in its own way, could significantly impact the insurance industry. Collectively, they may change the nature of work.

Robotic Process Automation Saves Companies Time and Money

In their simplest form, RPA-style bots are rules-based (non-cognitive) software that automates repetitive tasks. They can fill out forms, do data entry, even import and export data between two systems. They are fast and accurate, save people time, and save companies money. In fact, PWC estimates that with RPA, 45 percent of work activities could be automated, and that doing so would result in $2 trillion in savings. These are staggering numbers—the potential impact on any vertical is clear. (Although, to level set, these types of bots are not likely to take over entire jobs. More likely, they'll automate time-consuming, repetitive tasks and free up time for people to focus on more high-value work.)

Chatbots Transform Customer Experiences

Chatbots are quite a bit different. They use artificial intelligence, specifically natural language processing, to 'chat,' either online or with a voice interface (think Amazon Echo and Google Home), with a human. Take for example, the Taco Bell TacoBot. Still in beta, TacoBot, lets you order your favorite Taco Bell menu items from

right within the messaging and team communication platform Slack—no need to log into an app. These types of bots are not strictly utility plays, although they serve a utility function. They often have personalities that align with the personality of the brand powering them—and it's that interaction that takes ordering tacos from a simple transaction to transformative customer experience.

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Chatbots can do a whole lot more than satisfy your taco cravings. Bank of America's Erica, sends you personalized financial recommendations, Amtrak's Julie can answer your travel questions, and Fiat Argentina's Luigi helps customers both before and after a purchase. The insurance industry is getting in on the act. Digital home and renter's insurer Lemonade doesn't have insurance agents—they exclusively interface with customers through their virtual assistant/chatbot Maya—and recently settled a claim in just three seconds. It's a model that's gaining traction. Israeli startup Next Insurance is using chatbots to sell insurance to photographers, contractors and personal trainers. And according to their CEO, Guy Goldstein, more than 70 percent of their customers are buying their policy on mobile devices.

Two Types of Bots—One Big Impact

So here we have two very different types of bots—one powered by AI that helps automate the front-end, consumer-facing part of the claims process and one that helps automate the back-end part of the claims process. This begs the question—what would happen if we combined the two? It's really not all that farfetched. We're already beginning to see the addition of cognitive capabilities to RPA. By adding computer vision, natural language processing, speech recognition, etc., cognitive RPA solutions could extract meaning from information, draw inferences and make recommendations. Together, along with the innumerable other ways artificial intelligence is having on the way we process claims, bots represent another step toward intelligent claims processes that make the most of both artificial intelligence and human insight to deliver the best possible outcome to the claimant.



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