AT&T Business

Property and casualty insights

High tech or high touch?

How technology can help extend human empathy, experience, and expertise to each policyholder

Competitive advantage

Nearly every insurer seeks to improve the experience that agents provide to policyholders.

In an increasingly connected world, the industry is focused on using technology to provide **increased options for mobile and digital interaction**, to better understand individual needs, and to design corresponding journeys to meet those needs. As competitive forces raise customer expectations even higher, **new differentiation opportunities** for insurers are emerging.

- Firms can offer more advice as market trends shift from reactive (helping policyholders after a negative event) **to more proactive offerings** (helping to plan for or prevent negative events).

- **More cost-efficient gathering, analyzing, and responding to valuable customer feedback** is being enabled by artificial intelligence (AI) technologies for customer-facing applications.

As insurers continue to engineer omnichannel customer journeys that feature marketing automation and AI-powered messaging to take advantage of these trends, questions arise about the number of non-human vs. human interactions that should occur. Which touchpoints should be handled by **chatbots** and which should be facilitated by **staffers**? Can **automated personalization** be perceived as too impersonal, and thus risk the relationship?

What's the right balance between technology and the human touch?

Intelligent, relevant CX

100% **97%**
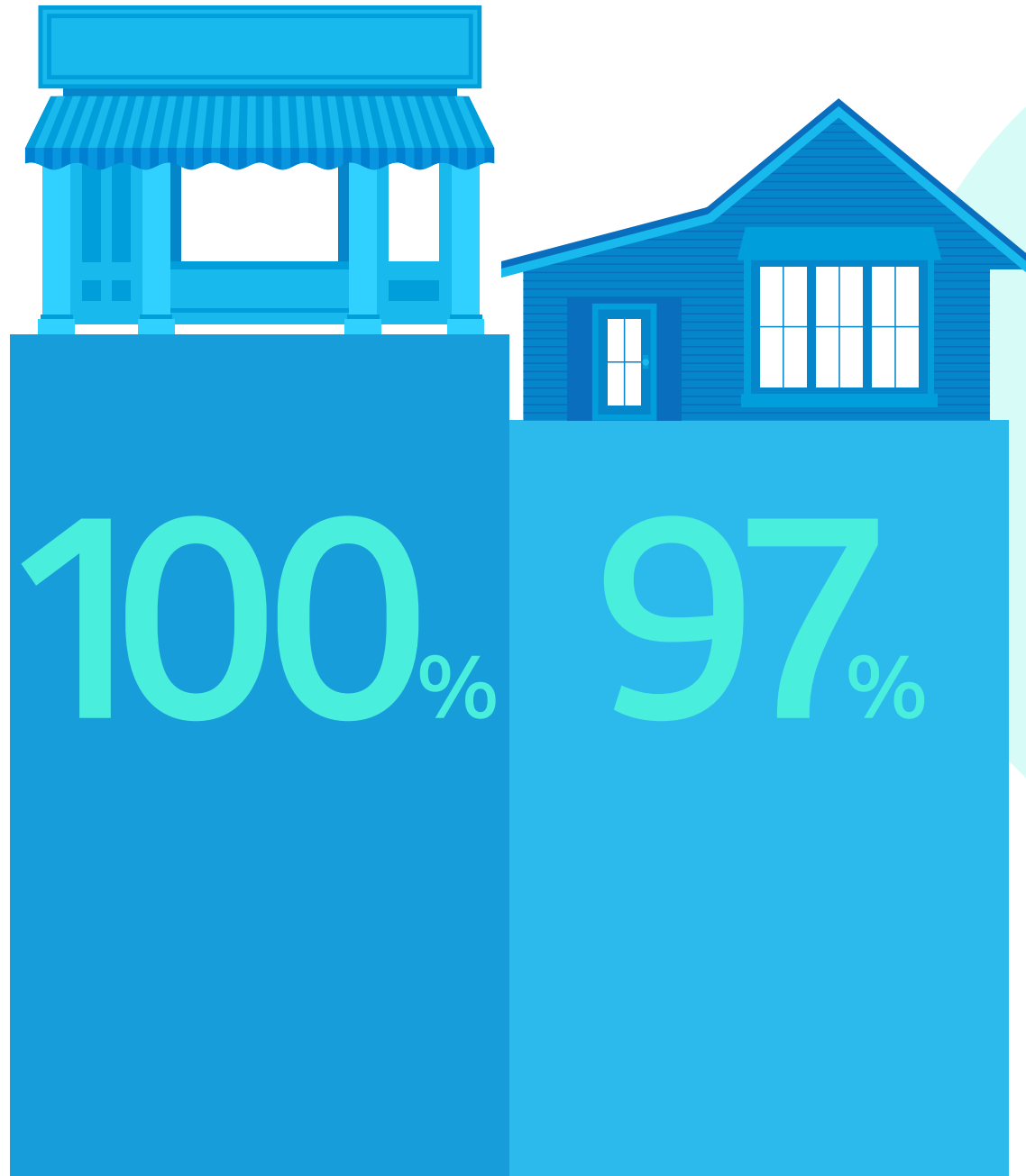
"**100%** of commercial lines insurers and **97%** of personal lines insurers have a strategic initiative to enhance the customer experience"

