

July 2020

**Delivering Superior
Customer Service
Experiences with**

Voice, Vernacular & Video

State of AI Chatbots in Insurance

Mantra Research Report



Mantra Labs

Artificial Intelligence Strategy & Consulting CX & Digital Operations

Introduction

Insurance has undergone a retail-like transformation in the last decade, reshaping digital insurer business models to meet the demands of rising customer expectations alongside personalized, device-agnostic experiences. With the onset of rapid changes to the industry, the *Insurance of Tomorrow* will be driven by voice.

Over the last five years, Chatbots have become the leading application of AI within Insurance. They have gradually progressed from 'Simple Scripted Bots' to 'Conversational Cognitive Assistants', solving routine customer service problems across insurer front-lines.

Conversational experiences will define the enterprise appetite for creating superior CX outcomes over the next ten years. With added capabilities of Artificial Intelligence (AI), Machine Learning

and Natural Language Models, the applicability of chatbots in insurance scenarios has led to reduced SLAs, lower overhead costs and greater boost in productivity.

Rule-based Chatbots stamped the First wave of Conversational AI, that were used primarily in short exploratory phases. The Second wave witnessed the use of AI technologies and emergence of deeper use cases across broader business functions.

The Third wave is marked by the emergence of 'voice'. Similar to Chatbots, Voicebots have entered the post- experimental phase and is evolving to address larger customer experience-driven use cases.

With the customer at the center of a conversational future, insurance platforms are focusing on strengthening their NLP, Video & Voice capabilities.

The 'New Normal' in Consumer Behavior

Amidst lockdowns and strict travel restrictions, a new behavior has forcibly emerged — *cocooning*.

'Home' is the current prize for insurers. The ability to deliver high value services and experiences for consumers, who are likely to continue the desire to *nest* and *dwell* without leaving the comfort of their homes in the near future.

What's Changed in the New Normal



**Health & Personal
Protection**



**New Product
Approvals**



**All Digital
Channels**



**Contactless
Sales**

Personal protection and health have emerged as fast growing concerns for consumers, who are now actively looking towards securing premium digital customer experiences and superior service levels but at reduced costs.

To combat disengagement, conversational experiences will be the key to providing proactive and friendly risk advise for consumers navigating the long recovery phase ahead.

AI Chatbots in Insurance

AI in Insurance will value at \$36B by 2026. Chatbots will occupy 40% of overall deployment, predominantly within customer servicing roles.

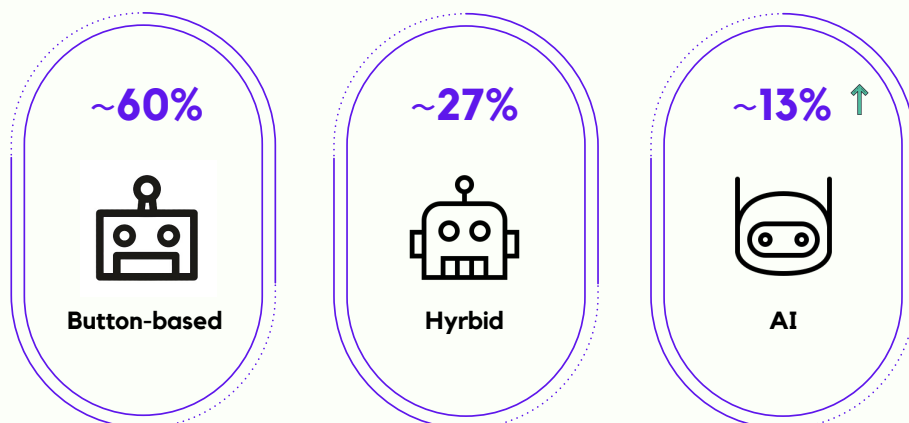
Typically chatbots are evaluated based on their maturity, which is a combination of its ability to have natural-like conversations and its ability to understand context via the user's intent.

India is in line with the rest of the APAC region and has a higher deployment rate of AI-capable

chatbots (13%) in comparison to Europe (6%), while North America (34%) takes the top spot.

