ET Business Leaders

Role of Human-Machine collaboration in the augmentation of the Insurance Industry

Two decades into the 21st century, and we have already seen a pandemic of gigantic proportions, perennial natural disasters due to the negative impact of climate change and continue to grapple with challenges that threaten to disrupt the normal course of life every single day. As a result, the general population is conscious of the multitude of health risks involved and seeks protection against them through insurance products, to secure themselves and their loved ones. This has necessitated a more nuanced approach from the insurance industry, shifting from a product-centric approach to adopting a customer-oriented strategy and tailor their product offerings. What is more, the increasing use of digital technologies such as artificial intelligence (AI), machine learning (ML) and Internet of Things (IoT) has helped insurers to better understand customer needs, deliver better experiences and has accelerated the pace of innovation, in what otherwise was considered to be a staid industry.

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Transforming risk assessment and claim processing with deep learning

The process of recognizing insurance risks and sizing up the costs involved can be a daunting task fraught with subjectivity. Fortunately, image analytics, ML and concepts of deep learning have overhauled the traditional underwriting process by employing data insights that cannot be matched by human ability alone. As a result, insurers are now able to accurately estimate the financial costs associated with calamities, health emergencies or even motor accidents, while also facilitating faster claims process. Lower response times, faster deployment of resources and delightful customer experiences has now become the norm in the process.

Telematics is driving increased customization

With increasing internet penetration, insurers have been leveraging telematics to understand driving-related data and use them to offer tailored products for different customer segments. The 'Pay as you drive' motor insurance product is one such example, with insurers also able to leverage telematics to assess the risk of an accident in different regions, roads or even in different climatic conditions. Combining these reliable data sets with AI is also enabling insurers to gain a deeper understanding of different markets, helping them innovate new products for motor insurance needs.

Increasing process efficiencies to deliver a seamless customer experience

The insurance sector has been marred with long lead times due to repetitive tasks that have been traditionally managed by humans. Moreover, the increased probability of human error necessitated the deployment of business process automation technologies like robotic process automation (RPA), to eliminate stagnant time in the various processes and replicate tasks with 100% accuracy. Today, insurers can retrieve customer information from cloud-based servers in real time and process customer requests seamlessly. Self-service mobile applications have made insurance accessible 24X7 and elevated the customer experience. Buying insurance at a click or verifying claims digitally have been made possible because of the massive digital technology integration drive undertaken over the last decade.

Peering into the future and the role of regulators in spurring innovation

As we dwell on how machines and digital technologies have helped transform the insurance industry so far, it is only natural to surmise what the future could entail for both insurers and customers alike. As the internet transitions from a Web2 world to a Web3-focused economy, new concepts such as tokenization and blockchain-based processing will need to be introduced in the insurance space as well. With the IRDAI introducing regulations that work towards enhancing insurance penetration as well as addressing macro challenges faced by insurers, its role in stimulating further innovation will be crucial for the Indian insurance sector. Mandating the introduction of modern technologies, increasing digitalization and promoting inclusive insurance will be the focus going ahead.