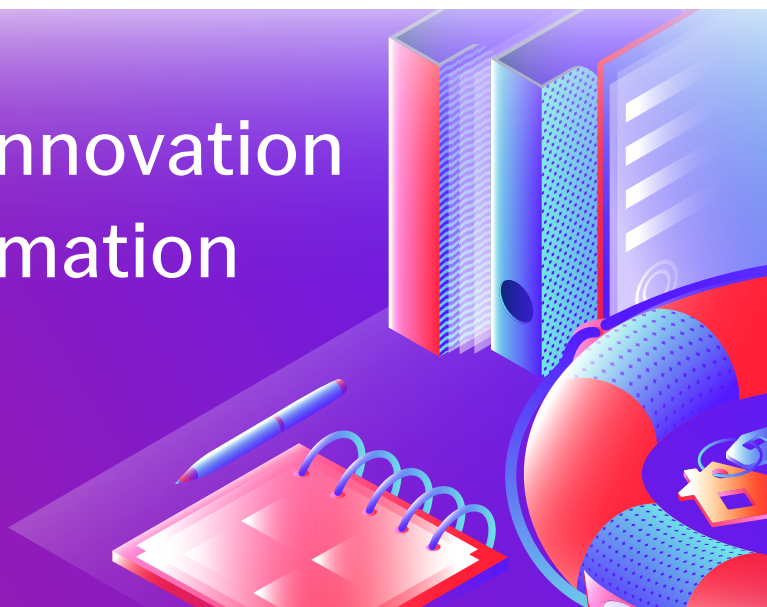**ABBYY**

Q&A on Insurance Innovation and Intelligent Automation

Featuring Ellen Carney
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Following a successful webcast featuring guest speaker Ellen Carney of Forrester Research, ABBYY asked Forrester to share how Digital Intelligence— including artificial intelligence (AI), machine learning (ML), and optical character recognition (OCR) technologies—can deliver operational change and accelerate true digital transformation for insurers.

Ellen Carney, principal analyst, provides Forrester's analysis in the following Q&A.

1 **What are the biggest missed opportunities for insurers to innovate with technologies like AI, ML, and process mining across the traditional insurance value chain?**

In a recent Forrester survey, one in four insurers say that increasing the use of AI and ML are top tech initiatives for their firms in 2021. The big use cases for these emerging technologies? Automated decisioning such as "handsfree claims"; smart digital self-service options that can answer questions usually handled by a call center; and digital process automation liberating employees from mundane tasks to instead focus on empathy and better customer experience.

What it means: Even with interest, investments across lines and processes, and some use cases, there remain a few areas worthy of insurer attention when it comes to AI and automation. Here's a few examples:

- **Onboarding new customers as part of policy servicing.** There's a weakness in insurer customer acquisition processes that came to haunt many insurers in 2020: they do a horrible job with post-sale onboarding of new customers. The result? When the customer actually needed service, they floundered because they hadn't set up to self-serve. The result? Frustrated customers looking to learn about payment holidays, rebates, and filing claims flooded call centers. Automating the process of account registration means that insurers can focus on new customers who've not registered for IDs and passwords can get special attention, including communications loaded with helpful how-tos.

- ⊘ **Orchestrating the ecosystem as part of claim management.** The claim is a party of parties, especially in complex claims, such as environmental claims and workplace accidents. As a result, there's greater inefficiencies and even bigger chance of big claim leakage, which can be as much as 20 to 30 percent of overall claim costs. Better orchestration of the claim ecosystem to manage which party does what and how process handoffs are handled and communicated can reduce leakage while improving the experience for injured workers and their employers.

- ⊘ **Automating workflow for agents and brokers.** It's tempting to think that digital and automation are eliminating the need for agents. Instead, it's critical for carriers to include even their independent agents and brokers in their AI and automation initiatives. By speeding up things like agent licensing and credential management, lead tracking, and ongoing customer communications, producers and account managers spend more time hunting, farming, and engaging customers.

② Given the new reality of a distributed workforce, how should insurers prioritize digitization projects?

The year 2020 was the year that changed the insurance business. Work from home, the need for heightened security and privacy, and a big boost in self-service all contributed to something that gets the attention of the financial types: overspending on IT projects. In fact, when Forrester asked insurance IT professionals about the impact of Covid on their IT spend, 37 percent of those surveyed said that they had overspent by between 5 and 10 percent. That 2020 overspend brings greater focus on IT spend levels in 2021, especially as the investments made to support remote work have already been made.

What it means: Remote work strategies exposed the good and not-so-good elements of digital strategy. Gone was swivel chair collaboration among underwriters, adjusters, and producers, highlighting the need for modern knowledge management strategies that could span the insurance ecosystem. Expect digital initiatives such as open insurance and tech investments that help employees do their jobs better to rise in priority, especially as remote work shifts insurance employers to focus on hiring and retaining the right person for the job, rather than someone local or relocating.

③ What are the best practices for insurers to apply when implementing automation technologies, i.e., KPIs, training, etc.?

The drive for "touchless" customer journeys demands new approaches to democratize insights. One of the top insurance inquiry topics in 2020 was about the role of automation throughout customer journeys like quoting, buying, claiming, and servicing. These touchless journeys aren't about replacing the human but rather changing their jobs and the insights they need to do that job. The impact on staff—and ecosystem partners—also amplifies the challenges insurers face wrangling data from multiple silos as they seek a broader view of customer needs and behavior.

What it means: Customer centricity will rise, or fall, based on the data, analytics, and application of AI to predict and seamlessly act on potential customer risks and needs. Getting from data to actionable insights also depends on behavioral science. Expect to see mature organizations investing big in behavior as part of the advanced commerce capabilities. The smartest among them will recognize that data analysis will be a skill that all employees and agents need and will invest in skill development. In 2021, firms must deploy insights change agents with key human skills in existing positions at the individual contributor, manager, and/or director levels.

4 How can insurers best use their data to create a competitive advantage?

Insurers have developed insatiable appetites for data and analytics. To show just how important data and analytics are to insurers, in 2014, about seven percent of insurance inquiries with Forrester were related to some degree with data and analytics. By 2020, the total number of insurance inquiries that included data and analytics had risen to 38 percent. The noise in inquiry is supported by Forrester's survey data: A third of insurers that Forrester surveyed globally at the beginning of 2021 said that data and analytics tech was either a high or critical priority for their firms. The result? With analytics capture embedded throughout insurance business processes, data sneaks into every corner of key roles like underwriting, claims, and distribution.

What it means: Many insurers have gone overboard when it comes to data. Data is no good if the consumers of data and insights lack the data interpretation and literacy skills. In a recent series of interviews, Forrester learned that the data deluge is actually making underwriters less productive. It's time to use data to produce insights with "just right" levels of business intelligence. And that ever-rising data ocean is driving vendors to optimize their business "cockpits" to expose just the right amount of data, instead of having staff waste time going down data rat holes.

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