Advanced AI chatbots are primarily used in claims settlement within APAC, while in more developed markets it is evenly split between pre- and post-purchase transactions.

Chatbot Maturity across APAC Insurers



Source: Accenture Research

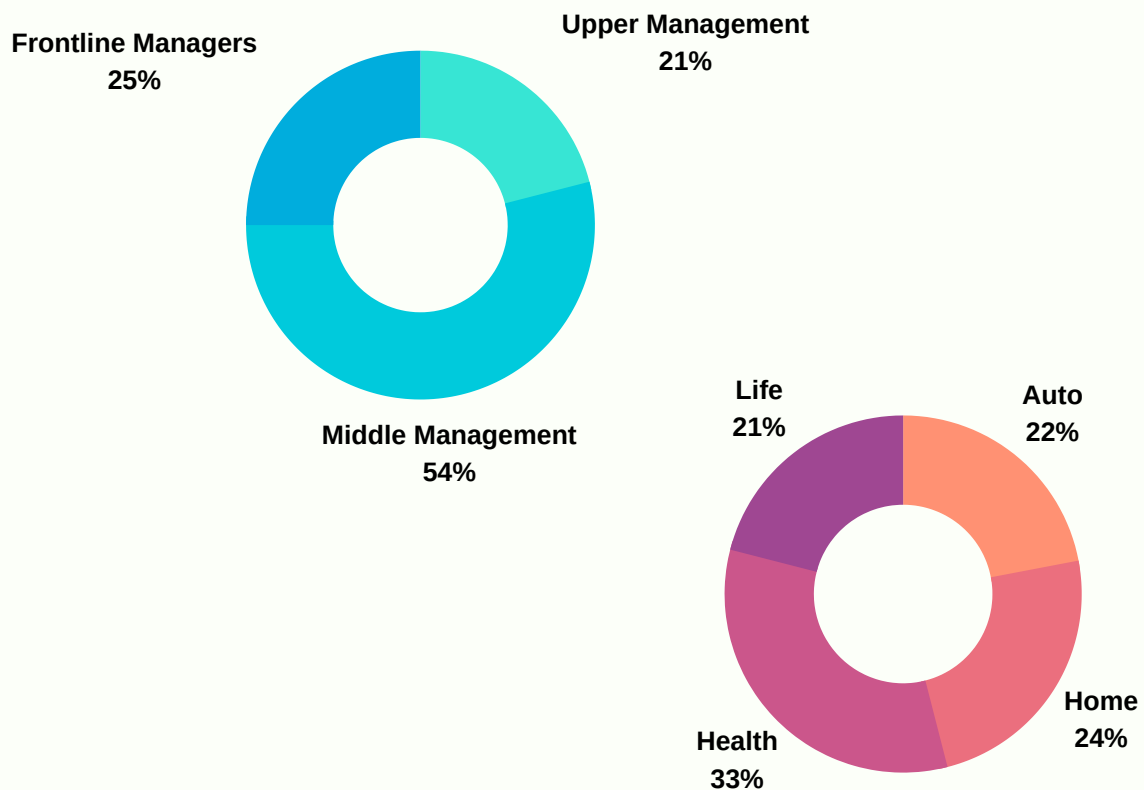
\$15.7B

**Conversational AI
Market Size
by 2024**

About The Survey

This report is intended for helping Insurance decision-makers address the critical challenges in implementation AI chatbots for their business processes.

Mantra Labs surveyed 102 senior business managers & executives across the auto, home, life and health markets within the Indian Insurance Landscape — to gauge the state of AI Chatbots in Insurance.



