



Insurance Industry

GLOBAL AI ADOPTION REPORT 2022

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The AI in insurance market size is valued at USD 6.92 billion by 2028 and is expected to grow at a compound annual growth rate of 24.05% in the forecast period of 2021 to 2028

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Overview

AI segments such as machine learning & deep learning, computer vision and natural language processing have the potential to reimagine the complete insurance lifecycle from customer procurement to claims processing.

The popular need to offer personalized insurance services have been influencing increased adoption of AI in Insurance market. Increasing need to automate the operational process and rising volume & speed of data generation with the adoption of IoT are influencing the growth of the AI in Insurance industry. Government initiatives supporting digitalization are also positively impacting the growth of AI adoption. Furthermore, the growing investments on advanced technologies such as AI and IoT are acting as an active growth driver towards the growth of the AI in the Insurance industry.

Despite insurance companies' substantial investments in digitizing customer onboarding and policy binding, huge challenges are currently being faced in underwriting due to changed pandemic protocols especially the aspects involving touchpoints. Risk assessment is shifting toward more remote, data-driven & AI enabled models, while distribution must shift from in-person interactions to more online interactions. So underwriting transformation is going to be on top of the AI adoption agenda for next two years.

Tech-driven innovations are fundamentally reshaping the insurance industry. Emerging capabilities including telematics, artificial intelligence and machine learning have transformed nearly every aspect of the insurance value chain and continue to create new omnichannel experiences for customers.

COVID-19 has impacted AI adoption plans by significantly accelerating digitization for insurers. Insurance organizations started to accommodate remote workforces, expand their digital capabilities to support distribution, and upgrade online channels. While most organizations likely didn't invest heavily in AI during the pandemic, the increased emphasis on digital technologies and a greater willingness to embrace change will put them in a better position to incorporate AI into their operations.

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Artificial Intelligence (AI) stands to disrupt industries on fundamental levels – from business model to value chain. However, few industries rely on AI's foundation – data – as profoundly as the insurance industry, making AI mastery a key competitive differentiator in the future of intelligent insurance.

AI and ML are already being applied in the insurtech space. ML laid the groundwork for the industry's ability to improve algorithms, while AI is enabling faster and more precise pricing and underwriting. The use cases of AI and ML are expected to keep growing—research from Accenture shows that more than 75 percent of insurers plan to use AI to automate tasks in the next three years.

Artificial Intelligence is driving significant change in business, and insurance is no exception. AI has the potential to transform the business model of an insurer by:

- Improving the speed at which tasks can be carried out; with Robotic Process Automation (RPA) being used to take away simple, repeatable tasks from Operational teams, and more complex actions now either being informed or carried out by trained AI models
- Optimising the service, or 'next best action', insurers can provide to customers, brokers, and other external third parties, based on their relationships, preferences, and past interactions
- Providing new insights that can be used to adjust, and eventually optimise, the way insurers price and distribute their products and services, and manage risk
- Fundamentally changing how they operate, both day to day and in the long term. Here there will be opportunities to move from the traditional coding of complex processes to an iterative use of trained AI models against large (enterprise) datasets.
- Based on data analytic tools, insurers can take advantage of big data to apply diagnostic and predictive analytics to predict the behaviour of potential policyholders and take action based on the outcomes. This type of transformation has been made viable by the recent explosion of data in the world economy and notable advancements in deep learning techniques (neural networks) and supporting architectural frameworks.

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Resulting products and services from tech leaders have since raised expectations amongst an insurer's customer and adviser base, who now may expect a service or interaction with their insurer to be just as fast, smart, and convenient; however infrequent this may be.

Therefore, successfully leveraging this technology requires new code frameworks, change methodologies and, ultimately, a cultural shift for insurers. However, if applied successfully, AI stands to benefit everyone; from the call centre handler, to the underwriter, to the customer.

And while technology has transformed the personal insurance business through digital upstarts like Esurance, Lemonade and Oscar Health, commercial insurance is far more complicated and had been resistant to change. Until now.

Emerging capabilities including telematics, artificial intelligence and machine learning have transformed nearly every aspect of the insurance value chain and continue to create new omnichannel experiences for customers.



Business Value Chain: AI Adoption Areas

1. Underwriting
2. Connected Claims Processing
3. Process Automation
4. Fraud Detection
5. Price Optimization
6. Customer Acquisition
7. Customer Segmentation
8. Lifetime Value Prediction
9. Risk Assessment
10. Claims Prediction
11. Personalized Marketing
12. Sales
13. Image Analytics
14. Inspection
15. Customer Service and Support

1. Underwriting

Underwriter shaves the tedious and error-prone job of dealing with multiple pages of unstructured documents and extracting information from them for making business decisions. AI, Machine Learning, and deep learning can help in extracting information from these documents, align it to common vocabulary, and make information easily accessible through a search engine or virtual assistants. Underwriting is thus reduced to an automated process that lasts about a few seconds. For example, AI application in underwriting extracts information from unstructured data through Optical Character Recognition (OCR) and Natural Language Processing (NLP). These technologies eliminate the necessity of manually reviewing each document coming from traditional or non-traditional sources and help underwriters capture and classify useful information.

