

How AI and analytics can
stabilize the outlook for
P&C insurance

COVID-19 has disrupted nearly every type of business. The insurance industry has taken one of the biggest hits with uncertainty around future premium levels in both commercial and personal lines as well as potential exposures around coverages such as business interruption. P&C insurance is among the most affected industries.

P&C insurers are looking for ways to minimize losses and premium impact occurring as a result of the pandemic and the eventual economic recovery. One way is through AI and analytics-driven technologies. Insurers are increasingly applying AI to automate essential processes and create more efficient workflows.

Mitigation

Several issues have surfaced among P&C insurers as a result of the pandemic and their response to it. Potential decrease in premium levels due to the economic slowdown, voluntary rebates due to fewer miles driven (and thus fewer accidents and claims), customer support struggles resulting from call center closures, etc., are heavily impacting the industry. This, in turn, has led to hiring freezes, less investment, and limited capacity among stakeholders.

Insurers need to ensure that they take the necessary steps to stay in business and maintain a profit margin during this unique time. As they take steps to make it through these challenges, insurers should take the opportunity to speed up their digital transformation.

Post-Peak & Gradual Recovery

As various regions move post-peak, technology can help P&C insurers monitor key metrics for recovery, such as the links between falling numbers of COVID-19 cases, recovery rates, economic measures, like consumer confidence, and internal measures, such as premium levels, renewal rates, and claims volumes. Data can offer valuable insights for those looking to adapt to the post-COVID world.

By carefully monitoring these and other metrics, P&C insurers can design a strategy to get themselves back on track while handling an influx of customer inquiries. In addition to providing the agility needed as levels of lockdowns across the globe continue to fluctuate. For example, we're seeing a mass migration to online claims handling, not out of choice but out of necessity due to social distancing. The companies with systems that have prepared for digital claims processing will come out on top. But, to accomplish a full digital migration, P&C insurers must make their presence seamless and 'non-technical' to ensure that customers who have interacted with their insurers only in the physical world can transition to digital communications and stay loyal as customers.

AI and Analytics Specific Solutions

Some insurers have already embraced AI technologies, and they're now reaping well-deserved rewards, as these systems help them navigate challenges created by the pandemic. For example, real-time speech and text analytics have proven particularly useful for P&C insurers with call centers operating at reduced capacity and those who are managing the burden of higher inbound inquiries, which would have otherwise been handled in person before lockdowns. Crucial information is extracted from unstructured data collected by monitoring customer interactions. It then identifies patterns in the data and predicts the necessary action, automating simple tasks that once required a human on both ends of the line, like connecting a customer to the team member that can best answer a query or advising customers on how to make policy updates online.



Insurers are also accelerating the use of AI to reduce human intervention in document processing - especially useful in an age where there might be spikes in processing needs. At the same time, social distancing means reduced capacity since fewer people can work side by side. By leveraging AI algorithms to automatically identify and process key content in claims or policy-related documents, insurers can reduce human touch and thus manage to increase throughput without adding headcount.

Another good example of insurers already harnessing AI's power is auto insurers who are leveraging telematics data to understand broad trends in customer behavior shifts. Thanks to these types of systems, auto insurers have to assist their customers during the pandemic better. We recently saw the [biggest auto insurance companies in the U.S. offer refunds](#) on premiums as a result of fewer miles driven detected during COVID-induced lockdowns being enforced across the nation.

New systems will take time to be fully implemented and rolled out to the millions of P&C insurance customers. However, given the current stagnation in the market, this is a prime opportunity to incorporate AI and digital solutions into claims and other workflows to prepare for inevitable structural changes to the business model.

Immediate needs for insight can be met by creating agile analytics functions now. Moving forward, today's shifts in behavior will act as previews of lasting changes. Being able to pool important information from an AI solution will have dramatic benefits. The sooner P&C insurers adopt the technology, the more quickly they can service customers and stay ahead of competitors. As business adapts to a different world, those that seize the potential of AI and analytics can come out ahead.

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