Adding voice to the Insurer's AI mix

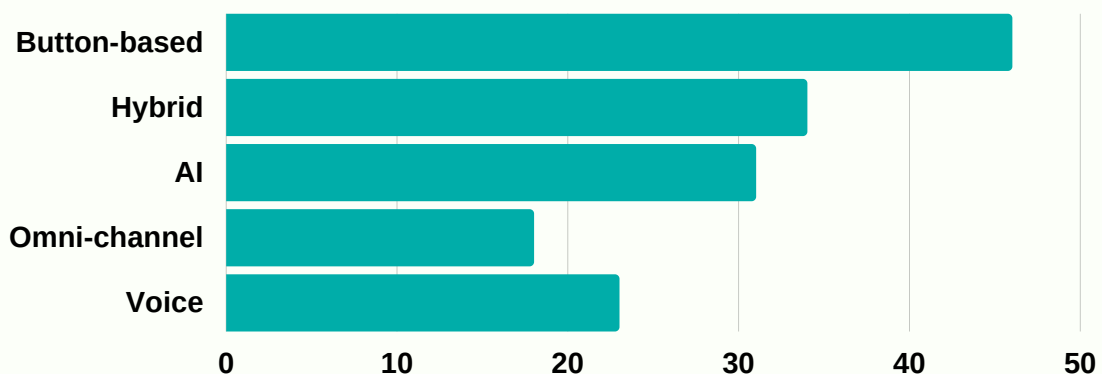
At 80%, Rules-based AI remains the dominant chatbot type in insurance; Voice AI is witnessing fastest growth.

Most of the chatbots in use in insurance are primarily driven by decision-tree bots that can answer highly specific queries falling within pre-defined rules. Across the value chain, these chatbots are already being used in several areas including pre-purchase, purchase, customer service, and back-end operations.

Consumer acceptance is a key enabler of an insurer's customer engagement strategy. However, despite the importance attached to conversational voice assistants, it is not reflected in actual deployment levels.

Voice recognition will shape the future of insurance interactions, bridging the gap between human-machine conversations and will be an integral part of daily transactions. Nearly 23% of insurers surveyed have experimented with voice-bots.

What type of bot/assistant do you currently use for your customer service operations?



First Chatbots, next..

'Conversational' will become mainstream



Hi Geoff. How do you feel about conversational experiences in Insurance, so far?

Hey there! Good to hear from you. So far, conversational has been less about behavior and more about simple outcomes.



That's true, but where's it all heading towards?

The *Insurance of Tomorrow* will be more human-like and will feel more one-to-one.

2 in 3 out of all online customers in 2019, have used chatbots.

The *Fourth* wave of chatbots will be Emotion AI.

This will turn a new corner in each Insurer's customer engagement playbook. By 2025, AI bots like me, will power 95% of all customer service interactions.



Great! That's exciting. Thanks 🙌 for the help.

Chatbots are great at reliable, routine customer support

At least 64% of Insurers plan to let chatbots handle more advanced customer facing roles; Human Underwriters & Agents are likely to be replaced in the next five years.

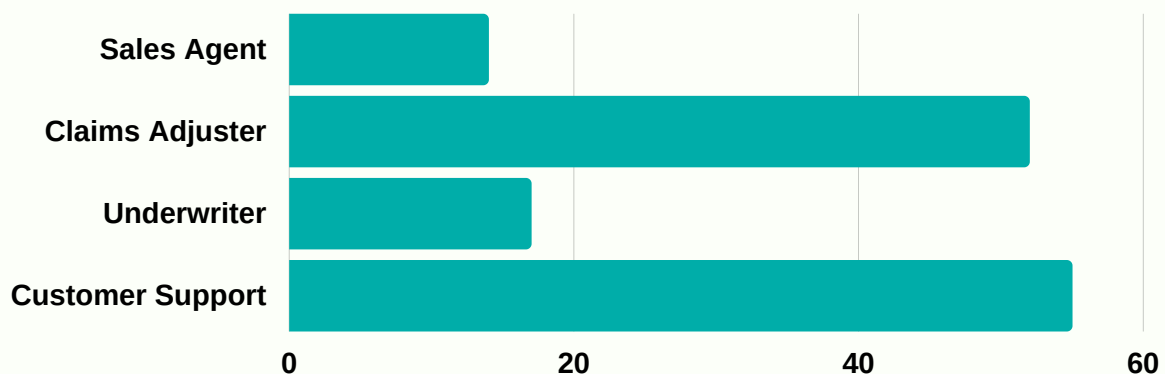
Chatbots are an important customer ally for providing self-service support and eliminating long wait times. 1 in 2 insurance professionals rate customer service operations as the predominant area for chatbot deployment.

