



THE ROLE OF AUTOMATION IN MODERN INSURANCE SOLUTIONS

Abstract

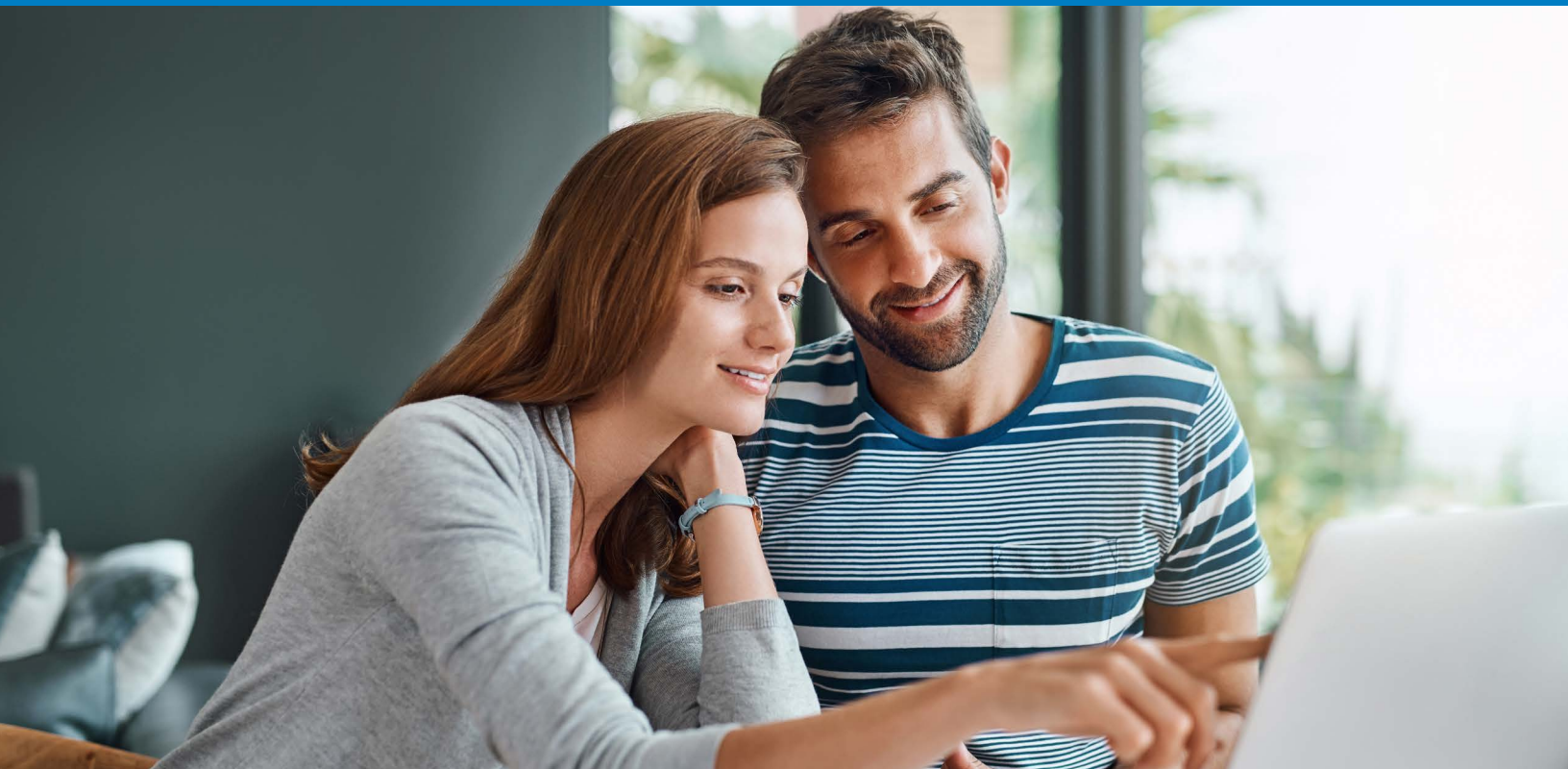
To overcome delays in claims, fraud, and time-consuming manual tasks, the insurance industry must adopt technological transformation. Technologies such as artificial intelligence, robotic process automation, and machine learning spearhead efficiency, personalise customers service, and lower the risk of errors. However, automation in insurance must be a step-by-step strategic approach that tests the solution on a specific area before scaling it up across the organisation.

The insurance sector is undergoing a rapid technology-driven transformation replacing manual and paper-based processes. Artificial intelligence (AI) within the insurance sector is set to reach \$40.1 bn by 2030 at a CAGR of 32.6%.

Automation in insurance is a game-changer for companies looking to gain

and keep a competitive advantage. Technologies such as AI, large language models (LLM), machine learning (ML), and robotic process automation (RPA) are redefining the day-to-day work at an insurance agency.

