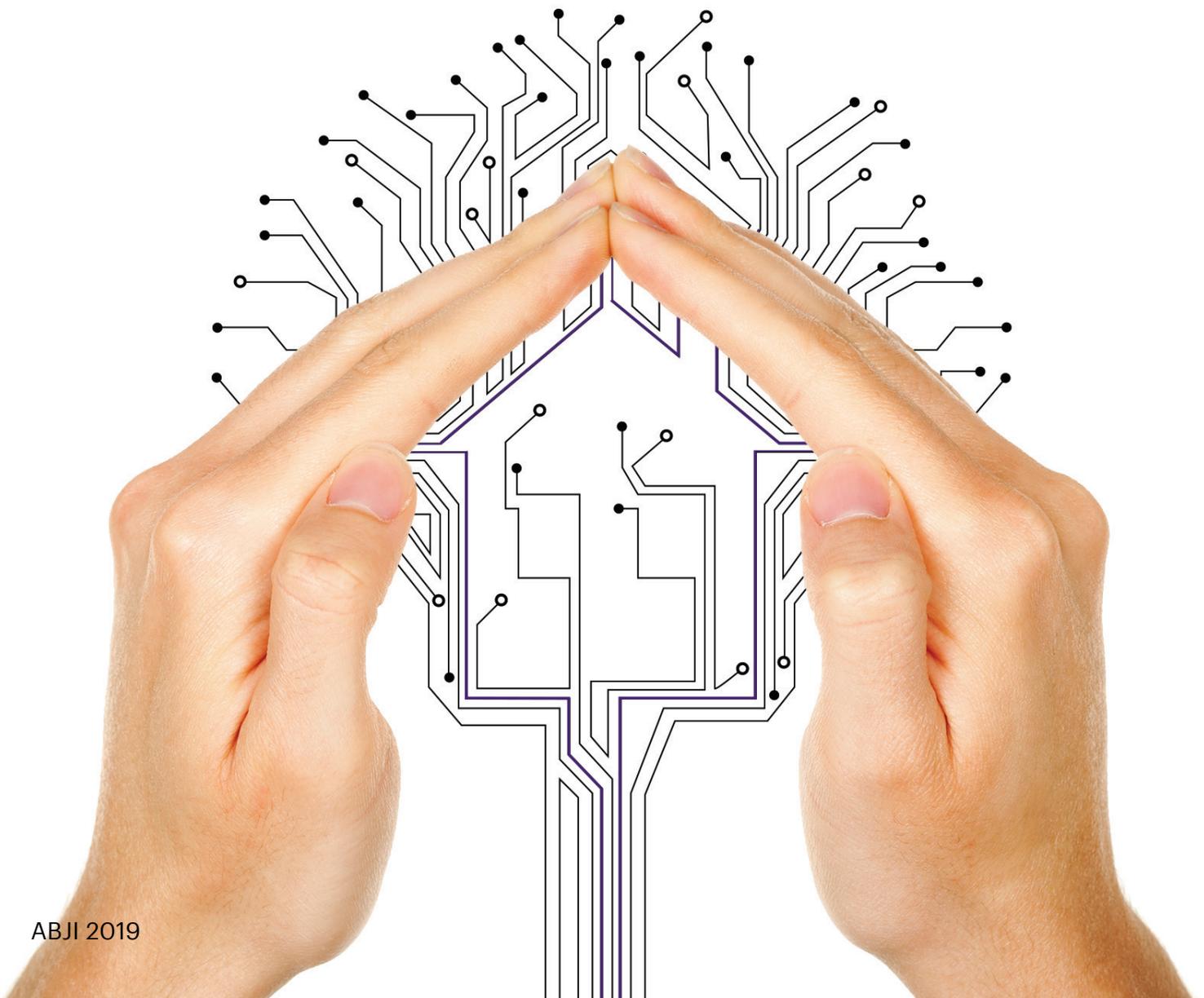




EMBRACING THE ERA OF INTELLIGENT INSURANCE

Harnessing the power of AI and analytics to
reinvent insurance in India



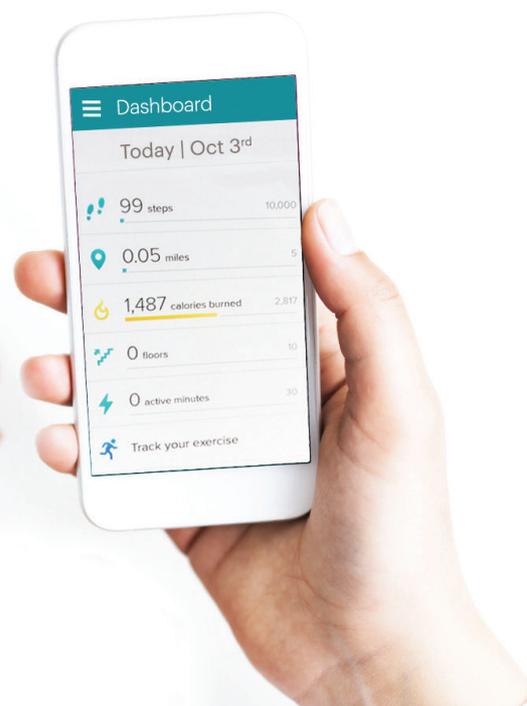
As digital reimagines businesses and entire industries across the world, insurance is no stranger to disruption. It is the fourth most susceptible industry to future disruption of the 20 industries analyzed in the Accenture Disruptability Index.¹ Evolving customer expectations and rapid technological advancement are only adding to the pressure. The new breed of digital-savvy, tech-embracing customers are more informed, empowered and, by extension, demanding. They want simple, cheap, easy-to-buy insurance that translates into personalized service in line with their changing circumstances and preferences.