Between better first-call resolution rates and faster agent response to claims, chatbots are reliable & fast.

Field Claims Adjusters mostly use chatbots when working on low-complexity claims, enabling speedier query resolution and loss assessment.

Customer Service & Field Agents are already using bot assistants to ask questions, get responses quickly and convert customers in real time.

What Insurance roles do you hope to replace with chatbots in the next two years?



Augmenting Insurer front & back-office roles

2 out of 3 insurers plan to add new chatbot capabilities to their customer service operations; Chatbots for internal operations like HR are witnessing steady deployment.

At least 43% of insurance professionals feel chatbots are useful for improving lead generation, sales and ensuring agent success.

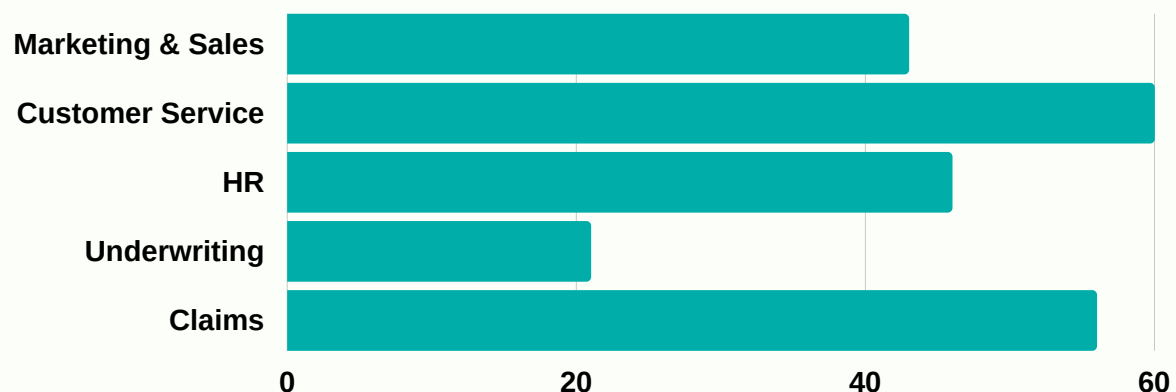
From product recommendations and product comparisons to pitching what-if scenarios, extensive cases are being built on the ability of bots to capture, engage and close leads.

Outside of customer service, Claims has the highest adoption propensity

for chatbot integration over the next two years. Claims processing, payment assistance, raising FNOL and submitting documents are now widely used in tandem with chatbots to streamline claims processing.

Chatbots can also offer at least 2X savings within the call center environment by reducing hold times, follow-ups for same queries and call answer rates.

What specific business functions do you plan to augment with chatbots?



Wild Card: Leveraging support-over-video

3 in 4 Insurers are poised to roll out Telehealth services within the next 12-18 months; Remote video capability will create 2X more CX value across the entire value chain.