2. Connected Claims Processing

With advanced algorithms, insurance claims can be largely automated, enabling insurers to achieve dramatic levels of efficiency and accuracy, reducing processing times from days to hours or minutes. Data-capture technologies including IoT sensors replace manual methods. Claims triage and request for repair services can also be triggered automatically. Evaluation of the validity of a claim is also a much easier task for insurers.

3. Process Automation

Incoming data received from brokers is most often a cause of concern for insurers. It comes in a variety of formats, without standardization, and requires a lot of people to convert the data to a standard format. Only if the data is mapped accurately can the submission be processed. AI displays high potential here, enabling insurers to reduce inefficiencies in processes. Machines can learn patterns and automatically map new submissions. AI can also improve data quality by detecting gaps in incoming data and addressing them.



This could help insurers save money and reduce the financial impact on policyholders when an insurance claim spends unnecessary time trying to resolve an inquiry from a customer who has already been denied coverage.

For example, US insurer Allstate partnered with the Earley Information Science (EIS) agency to develop a virtual assistant called ABle (pronounced 'Abbie'). ABle was designed to answer common queries of Allstate's insurance agents who had switched from selling one insurance product to another. ABle uses natural language processing to process 25,000 inquiries per month.

4. Fraud Detection

Insurance fraud brings vast financial loss to insurance companies every year. Data science platforms and software made it possible to detect fraudulent activity, suspicious links, and subtle behavior patterns using multiple techniques.

To make this detection possible the algorithm should be fed with a constant flow of data. Usually, insurance companies use statistical models for efficient fraud detection. These models rely on the previous cases of fraudulent activity and apply sampling method to analyze them. In addition, predictive modelling techniques are applied here, for the analysis and filtering of fraud instances. Identifying links between suspicious activities helps to recognize fraud schemes that were not noticed before.

In simple terms, AI estimates the probability of fraud claims, detects fraudulent activities and patterns, monitors real-time data, and finally, makes settlements on the outlook towards the consumer.

For example, British firm KironTech claims that its software KironMed uses machine learning to analyze medical claims and detect patterns that may signify health insurance fraud or waste (underutilized services). The company has reportedly raised \$3.5 million in Series A funding.

5. Price Optimization

Price optimization procedure is a complex notion. Therefore, it uses numerous combinations of various methods and algorithms. Despite the fact that it is still the disputable issue of applying this procedure for insurance, more and more insurance companies adopt this practice.



This process supposes combining the data not related to the expected costs and risk characteristics and the data not related to the expected loss and expenses, and its further analysis. That is, it takes into consideration the changes in comparison to the previous year and policy. Thus, price optimization is closely related to the customers' price sensitivity.

For example, AXA, the large global insurance company, has used machine learning in a POC to optimize pricing by predicting "large-loss" traffic accidents with 78% accuracy.

6. Customer Acquisition

AI makes it much easier to identify relevant target groups. Even with very large amounts of data, the available database can be processed and filtered in accordance with certain public opinion research criteria. This makes it easy to perform customer segmentation through clustering. Marketing campaigns and other services can be targeted to the interests of a specific audience, e.g. young families with newly born children.

Ant Financial, one of China's so-called "super apps"—a company offering an ecosystem of connected digital product offerings and services, ranging from social networking to banking services—uses even more data points to create highly detailed customer profiles. The AI algorithms assign each customer with Auto Insurance Points, similar to credit scoring. Apart from regular factors such as driving experience, age, and car model, the system also takes into account the "lifestyle factors" to build a comprehensive risk profile for the customer.

7. Customer segmentation

Modern technologies have brought the promotion of products and services to a qualitatively new level. Different customers tend to have specific expectations for the insurance business. Insurance marketing applies various techniques to increase the number of customers and to assure targeted marketing strategies. In this regard, customer segmentation proves to be a key method.

AgilOne offers a namesake customer data platform (CDP) which it claims can help enterprise businesses accurately segment their customers for more effective marketing using predictive analytics. We can infer the machine learning model behind the software was trained on thousands of historical transactions from a variety of customer segments. The data would then be run through the software's machine learning algorithm. This would have trained the algorithm to discern which data points correlate to more specific subsets of customers.



The algorithms perform customers' segmentation according to their financial sophistication, age, location, etc. Thus, all the customers are classified into groups by spotting coincidences in their attitude, preferences, behavior, or personal information. This grouping allows developing attitude and solutions especially relevant for the particular customers.

8. Lifetime value prediction

Customers lifetime value (CLV) is a complex phenomenon representing the value of a customer to a company in the form of the difference between the revenues gained and the expenses made projected into the entire future relationship with a customer.

Prediction of the CLV is typically assessed via customer behavior data in order to predict the customer's profitability for the insurer. Thus, the behavior-based models are widely applied to forecast cross-buying and retention. The algorithms put together and process all the data to build the prediction. This allows forecasting the likelihood of the customers' behavior and attitude, maintenance of the policies or their surrender. In addition, the CLV prediction may be useful for the marketing strategy development, as it renders the customers' insights at your disposal.