SMA Research, 2020 Insurance Strategies and Priorities, n=58

Tech challenges

As the popularity of robot automation, **virtual assistants, and augmented reality has grown**, so too has the pace and complexity of keeping up with customer expectations. Policyholders expect their insurance company tech to mirror, or at least support, the latest consumer devices and apps. **The need to upgrade is persistent** as new iterations and solutions become available.

Historically, insurers have employed a range of technologies to support front-line workers (like field agents and call center agents) as they communicate with customers. Now, companies are **including AI inside innovative applications** for underwriting, claims, marketing, and fraud detection to address customer needs from a contextual framework. It's now possible for incoming documents, inquiries, and responses to be analyzed and delivered **without the aid of a human expert**.

"However, while AI provides opportunities for traditional insurers to modernize themselves, implementing AI is not straightforward. Traditional insurers could face challenges integrating AI into their existing technology due to issues such as data quality, privacy, and infrastructure compatibility."

The Center for Insurance Policy and Research, National Association of Insurance Commissioners, 2019

Insurers are also anticipating the eventual reality of a hyper-connected **5G world** where millions of vehicles, homes, farms, and people **can be monitored by IoT devices in near-real time**. The volume and variety of risk management data coming from these endpoints **cannot be efficiently processed by humans**. By necessity, management of massive data requires algorithms to do most of the heavy lifting. It also requires moving beyond legacy infrastructures to support the lift. **Intelligent, virtualized network services** and **more integrated approaches to securing data** are just two of the needs that can become apparent when insurers compare their current IT roadmap against where they're trying to go.

Data deluge

100GB

30TB

"Twitter's 270 million users produce about **100 GB of data per day**. A single autonomous test vehicle produces about **30 TB per day, which is 3,000 times the scope of Twitter's daily data.**"

Informa / Wards Auto, 2019

Balancing act

The potential for insurers to help customers reduce risk and improve safety are tremendous. But what role will humans play?

Conversations about data and automation have led to speculation how many insurance jobs will be replaced by AI in the future. PwC predicted in a recent report that **30% of existing financial and insurance sector jobs could be at risk of automation by 2029**. But according to the Los Angeles Times, "…robots won't necessarily replace so many human workers. The [PwC] report highlights several **economic, legal and regulatory hurdles** that could prevent automation, even in jobs where it would be technologically feasible." The feasibility question is a big one for insurers. Should they automate customer interactions just because they can?

As the workforce transitions to a new mix of needed skills and physical interactions, **more of the customer experience will likely be handled by AI**, including via chatbots. What will determine the optimal balance of **human vs. AI interactions** per company?