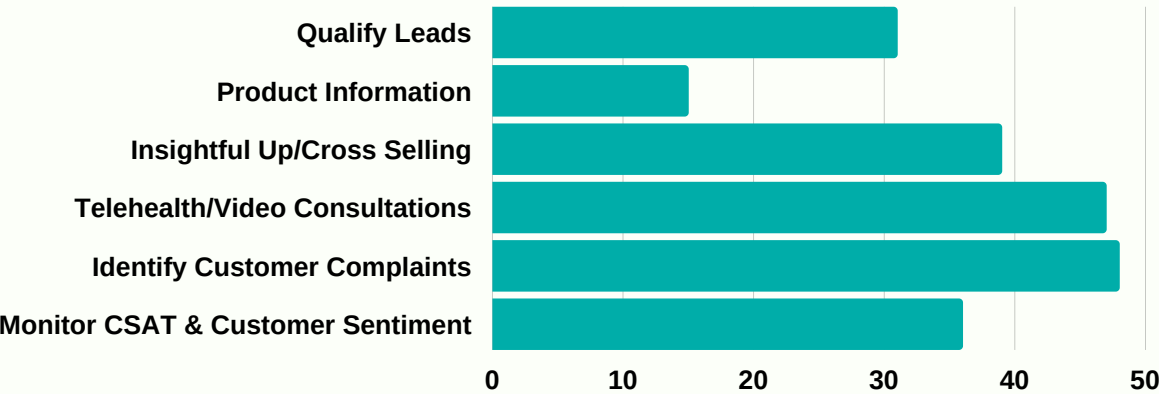
In the backdrop of travel restriction and challenges in the new normal, personal interactions will carry forward over video. From scheduling appointments, product showcasing and policy FAQs to requesting risk advisory services, video will enable faster face-to-face meetings for any customer service & support requirement.

Insurance executives also feel customer behavior and channel

preference identification are vital for creating stronger outcomes. Nearly half of all insurers plan on using customer intent and sentiment capture tools to lower customer service errors.

Insurers also agree that live video chat support has the potential to assure quicker resolution for customers, build trust through personalized chat sessions and evangelize loyal policyholders.

What capabilities do you plan to add to your Customer Service Bots?



Cognitive Automation, Embedded into the Insurance core

66% of Insurer automation spend will be set aside for post-processing functions; Marketing & Sales will see increased deployment over the next five years.

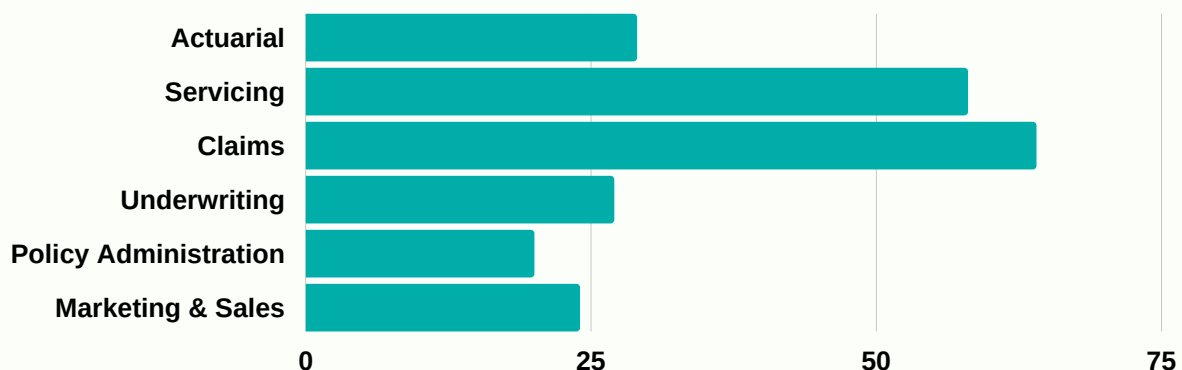
An AI-driven Insurance enterprise needs to have the right blend of algorithms, training data and digital process automation pieces in order to grab the most potent opportunities quickly. This involves patiently scaling AI till it's mature enough for larger business scenarios.

From claims intake and settlement to claims payment, 2 in 3 insurers are

planning to use automation to triage, grade, investigate claims and to boost adjuster efficiency.

Actuaries will evolve into strategic planners by spending more time saved up through automation to support new product development activities. Rate-filing automation for instance leads to better pricing agility and new actuarial insights.

What business processes do you plan to add automation for?



Core Use Cases

Digital-first tools to solve real-world human problems.

L 3 Health Symptom Checker

A health engagement tool for customers equipped with a lead generation engine.

L 1 Video KYC

Onboard new customers and authenticate KYC details, capture e-signatures.

L 1 Video Consultation

Scheduling health consultations with doctors via video for remote diagnosis.