In a world where the cost and complexity of health insurance is increasing, Accolade Inc's Maya Intelligence platform uses machine learning to help patients and employers select the most relevant and cost-effective health insurance coverage. Accolade reportedly serves over 1.1 million clients.

9. Risk assessment

Risk assessment lies in identifying the risk quantification and the risk reasons. These are the basis for data analysis and calculations. The matrix model of the analysis is widely applied in this field. This model provides a systematic approach to risk information comparable in time. It is based on the algorithms which detect and combine the data concerning individual risks which vary by nature, character, and effect. Then, the potential risk groups are assessed. Thus, the overall company's risk is forecasted via prediction of the exposure groups risks.

As far back as 2017, US insurer Liberty Mutual unveiled a new developer portal through its innovation incubator Solaria Labs. This open API portal combines public data with proprietary insurance data to enable the creation of better insurance products for customers. One such product was reportedly a mobile app that allows drivers involved in accidents to assess damage to their car in real-time using their smartphone camera. The app would also provide repair cost estimates. The AI powering the app will be trained using thousands of images of car accidents.



10. Claims prediction

Insurance companies are extremely interested in the prediction of the future. Accurate prediction gives a chance to reduce the financial loss for the company. The insurers use rather complex methodologies for this purpose. The major models are a decision tree, a random forest, a binary logistic regression, and a support vector machine. A great number of different variables are under analysis in this case. The algorithms involve detection of relations between claims, implementation of high dimensionality to reach all the levels, detection of the missing observations, etc. In this way, the individual customer's portfolio is made.

Progressive Insurance is reportedly leveraging machine learning algorithms for predictive analytics based on data collected from client drivers. Progressive claims that its telematics (integration of telecommunications and IT to operate remote devices over a network) mobile app, Snapshot, has collected 14 billion miles of driving data. Progressive incentivizes Snapshot for "most drivers" by offering an auto insurance discount averaging \$130 after six months of use.

11. Personalized Marketing

The customers are always willing to get personalized services which would match their needs and lifestyle perfectly well. The insurance industry is not an exception in this case. Highly personalized and relevant insurance experiences are assured with the help of the artificial intelligence and advanced analytics extracting the insights from a vast amount of the demographic data, preferences, interaction, behaviour, attitude, lifestyle details, interests, hobbies, etc.

In 2018, SwissRe and Max Bupa Health entered into a partnership with Indian fitness tech startup GOQii Health. GOQii uses data from wearable devices and their own AI-driven 'wellness engine' to track health vitals and provide healthy living advice and risk reports to individual users. When partnering with or acquiring these AI and tech-driven startups, insurers are betting that it will lead to fewer claim payouts and more attractive premiums for health insurance customers down the line.

12. Sales

The product sales to be achieved by insurers depend on many factors. Manual sales planning is often time-consuming and almost always can only take a few factors into account. On the basis of historical data in combination with market and competitor data, AI algorithms are able to forecast future sales figures and provide the basis for reliable resource planning.



Earley Information Science (EIS) is an agency which reportedly helps businesses improve performance outcomes through data analysis. Allstate partnered with EIS to develop a virtual assistant called ABle (the Allstate Business Insurance Expert). ABle (pronounced “Abbie”) was developed to assist Allstate agents seeking information on Allstate Business Insurance (ABI) commercial insurance products.

13. Image Analytics

Advanced image analytics allows for quick analysis of photos, to determine parameters like age, BMI, habits, etc. that are important in the perspective of life insurance. These parameters can help determine if medical underwriting is required or not. Advanced image analytics can be applied in Property and Casualty Insurance to analyze images of cars in accidents, determine parameters, and assess the replacement costs.

14. Inspection

Within the Commercial sector insurance companies carry out inspections to validate their underwriting decisions based on the exposures presented by that risk; pre-cover, post inception or line-in with the renewal cycle. By adopting a tool like Power AI Vision, insurance companies can create deep learning image recognition models and train them using labelled and augmented datasets to classify risks. Training the model on a large and augmented dataset can help improve model accuracy and remove risk from data bias that could be factored with smaller data sets. This enables them to identify any existing or potential risks and support their clients in risk management, thereby reducing their exposure.

In an effort to explore the ability of computer vision to identify distracted drivers, State Farm launched an online competition in 2016. The competition resulted in 1,440 participants and the company offered a total of \$65,000, divided into 3 prize levels.

The dataset provided by State Farm was comprised of photos of drivers described as “2D dashboard camera images.” Participants were challenged with the task of classifying the perceived behavior of each driver using a list

15. Customer Service and Support

One of the most significant trends in any industry is customer experience. It drives the market and keeps retaining customers happy and satisfied. To keep in touch with customer demands, insurers adopt AI and RPA technologies that automate different processes and streamline workflows.