This article discusses the definition of insurance automation, its benefits and use cases, steps to adopt automation, key technology trends, and the agent experience.



What is insurance process automation?

Insurance businesses can automate the processes, including marketing, sales, renewals, premium collections, reimbursements, etc, using Robotic Process Automation (RPA) to lower manual work and chances of error. Robots perform repetitive and time-consuming tasks such

as filling up claim forms, extracting data, navigating systems, providing paperwork, accelerating underwriting, filtering emails, and updating the customers' details when necessary.

Automation is a fundamental transformation in the insurance industry's

framework. It improves the efficiency of labour-intensive and repetitive tasks so that your staff can upskill and focus on strategy. It also reduces the cost associated with manual and paper-based processes.

Benefits of automation in insurance

The insurance industry has traditionally been overrun by paper-based processes that do not give a high-quality employee and customer experience. However, with technologies such as conversational AI

and RPA, the insurance agencies stand to benefit in these ways:

Higher operational efficiency

By automating manual and time-consuming tasks, you can streamline

operations across the organisation. This gives the managers and support staff more time to do higher-value tasks within the strategy, thus lowering the operational costs and boosting engagement.

Greater employee engagement

Technologies such as conversational AI boost employee effectiveness and help them engage with the clients better. Virtual assistants work 24x7 to offer personalised and targeted advice to potential clients. It gives the agents an opportunity to think creatively, thus boosting their motivation to work better.

Better customer experience

Virtual agents and bots offer instant assistance to clients, saving them time otherwise spent waiting in a queue. AI and RPA can handle most queries and escalate issues to human agents if necessary. Automation fast-tracks slow back-end processes such as claims processing and policy management, increasing customer satisfaction and loyalty.

Faster scalability

By automating front-end and back-end operations, insurers can scale up their

services without significantly increasing the number of employees. With the help of virtual agents, they can meet high web traffic and higher customer queries, objections, and demands while utilising the existing workforce efficiently.

Proactive fraud detection

The [Federal Bureau of Investigation](#) has pegged the total cost of insurance fraud at \$40 bn per year. Insurers pass on this loss to the existing customers, resulting in an extra premium of \$400 to \$700 per family per year.

AI and virtual agents recognise patterns within a conversation and identify potential fraud. It uses RPA to send automatic alerts to the cybersecurity team for further investigation.

Data accuracy

Manual processes, such as data entry within insurance, are prone to errors. Poor data quality can produce wrong analytics

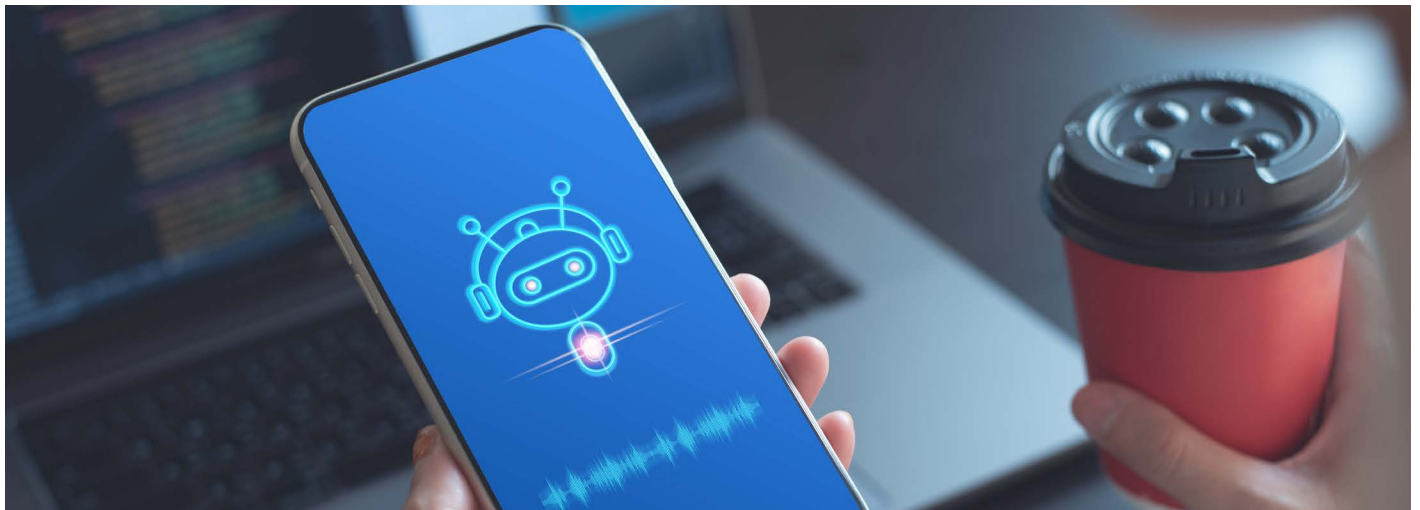
and reports. This results in false alarms, delayed claims, policy pricing errors, and challenges in making data-driven decisions. Intelligent automation nullifies manual errors thus eliminating the chances of any of these problems.