L 2 Mental Wellness

Provide psychological counselling for customer wellness through engaging conversations.

L 1 Virtual Agent

Create service tasks, compare plans, build quotes, answer queries, personalize & up-sell.

L 1 Claims FNOL

Raise FNOL, check claim status, get notifications, upload documents, inspection scheduling.

L 2 Appointment Booking

Doctor or Surgery scheduling using simple interactions to drive more bookings.

L 3 Medical Test Booking

Schedule appointments for common pathology tests & blood sample pick-ups from home.

L 1 Risk Advisor

Gamified quiz that provides users with their risk persona, and then recommends right set of products.

L 3 HR Operations

Streamline employee onboarding and interviews for HR, provide online training videos.

Impact Value *measured as increase in potential value*

L 3 < 25% **L 2** 25%-75% **L 1** > 75%

Core Use Cases

Digital-first tools to solve real-world human problems.

L 3 Quote Generation

Engage, qualify leads and generate quotes for consumer insurance products.

L 2 Second Opinion

Schedule video chat with Second opinion-certified Physicians to diagnose patient concerns.

L 3 Payment Assistance

Follow up with customers about existing claims, notify about payments & offer payment options.

L 2 Customer Feedback

Interactive touch points to collect valuable feedback for brand, product, or even website.

L 3 Employee Assist

From hiring and onboarding, to scheduling, processing payroll and responding to worker requests.

L 3 Self-Service

Deflect calls to a messaging channel where bot can engage with customers, automate common tasks.