Add to that, the emergence of new-age insurtechs, that are drawing from the success of digital platforms such as Uber and Amazon to offer experiences and products that are truly reimagining the purpose, provision and performance of insurance. These disruptive startups tap into the growing volume of customer data captured via websites, social media and IoT devices, gnawing away at the market share of legacy carriers. **The burning question is: How can insurers remain relevant and competitive in a digitally disrupted industry?**

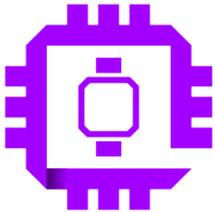
BOOSTING THE INTELLIGENCE QUOTIENT IN INSURANCE

About 63 percent of respondents in Accenture's Future Workforce survey² believe intelligent technologies will transform the insurance industry. By harnessing the power of analytics and artificial intelligence (AI), insurers can unleash the new face of digital insurance. **Some of the areas in which AI can be instrumental in revolutionizing insurance are:**

- Introducing behavioral policy pricing through **analysis of data collected by wearable devices**
- Enhancing customer experiences through **AI-powered chatbots** and coverage recommendations based on comparable needs



- Making underwriting more effective and efficient, allowing the **underwriter to focus on strategy and portfolio management**
- Reducing the risk of fraud by **deploying machine learning to identify gaps** in processes and vulnerabilities in claims
- **Building trust by enabling smooth and quick claims management** by supporting adjusters in the decision-making process



Accenture's Global Distribution & Marketing Consumer Study found that about 74 percent of customers like to interact with modern technology.³

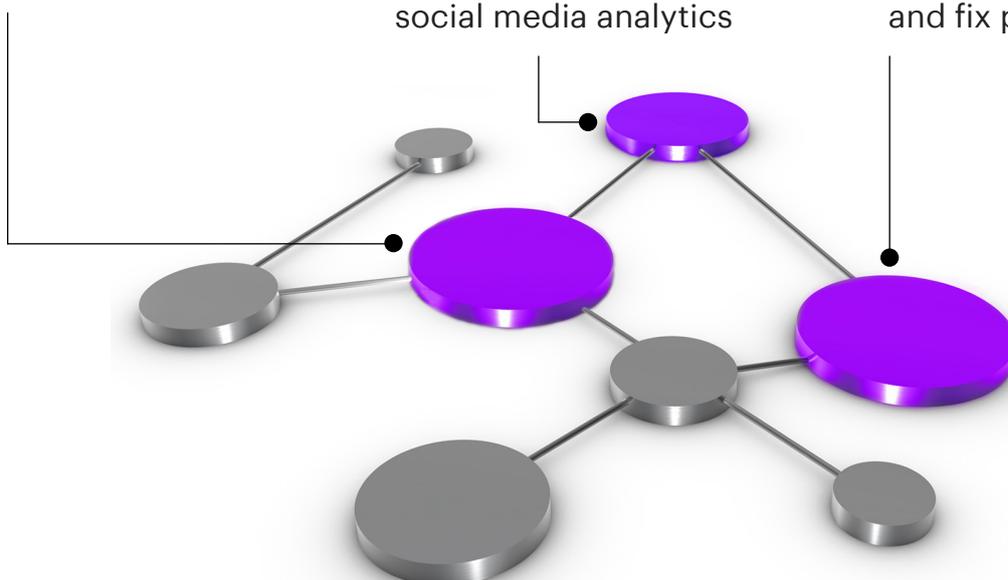
With AI, instant personalized help will become the new norm. Insurers will be able to deliver improved customer experiences and service, while gaining more granular customer insights, 24/7.

By combining analytics with AI, insurers can connect the dots and go beyond strictly transactional data to gather insightful information around customers' geographical locations, their professions, their health and ailments, and life milestones to build lifelong customer relations. **Some of the ways in which analytics can complement the insurance experience are:**

Use customized plans to build customer loyalty by **harnessing intelligent management platforms**

Prevent fraud by identifying potential customers who are most likely to commit insurance fraud by using smart social media analytics

Leverage predictive modeling to enable premium pricing by tracking individual policyholder behavior and fix policy prices



THE DIGITAL WINDS OF CHANGE IN INSURANCE

Insurers around the world have already implemented advanced technologies to provide high-quality, multichannel customer service at a highly optimized cost. That said, advanced technologies such as automation and machine learning have so far been restricted to simple and convenient processes such as data entry, compliance checks and standard customer communications. With the onset of intelligent systems, insurers are now exploring more aspects of automation such as claims inspection, verification and settlement.