Data collection and processing optimisation

Automatically source raw data from internal systems and prepare it for analysis. By automating this process, you save time, reduce the risk of human error, and produce high-quality data for analysis and decision-making.

System integration

Intelligent automation systems seamlessly integrate with the insurer's existing systems to save time and optimise processes. They also integrate with collaboration and instant messaging tools such as Slack and WhatsApp for a seamless user experience.



Automation in insurance use cases

Digital transformation in insurance is the key to having a competitive advantage, and 68% of insurers put this as one of their top priorities. Customers expect digital services as a standard offering for faster, more efficient, and more personalised service. These are important among the [top automation use cases in insurance](#). Automation has led to an increase in

customer satisfaction, lower claims processing time, and lower fraud incidents.

Chatbots for customer service

With evolving AI technology, chatbots have become functionally diverse in recent years, thus improving the customer experience. Chatbots in the insurance industry can analyse a customer's needs,

offer customised support, upsell and cross-sell products and services, and answer their questions.

Streamlining claims

Claims processing has historically experienced delays and massive paperwork and is the prime candidate for automation. Additionally, the system must

detect potential fraudulent claims that may lead to financial losses. AI/ML-driven RPA brings in lower claims processing time, an increase in cost savings, and a boost in operational efficiency.

Faster risk assessment for new customers

Claims-based risk assessment models take up to 12 months, which is too long to keep a customer waiting. Manual handling of this data can be slow and prone to errors. Automation speeds up risk assessment by analysing data from underwriters, including policies, claims, and premiums.

Usage-based insurance (UBI)

According to a leading business magazine, the market for UBI is set to reach \$190 bn by 2026. Considering the example of automobile insurance, UBI collects

telematics data from vehicles using cellular and GPS and includes driving behaviour such as speed, acceleration, hard cornering and braking, time of day, and miles driven. Automation in UBI allows real-time data processing, aligning insurance costs with individual behaviours.

Stop manual document reviews

Traditional manual document review methods can be time-intensive and prone to errors. Automation can bulk review documents, reducing delays, errors, and late claims payments. It automates data transformation to increase the efficiency and accuracy of data processing.

Automated underwriting

Insurance underwriters spend a majority of their time on non-core processes, including

administrative tasks and negotiation and sales. Only a small percentage of their time goes into actual underwriting. By using automation, underwriters can use predictive analysis on large datasets for accurate risk assessment and policy issuance decisions.

Finance and accounting

RPA can perform human-like functions such as clicks, button presses, keystrokes, copy-paste, and template auto-fill to automate activities such as bank reconciliation. This reduces the burden on the staff and reduces the policy and transaction costs.



Steps to adopt automation in insurance?

With a wide range of automation options, it can be challenging to find a starting point. The following list of steps will give you a strategic automation roadmap:

Design a Proof-of-Concept (PoC)

PoC is a small-scale test implementation of automation to validate the technology stack. The test run should focus on a specific use case for example, the auditing process. You can judge the effectiveness of automation through searches for detailed records.

Lighthouse project

Once the PoC is a success, you move to a more realistic lighthouse project with

a broader scope. The lighthouse project should aim to solve a real business problem, such as the entire claims process. The result of this project will demonstrate its effectiveness in claim settlements and cost and time savings.

Automation Centre-of-Excellence (CoE)

The CoE is responsible for assessing the current issues, evaluating and implementing solutions, providing training, and assisting the teams with use cases. CoE should empower the team to ideate and present their automation efforts, thus creating a culture of innovation within the company.

Setup automation across the organisation

Once automation is a success, it is time to scale it up to other parts of the organisation. Depending on the nature and structure of your business, you may want to keep automation confined to a specific area or use the same platform across the organisation.

Empower and train the teams to use technology

Automation is not just technology implementation but a cultural shift whose success depends on meeting the goals and having the team onboard. Through training and a regular feedback loop, you can empower the team to drive success.

How does technology impact the insurance agent experience?

Post-pandemic, there was a sharp rise in the number of new agent licenses due to many people seeking the security of the insurance industry. However, there remains

a talent gap wherein meaningful efforts by the agency and its agents towards technology adoption can be a sustainable growth strategy.

Technology empowers agents to navigate the insurance sector with a satisfying work and growth experience.

Conclusion

Insurance process automation technology hinges on a positive staff, agent, and customer experience. However, your [insurance automation technology partner](#) must work with the leadership and

stakeholders at every step to ensure the digital transformation's sustainable success. With careful planning, execution, and continuous improvement, you can unleash

automation's full potential and open a new era of efficiency and customer satisfaction in your company.

For more information, contact infosysbpm@infosys.com



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