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Customer support also includes having simple chatbots which answer routine questions or virtual agents that can handle complex customer interactions. Both are advantageous when compared to traditional human agents in terms of cost, consistency and scalability.

One of the fine insurances chatbot examples comes from Oman Insurance Company which shows how to leverage the automation technology to drive sales without involving agents. The bot also adds up as a new channel of generation for the business. Available over the web and WhatsApp, it helps customers buy insurance plans, make & track claims and renew insurance policies without human involvement.



Spending on AI

While most organizations didn't invest heavily in AI during the pandemic, the increased emphasis on digital technologies and a greater willingness to embrace change will put them in a better position to incorporate AI into their operations.

The insurance industry is only just beginning to scratch the surface when it comes to harnessing AI to improve its value proposition. The optimal use of AI and other technology can help agile insurance companies reshape and reposition themselves for a tech-driven future.

Spending on cognitive and AI systems will reach US\$77.6 billion in 2022 with a significant amount of that investment directed to conversational AI applications such as chatbots and deep learning and machine learning applications

AI could save \$390 billion in costs across insurers' front, middle and back offices by 2030.

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AI appears to play a big role in the strategies of some insurance companies. A few examples of spending & application of AI by Insurance companies on AI are given as follows: -

- **Inshur:** Located in New York, Inshur is a mobile-first way to purchase car insurance for TLC insurance. The Inshur app lets professional drivers search a variety of quotes and purchase a policy that best fits their needs. Users can also transfer existing policies, report claims and get real time alerts.
- **Trov:** Located in Danville, California, Trov's on-demand property insurance platform uses AI chatbots to facilitate smart protection and claims submission.
- **Avaami (California):** An artificial intelligent chatbot for the insurance industry that is used to streamline customer service, analyze policy information and recommended claims.
- **American International Group Inc. (AIG):** The \$58 billion insurance company invested in a start-up called Human Condition Safety, which is using AI and data modelling to help employees, their managers, and worksite owners prevent injuries in some of the highest risk settings, such as manufacturing, energy, warehousing and distribution, and construction.
- **Insurify (Boston):** With the help of a smart and always-on-call virtual agent named Evia, Facebook Messenger's Insurify instantly verifies customer data to compare real-time quotes from carriers in various zip codes and provide coverage recommendations. Its engine quickly finds the best insurance for each user based on that user's profile.
- **CCC (Chicago):** It provides an AI solution for vehicle collision estimates. Called CCC Smart Estimate, it blends estimating logic and AI photo analytics to come up with suggestions for estimators to help them make better claims estimates more quickly and accurately.
- **Lemonade (New York):** It provides paperless and person less renters and homeowners insurance using chatbots and AI to create policies and handle user claims via desktop and mobile. Customers can choose which non-profit organizations receive underwriting profits as part of the company's annual "Giveback" initiative.
- **H2O.ai (San Francisco):** H2O.ai's open source machine learning platform helps data scientists and developers at insurance companies build smart applications that improve risk management, fraud detection, customer retention, marketing efforts and more.
- **Claim Genius (New Jersey):** Claim Genius' AI photo and video analysis platform provides instant damage estimates, reducing the cost and time commitment involved in claims processing. By deploying its patent-pending media analysis and predictive analytics tool on user-taken accident photos and videos, the company aims to reduce claims expenses and processing time by up to 50%.

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- **INSURMI (Phoenix):** It uses AI to provide automated and conversational customer service as it guides users from calculating life insurance coverage to buying a policy. It's the dashboard, Chat Tracker, can integrate with enterprise solutions like Salesforce and helps providers keep track of customer progress in real time.
- **Solaria Labs (Singapore):** Liberty Mutual's Solaria Labs uses AI to assess vehicle damage and quickly provide repair estimates post-accident. The company's Auto Damage Estimator does this by using anonymous claims photos for comparative analysis.
- **Allstate:** Allstate, the largest publicly held personal lines property and casualty insurer in the US, deployed cognitive artificial intelligence (AI) agent Amelia in 2017. Since then, it has collaborated with live agents on more than three million calls, cut the duration of those calls and boosted the success rate of customer inquiries on the first call from 67% to 75%.

Insurers around the world are turning to AI to cut costs, boost sales and improve service efficiency. From helping predict customer needs to detecting fraud in real-time and predicting claims values, AI is powering insurers all along the insurance value chain. According to the International Data Corporation, spending on cognitive and AI systems will reach US\$77.6 billion in 2022 with a significant amount of that investment directed to conversational AI applications such as chatbots and deep learning and machine learning applications. These investments are expected to save auto, property, life and health insurers almost US\$1.3 billion while also reducing the time to settle claims and improving customer loyalty.

AI Adoption across Regions



Source: MarketsandMarkets Analysis

- North America holds the largest share of the insurance analytics market, as it remains the largest insurance market by premium in addition to early adoption of technology advancements and analytics.
- The US and Canada are expected to be the major revenue contributors in the North American insurance analytics market. Most of the insurance analytics vendors, including major players, have a direct or an indirect presence in this region through SIs, distributors, and resellers.
- The APAC region is expected to grow at the fastest rate in the global insurance analytics market during the period 2020-2023, due to its growing technology adoption rate.
- Rapid economic developments, globalization, digitalization, and the increased adoption of cloud-based technologies are expected to drive the insurance analytics market in the APAC region.