Leading insurers in India are already stepping out of the box to harness intelligent technologies and reinvent experiences—for their customers and business alike.

- **Aditya Birla Health Insurance has launched a wellness incentive program, *Activ Health***, which studies historical data to promote healthy living among customers.
- **HDFC ERGO has launched a community portal**, where people can get advice, discuss their experiences and share information about property and casualty insurance.
- **DIGIT, India's first digital insurer backed by Fairfax**, plans to disrupt the legacy Indian general insurance sector by introducing new products and services, and giving a completely new dimension to various business models.
- **Acko operates as an independent digital-first general insurance company.** The company creates products and delivers opportunities in areas such as personalized insurance based on user consumption behaviors.

We've helped one of the top five Indian private general insurers apply customer analytics across the customer life cycle. Accenture adopted a multipronged approach for driving analytics-based interventions.

The outcome:

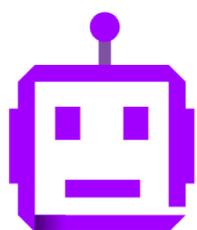
A 200 percent increase in the upsell rate for health policies, 130 percent boost in lead conversion for travel policy issuances and more than 30 percent spike in motor insurance retention rates.

PAVING THE PATH TO A SECURE FUTURE

The Indian insurance sector has seen significant changes in the regulatory framework and distribution mechanism over the last two decades. To kickstart the next wave of insurance improvement, NOW is the time for carriers to use data analytics and design thinking in product innovation. We envision four key steps to accelerate the sector's pivot to the future.

1. AI-POWERED CONVERSATIONAL INSURANCE

The exponential growth of Conversational User Interfaces (CUIs) such as messaging apps, bots and voice-enabled devices makes banking services more intuitive and intelligent. CUI is just one example of the infinite possibilities of AI in insurance. According to the Accenture Technology Vision 2019, as AI evolves to offer cognitive capabilities that can sense, understand, act and learn, AI-powered bots will interact far more naturally with both customers and employees. A few leading financial institutions in India are already at the nascent stage of adopting CUIs.⁴



Accenture has enabled conversational insurance for multiple global insurers through our proprietary AI-driven chatbot, Cathy.

The bot has been trained to address 70 percent of service requests and inquiries such as insurance issuance status, policy and document requests, claims intimation and claims status.

2. BUSINESS MODELS IN THE NEW

Carriers have so far been product- and process-driven. Going forward, they'll have to put customers at the heart of everything they do, and boost data- and analytics-driven decisions and experiences. A critical part of this rejig is striking a balance between their core business and the "new"—the gateway to dynamic growth possibilities and exponential value. Their ability to move to a hybrid "phygital" distribution model will also continue to be a critical value lever. In addition, they must look at avenues to embed insurance point-of-sale options into other shopping experiences and platforms, and forge strategic partnerships with device manufacturers, auto dealers and makers, social platforms, travel sites, banks, and household and small-business retailers to gain access to significant customer pools quickly and cost effectively. **Accenture has helped design and deploy India's first digital health insurance company that has two key operating principles—no paper and no branch.**

3. DIGITAL DECOUPLING

Insurers must adopt a hybrid approach that allows legacy systems to run in parallel with new technologies. This will help carriers gradually decouple their core systems, migrating critical functionality and data to new platforms.

A digitally decoupled architecture will enable new technologies and unlock legacy data and services seamlessly.⁵

4. BIG DATA

Insurers need to shift focus from building data capability for an individual use case to creating a data platform to support any use case. They have a multitude of internal and external data available through an ecosystem of data providers. This structured and unstructured **big data available from transactions, online purchase behaviors, health records, social and behavioral interactions and IoT devices is further processed for advanced quantitative analysis.** While sale, retention and claims management are easy use cases, saving this data can help support use cases and business models not prevalent today. **Ping An, a Chinese holding conglomerate with subsidiaries in insurance, banking and financial services, stored big data for vehicle make models, thousands of data parts, and millions of data points and images of damages. Xiang Hu Bao, a mutual insurer in the Alibaba group, leverages its detailed knowledge of customers to offer critical illness coverage.** Today, it has been able to tag this big data to run multiple AI-driven use cases and new business models.

INFUSING GROWTH. TRANSFUSING VALUE.

AI and analytics hold the promise of enhancing customer experience and boosting operational efficiency, while reducing fraud and, in turn, losses. It also enables highly skilled and much-needed insurance professionals to focus on value-added decision making. Moving to data-driven, insight-based business models will help insurers develop innovative products, understand customers and empower the workforce. To revolutionize customer experiences in an increasingly connected, always-on world, insurers will need to radically transform points of interaction—be it through wearables that produce health-related data or a telematics-connected car that communicates maintenance and vehicle usage to fix premium. **As the era of “one-size-fits-all” approaches a natural death in insurance, AI and analytics will pave the way for “made to measure.”**



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