

# Is AI reinventing insurance?

Bill Hoggarth, national sales manager at Datacentrix, asks the question, is AI reinventing insurance?



Bill Hoggarth

In response to the question, Hoggarth clarified that no, he did not believe that artificial intelligence (AI) was changing the nature of insurance – at least, not on its own.

“My view is that AI is not reinventing insurance, but that it is part of the mix of technologies that is causing a shift in insurance today,” he said.

## AI and insurance

AI is the imitation of human intelligence processes by machines, especially computer systems. In the insurance industry, some people believe that AI is set to revolutionise the customer experience by enabling insurers to provide products and service levels that are more aligned with today’s customer expectations.

According to Hoggarth, the use of AI in insurance should be able to assist with the following:

- Providing simpler, faster, more transparent and more affordable insurance products;
- Allowing insurance providers and other organisations to automate many tasks and processes that may have required human intervention in the past;
- Providing a range of tools and technologies that can understand contextual human speech or text, and reasoning algorithms that can create predictive models and anticipate behaviour, and finally
- Enabling the use of friendly chatbots to help customers with inquiries and questions.

Hoggarth says, today, AI forms a significant part of the modern world in which we live, and includes the use of applications and services such as Waze, Google Maps, and Uber that assist people with travelling to their destinations timeously; and Apple's virtual assistant Siri, and Amazon's Alexa – to name but a few.

He noted that there are market forces today redefining insurance, and these influences are both facilitated and enabled by technology, but they also come from the consumer. He clarified that the successful use of AI in insurance – and other business areas – should facilitate:

- The protection of personal and confidential data;
- Exceeding customer expectations;
- Compliance with evolving regulations; and
- Next-generation operational excellence

“I believe regulation will need to increase as we go deeper into AI, for example issues will arise around what a chatbot can and can't do,” he commented. “As is frequently noted, insurance is a ‘grudge purchase’ and AI alone is not going to change that.

“Business managers will need to focus on factors such as entrepreneurship, strategic thinking, and project management, while issues with technological institutional legacies that get in the way of operational agility will need to be dealt with.”

### **What is the intention behind the data's use?**

According to Hoggarth, the successful deployment of AI requires careful consideration, in that it:

- Demands, creates and depends on new data;
- Unleashes creative decision making;
- Goes hand in hand with business strategy; and
- Is inevitable, multi-faceted and product agnostic.

“When we think about the use of data,” said Hoggarth, “we need to ask ourselves: what is the intention behind the data's use? We need to be prepared to think out-of-the-box to collect the required data ethically, accurately and in a compliant manner.”

### **AI and the human element**

He noted that search engines like Google and Yahoo have made it easy for anyone with access to a smartphone or computer to access obscure facts and figures. “The introduction of Google Translate – even if it is not always perfect – facilitates understanding between people who don't speak each other's languages. And so, moving further into the future, we can envisage a world in which the retention of facts and even multi-linguistic abilities could be replaced by AI tools.”

“And that is how we should think of them – as being tools that should facilitate the human element and allow us to operate from a higher level. The challenge is to retain the human element of communication and story-telling, realising that once we are freed up from tasks that are time-consuming and could be automated, for example, then we can debate better amongst ourselves, and at a higher level.”

Hoggarth concluded, “Bringing this all back to insurance, I believe that AI, used correctly as part of a suite of technology tools available to us, should allow us to solve problems creatively and usefully. Where, for example, is the solution that will stop insurance from being a grudge purchase for so many? I don't believe that AI is reinventing insurance, but maybe insurance is helping to play its own part in reinventing AI?”

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