AI Adoption across US

1. ZestFinance

ZestFinance's automated machine learning tools lets lenders more effectively gauge risk and reach potential new customers by harnessing a wealth of traditional and non-traditional data to achieve better predictions. The ultimate goal is to help companies boost underwriting profits while diminishing risk.

2. Clearcover

Clearcover uses artificial intelligence to insure users and quickly process claims. After filling out a basic questionnaire, Clearcover users can receive AI-generated quotes and choose the one that best fits their needs. And if users are ever involved in an accident, they need only to snap a few pictures and fill out a short form.

3. Flyreel

Flyreel is an AI underwriting solution for property insurance. With a conversational AI assistant, a proprietary computer vision system and detailed property reports, Flyreel's platform speeds up the underwriting process. It also gives underwriters a holistic view into property, claims and risk management data that helps them deliver more accurate assessments.

4. Cape Analytics

By applying deep learning and data science to geospatial imagery (as opposed to using slower and more expensive traditional methods, like tax records and on-site inspections), Cape Analytics provides property risk and value information to companies that finance and insure homes and businesses.

5. Galaxy AI

Galaxy AI provides automated claims processing via its product Galacticar. A machine vision and deep learning tool that speeds up the processing process, Galacticar lets users submit claims through a smartphone app and reportedly increases claims efficiency by prioritizing high severity submissions.



6. EverString

EverString employs AI technology to develop a predictive analytics platform that automates industry classification, predictive risk modelling, anomaly flagging, growth quantification, hiring aggregation and stability indication to find the best customers.

7. Betterview

Betterview's AI insurance platform analyzes data to assess damage, mitigate risk and help users make informed decisions. The company's platform is used by building owners and potential buyers to understand historical data and detect damage, so buyers and renters have a holistic idea of their current, and potentially future, insurance costs.

8. RiskGenius

The RiskGenius platform applies custom algorithms and workflow modules to better understand policy language. By automating policy processes, RiskGenius aims to streamline insurance claims in order to save companies time and money.

9. AI Insurance

The company builds claims management software tools for small insurance companies that automate tedious processes and let users access a wider range of data in real-time. The company's custom-built tools allow smaller insurance agencies to focus their time and money on other high-level tasks.

10. Sky Watch

Sky Watch uses its AI technology to collect data and reduce the cost on insurance of drones. Its AI maps potential hazards in real-time, generating post-flight analysis and insights that give operators a better understanding of in-flight safety issues. Users can also calculate and purchase on-demand drone policies directly from the SkyWatch app.

AI Adoption across Europe

1. Shift Technology

Shift Technology is a Paris start-up that claims to leverage AI for fraud detection and claim automation. They claim that their Force system has handled over 78 million claims in 2018, and in one use case for Spain-based Direct Line insurance, they claim it accurately identified fraud in 75% of the cases it processed that ended up being fraud. Direct Line insurance later decided to adopt the Force system into their regular fraud detection practice, especially considering they claim that 6% of insurance claims in Spain are actually fraudulent.



1. Wannabot

Wannabot is a Spain-based Fintech that has developed an AI-powered platform for the development of chatbots, specialized in conversation engineering and created to help companies interact automatically and efficiently with their suppliers and customers.

2. Axieme

Axieme is an Italy-based insurtech startup that has launched the first social insurance to insure communities made by people with same coverage needs. Policyholders are gathered into a group (called "circle") and share information on the claims occurred within the circle they belong to.

3. Blocksure

Blocksure is a UK-based Fintech that has developed blockchain powered solutions to the insurance industry. Its aim is to reduce operational expenditure across the industry and enable new products and distribution models.

4. Docline

Docline is a Spain-based Insurtech that has developed a Telemedicine platform that allows doctors to connect with their patients for video consultations, chat and e-prescriptions. At the same time, the start-up is connected with pharmacies to make the patient experience more valuable.

5. Floop

The Floop is a UK-based Insurtech that is a leading telematics provider delivering innovative solutions to insurers, automotive manufacturers and fleet operators worldwide. Its intelligent telematics solutions allow insurers to price policies fairly and accurately, help drivers improve their performance and enable auto manufacturers to design vehicles that respond to evolving needs.

6. Yolo

Yolo is an Italy-based Insurtech that distributes products of the major international insurance groups on digital channels, created and distributed in an innovative way. YOLO is also the partner of the large insurance groups, capable of creating value and innovation through consulting, technology and marketing.



AI Adoption across Asia:

1. ZhongAn Insurance

ZhongAn Insurance is an online-only insurtech company in China that develops ecosystem-oriented insurance solutions in various consumption scenarios. ZhongAn operates its core insurance system on its cloud-based platform Wujieshan. It has also developed advanced AI capabilities to strengthen risk management, optimize product features quickly, and enhance customer experience.