Customer expectations will likely decide how many jobs are **truly automated**, and how many are merely **augmented** by automation. Michael Bruch, Head of Emerging Trends at Allianz Global Corporate & Specialty, predicts the future will include less "boring" and more meaningful company-to-client interactions:

> "You can say then the future underwriter will be replaced by a machine, but I wouldn't see that being the case. We need new expertise. An underwriter in 10 years' time will most likely need different skillsets. We will **free up time from boring tasks**, but we can **free up time then for more client interaction**."
>
> *Michael Bruch*
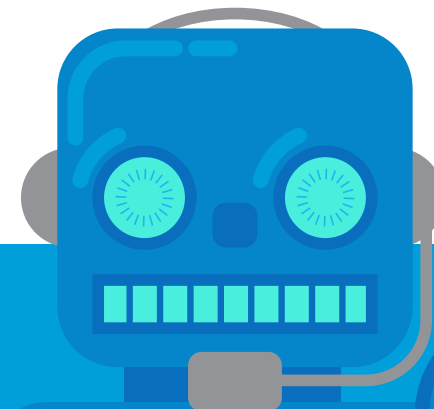
Listen and learn

"Importantly, it's not up to companies to decide when to **enable, imitate, or replace human touch** during the customer experience. Instead, companies **must learn from their customers** and determine when each is relevant for their customers."

Accion

Emotional intelligence

Central to the appeal of human interaction is **empathy**. Difficult to replicate with automated technology, empathy is often cited in the context of customer experience. A person dealing with a serious medical issue or a business owner that has just experienced a cyberattack likely wants to hear from **a seasoned professional who can empathize** with their situation and provide expert advice and next steps. Likewise, an under-pressure risk manager with thousands of employees and a diverse risk portfolio likely **prefers the nuances of human connection** more than the binary responses of AI efficiency. Relying too much on automation can undercut the **trust and peace-of-mind benefits** that fuel demand for insurance products in the first place.

People also tend to seek solace **from other human beings** when they're confused, and parts of the insurance business have a reputation for being overwhelmingly complex. While there are plenty of commodity products and simple transactions in the industry, many others are about specialized and multifaceted risk. **High net worth personal lines**, for instance, can be a tangle for risk managers, with individuals owning multiple properties, vehicles, artwork, and other valuables. **Larger commercial lines and specialty segments** cover even more complicated risks like billion-dollar construction projects, a fleet of oil tankers, or a large agri-business. Claims for all lines of business can feel difficult to navigate, especially casualty and long-tail claims.

The winners in the new paradigm will be those who listen to customers to understand their desired blend of tech and human interaction.

Future value

"Incumbents possess great power and responsibility with their unprecedented access to **large amounts of consumer and business data**. Technology will enable them to **carry more empathy**, **underwrite better risk**, and **unravel new ways to prevent it**, all while delivering value to 'buyers' in yet-to-be-created business models."

Matthew Berkowitz, Capco

Taking action

Significant differences across industry segments and the needs of those segment customers will require each insurer to deploy a strategic set of transformational technologies – either for **full automation** or for **augmentation of human experts**, depending on the situation. It's important to consider both business complexity and the need for human-to-human empathy. A customer relationship strategy that uses tech to **scale the value your brand** is already known for can be a major accelerator.

Use technology to extend your unique empathy, experience, and expertise to every customer.

Gain a **deeper understanding** of your customers and their current CX journey.

Build **awareness** and **expertise** across your teams in AI, machine learning, and other automation technologies.
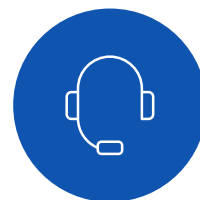
Identify the **ideal use cases** and **customer journeys** for each specific line of business and business area.

Discern what your customer engagement data is telling you about **adding more tech or human empathy**.

Evaluate technology that provides **automated interaction**, like chatbots, virtual assistants, and augmented reality (AR).

Engage with a trusted advisor who can help you connect the **value of emerging tech** to the customer experience.

Crafting an **effective blend of people and technology** is a journey itself, full of unknowns. For insurers willing to ask, listen, and adapt, it can also be a path filled with opportunity and reward.

AT&T Business

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