2. SingLife

SingLife (Singapore Life), a life insurance company licensed by the Monetary Authority of Singapore (MAS), caters to the protection, savings, investment, retirement, and lifestyle needs of Singaporeans from all walks of life. It offers affordable term life insurance, critical illness and cancer plans. Its protection solutions are available to the retail segment both digitally and through financial advisers, and it also offers universal life solutions to high-net-worth clients.

3. Coverfox

Coverfox is an insurance broking firm authorized by the Insurance Regulatory and Development Authority of India (IRDAI) and is India's biggest insurtech platform. The company provides insurance broking services online and has partnered with more than 30 insurance providers to deliver the best plans and policies at the best possible premiums. It offers bike insurance, car insurance, general insurance, health insurance, life insurance, travel insurance, and term insurance.

4. CareVoice

The CareVoice is a health insurtech company that delivers mobile-based and data-driven SaaS solutions to make the healthcare experience more consumer-centric. Although based in Shanghai, the company also has a localized healthcare platform for Hong Kong users and insurers. Working closely with over 100 high-quality healthcare partners, The CareVoice offers an integrated and personalized experience to its members and generates valuable data for insurance companies.

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1. PolicyStreet

PolicyStreet is a Malaysia-based insurtech company that advances insurance and healthcare through tech. It was established to make insurance accessible and affordable for Malaysia, where 45% of the population don't have insurance cover. PolicyStreet offers business insurance, life insurance, medical insurance, motor insurance, pet insurance, and travel insurance through simple contract options that clients can easily understand. The company's insurance is commission-free, and it gives rebates on the part of its popular plans.

2. PasarPolis

PasarPolis is a leading insurtech company in Southeast Asia that is backed by Indonesia's three unicorns: Gojek, Tokopedia, and Traveloka. The Indonesia-based start-up delivers custom insurance solutions via B2B and D2D distribution channels.

- The insurtech ecosystem in Asia is relatively small compared to that in **Europe and North America**, consisting of around 100 start-ups. But at the same time, Asia has huge potential to drive the insurtech disruption. Asian countries are on the right track to produce the next insurtech unicorns.
- At US\$1.3 billion, Shanghai's insurtech companies have raised the most funding of all Asian cities, putting **China** on the map of insurtech leaders. Chinese insurers are looking to leverage the digital boom in the country. China's insurtech market is expected to hit 1.4 trillion yuan (US\$211.66 billion) by 2021.
- What sets **Singapore** aside from other Asian hubs is that two-thirds of the population are already insured — a relatively high number for the region. Consequently, the local insurtech industry is focusing mainly on improving the existing services. With its business-friendly conditions, Singapore is uniquely positioned to be Asia's largest insurtech player.
- **India** is another strong contestant for insurtech dominance in the region. But contrary to Singapore's, the Indian population is drastically under-insured. Luckily for insurtech companies, the sharp rise in mobile phone usage and internet access across the country makes it easier to reach a customer base that was previously off-limits. Indian start-ups are building mobile apps and offering online policy underwriting, customer support, and claim management.

With the Asian insurtech markets being so drastically different, it's difficult to generalize. Singapore, India, and China have an entirely different set of challenges to overcome and various levels of support to do so.

But what is clear is that technology will play a key role in all these markets. Whether it's fine-tuning the services for long-time Singaporean customers or trying to reach a new customer base in India, technological disruption will be the defining factor in market success.



Impact on Revenue and Cost

Insurance sectors are increasingly investing in latest technologies in order to improve their customer experience. The investment in AI applications is projected to increase to \$89.8 billion by 2025.

- **The value of global insurance premiums underwritten by artificial intelligence will exceed \$20 billion by 2024, up from an estimated \$1.3 billion in 2019.** This growth will be driven by streamlined underwriting processes, faster customer on-boarding and reductions in operational costs enabled by AI, according to the forecast.
- **Global revenues from telematics will grow from \$1.2 billion in 2019 to \$5.4 billion by 2024.** This growth will be driven by increasing support from automotive OEMs, as part of wider connected car strategies. Increasing vehicle numbers in Far East and China will drive telematics growth, increasing its revenue share from 15% in 2019 to 33% in 2024.
- **Insurance industry cost savings from AI will grow from \$340 million in 2019 to \$2.3 billion by 2024,** as insurers exploit efficiencies achieved through the automation of resource-intensive tasks.
- **The motor insurance industry will have the largest cost savings; accounting for over 60% of total savings globally by 2024,** enabled by the significant uptake of AI-based insurtech premiums and several insurtech vendors applying AI to great effect.
- Increased use of telematics and Internet of Things (IoT) management tools will enable efficiencies in underwriting in the motor, home, life and health insurance sectors. Insurers' increased access to operational and behavioural data will enable enhanced data analysis capabilities; allowing insurers to guard against evolving risks.



- The healthcare insurance industry is a sector primed for disruption and it is recommended that health insurers target AI as a way to reduce operating costs and enable competitive pricing. Advances in NLP (natural language processing) will enable insurers to leverage the abundance of existing unstructured data, allowing them to manage and create value from more data sources, creating streamlined processes.

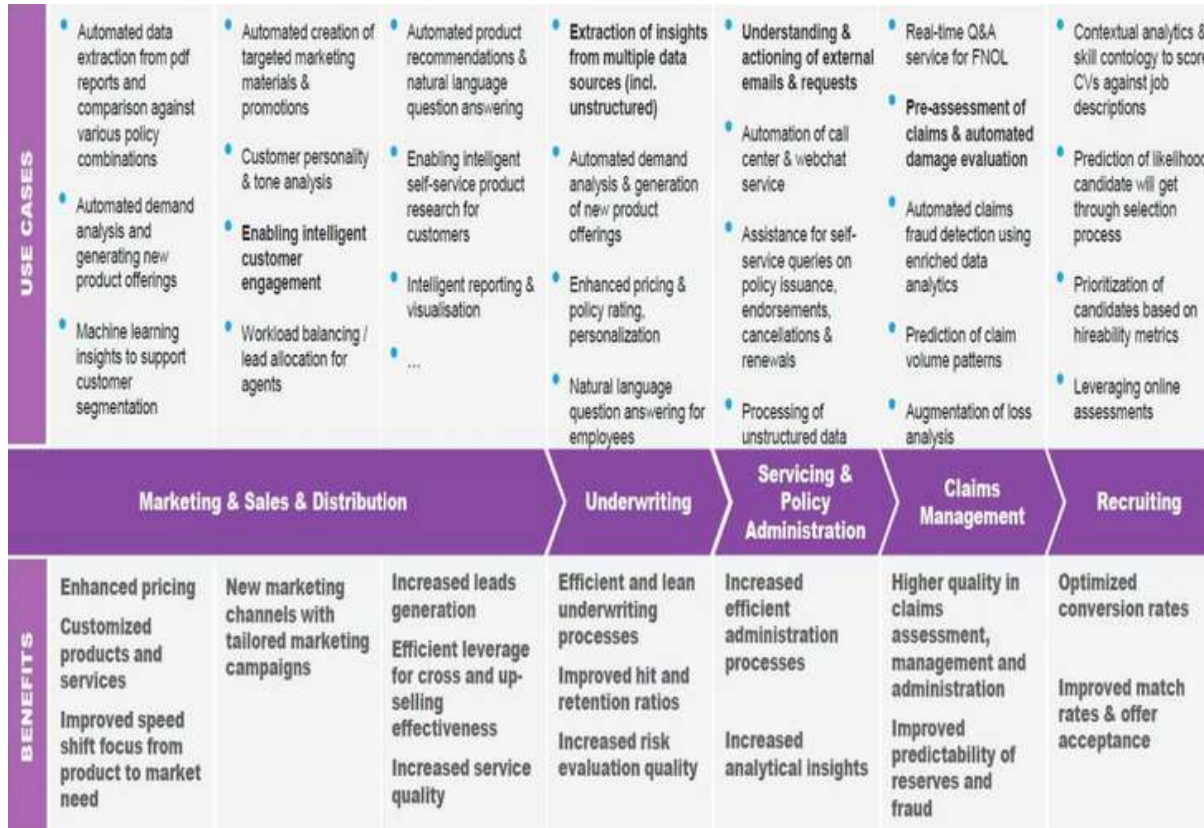
The potential of digital technologies is huge, with scope for insurers to change their business models as compensators of accidents to preventers: Insurers can even use analytics, with data pulled in from smart homes and connected devices, to intervene before an incident happens in the first place. Smart insurers are plugging into their consumers' lives and wider eco-system to look after the asset or risk they want to protect.

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AI Use Cases

Use cases in the Insurance Industry are given in the following diagram:





Challenges

Since AI is still a relatively new technology, there is some uncertainty around its ability to improve the experience for insurance companies and their customers. To some extent, insurance industry is struggling to comprehend and leverage digital advancements. Some of the key challenges faced by the global insurance leaders in AI adoption are explained as follows:

1. Digital capabilities are not meeting digital goals

On a stage of global digital leadership, Insurance companies aspiring to experience potential improvements in their digital objectives have failed to achieve desired results. Some of them admit to reaching somewhere near the target, however, those boasting digital transformations, are only 10%.

2. Much resistance from ambiguous insurers

Some of the negative elements that stymie the integration of all things digital are legacy processes, plain tech power, non-innovative approach, sluggish delivery and other internal constraints. Insurance companies are still to overcome their ambiguity and hesitation towards digital intelligence to discover future business opportunities and unique potential for consistent growth.

3. Conflicts among distributors

Another factor that hinders digital implementation in the insurance sector is resistance from agent channels and distributors. This is why it is essential to eliminate inhibitions and clarify misgiving developed against investment in digital movement. Having an honest value proposition to improve customer experience can help alleviate the tension.

4. Poor mindset showed towards digital analytics

Customer segmentation, behaviour analysis, and predictive modelling are modern drivers of marketing potential set in motion by smart data-driven technologies. Without installing capable analytics, it is impractical to draw maximum value from the implementation of the digital strategy.

5. Social media and mobile – still marginalized

At times when digital devices are indispensable, it is unreasonable to ignore the power of bringing insurance operations on mobile and staying connected to maximum prospects through the myriad of social media platforms. Since social media help make your marketing efforts more effective and engage with the digital-savvy audience, it should be an integral part of the digitization strategy.



6. Soaring pressure of cost, competition and consumer expectations

Although insurance CEOs are conscious of the herald of digital disruption breaking through the industry, it will be a whole new challenge to keep up with these revolutionary changes and to see it beyond the plain integration of modern technology. Intelligent solutions must be innovative enough to foster better customer relationship and deliver customer experience in a way that inspires much-needed poise between incipient market expectations and cost optimization.

7. Discriminatory pricing

AI can capture data about behavioural habits. It's possible that insurance companies could use that data to set discriminatory rates. For instance, a health insurance company could take someone's weight and exercise data from their fitness tracker and give them a price based on their assumed health risks.



The Way Forward

AI has the potential to transform the insurance experience for customers from frustrating and bureaucratic to something fast, on-demand, and more affordable. Tailor-made insurance products will attract more customers at fairer prices. If insurers apply AI tech to the mountain of data at their disposal, we will soon start to see more flexible insurance such as on-demand pay-as-you-go insurance, and premiums that automatically adjust in response to accidents, customer health, etc.

Two approaches to adopt AI in business are:

1. **Focus on data**, data collection and building up data warehouses / lakes before focusing on the use cases;
2. **Focus on use cases** first through identification of business outcomes and then work back to the required data.

The former approach assumes the CIO or CTO is the owner of the data and as a result, the AI adoption journey can become a technology-driven exercise focused on data collection and management. This also assumes that all data is equally valuable for the business. This approach has often resulted in less than optimal results due to lack of buy-in from the business.

Those insurers who begin the AI journey with clear business priorities are enjoying greater success. Identifying the business priorities will allow insurers to more easily identify which of the growing number of AI technologies is most appropriate and to pinpoint the data necessary to help them achieve business objectives.

Also critical to success is working closely with stakeholders in the business to develop use cases based on desired business outcomes, such as using AI driven insights to support the achievement of key business performance indicators. By starting with clear business objectives and involving the stakeholders, who will benefit from the impact of introducing AI systems (i.e. the business people leading sales and distribution, marketing, operations or claims), the journey has automatic buy-in and the insights are relevant and immediately actionable. This is true regardless of where on the insurance value chain AI is being applied. For those insurers that have yet to start the AI journey, there is no time to waste. Competitors that have adopted AI are already finding competitive advantages.

Global AI Adoption Report 2022

Insurance Industry



We will see insurance become more personalized, because insurers using AI tech will be able to understand better what their customers need. Insurers will be able to realize cost savings by speeding up workflows. They will also discover new revenue streams as AI-driven analysis opens up new business and cross-selling opportunities.

Most importantly, the AI solutions described above can make it easier for customers to interact with insurance companies. This could result in people being more likely to purchase insurance.

4 key steps for AI Adoption in this industry are:

1. Get smart on AI-related technologies and trends
2. Develop and begin implementation of a coherent strategic plan
3. Create and execute a comprehensive data strategy
4. Create the right talent and technology infrastructure

AI is a disruptive force that will change insurance as we know it. Rather than a technology issue, AI will become central to business strategy, encompassing both the products offered and the customer experience delivered.

AIQRATE

A Bespoke Global AI Advisory & Consulting Firm

AIQRATE Advisory & Consulting

AIQRATE, A bespoke global AI advisory and consulting firm. A first in its genre, AIQRATE provides strategic AI advisory services and consulting offerings across multiple business segments to enable clients on their AI powered transformation & innovation journey and accentuate their decision making and business performance.

AIQRATE works closely with Boards, CXOs and Senior leaders advising them on navigating their Analytics to AI journey with the art of possible or making them jumpstart to AI@scale approach followed by consulting them on embedding AI as core to business strategy within business functions and augmenting the decision-making process with AI. We have proven bespoke AI advisory services to enable CXOs and Senior Leaders to curate & design building blocks of AI strategy, embed AI@scale interventions and create AI powered organizations. We have collectively executed 3000+ AI/Analytics engagements across 350+ global clients for 14 industry segments and have built & scaled 100+ AI & Analytics Center of Excellence & Development centers.

AIQRATE's path breaking 50+ AI consulting frameworks, assessments, primers, toolkits and playbooks enable Indian & global enterprises, GCCs, Startups, SMBs, VC/PE firms, and Academic Institutions enhance business performance and accelerate decision making.

AIQRATE also provide advisory services to Technology companies, business consulting firms, GCCs, AI pure play outfits, startups on curating discerning AI & Analytics offerings, capabilities, solutions along with differentiated GTM and market development strategies for accomplishing high growth trajectory.

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