Impact Value *measured as increase in potential value*

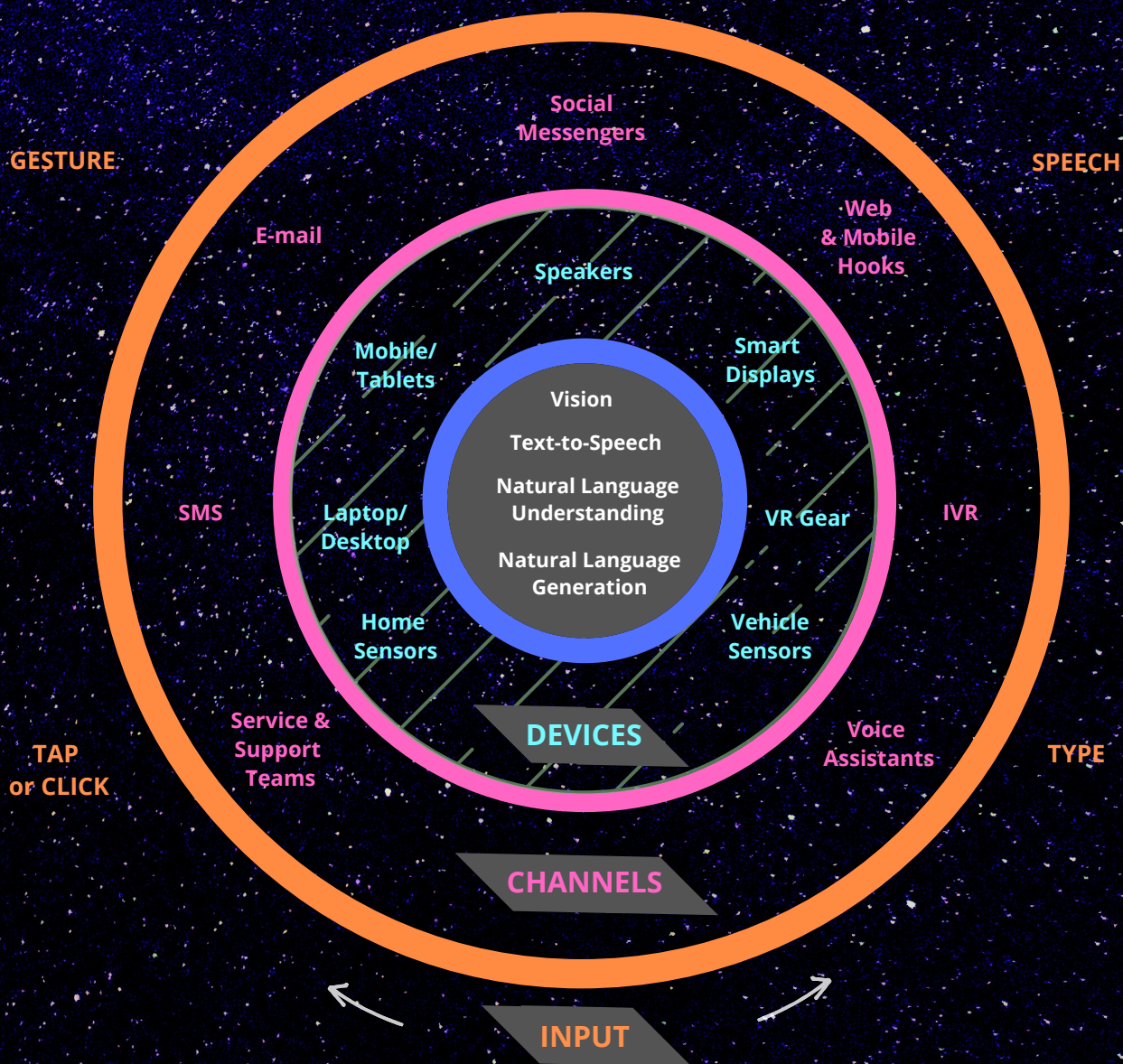
L 3 < 25% **L 2** 25%-75% **L 1** > 75%

Delivering Superior CX over Video & Voice

The Three V's of Insurance Chatbots — Voice, Vernacular & Video

Voicebots will be the first point of contact for your call centre; Video will create 3X more engagement opportunities; Vernacular will bridge the gap to Bharat's 536M native language digital users.

CONVERSATIONAL AI MODEL



Implementing AI Chatbots for the Digital Insurance Value Chain

This five step framework can help enterprises adopt a clear and purposeful chatbot strategy for scaling your conversational AI projects.

1. Human vs. Bot Balance

Internally explore areas where conversational experiences can be brought in. Once the right business processes are identified, it is important to assess the user value proposition. To realize tangible results, processes need to be redefined in terms of both bot and human capabilities.

2. Product vs. Platform Approach

The right approach to building your chatbot depends on the specificity of your use cases. The product approach typically involves lower level of customization which leads to faster realization and low setup times. Platforms are less cost-effective but are ideal for high complexity cases.

3. Conversational Interface Design

From creating conversational flows to designing interactions with strong intent and high context-awareness, you must bring together a synthesis of multi-faceted design principles including VUI design, interaction design and audio UI/X.

4. Continuous Training

Together with bot lifecycle management, training is one of the more important foundational aspects of chatbot deployment. Overseeing training, even with NLU & ML capabilities, requires lots of training data for improving sentiment recognition and real-time response accuracy. We recommend a supervised Machine Learning approach along with good, clean and structured training data-sets.

5. Know Your Customer's Journey

Designing conversational experiences requires a deep level understanding of your customer's habits, desires and intrinsic digital behaviors. In order to compel your customers with more personalized interactions, it is important to first validate who your core users are.

Once identified, map the user's entire physical and digital journey to relevant self or hybrid service touch points that are ear-marked for enhancement with conversational AI.

Conclusion

The emergence of *voice* has created a strong consumer appetite for conversational interactions. Today's consumers expect on demand service delivery through digital-first channels and are already comfortable interacting with conversational assistants for a wide variety of scenarios. They develop clear expectations of where and when they want to have either the human or machine enter the CX loop. They also form strong impressions of the value a proactive advisor delivers vs the traditional agent experience.

Insurance enterprises are now adapting their customer engagement strategies for the consumer's new normal. The rising demand for self-service can put increasing pressure on contact centers.

Yet, self-service tools when combined with conversational interfaces creates meaningful experiences even for routine queries.

Our research shows that many organizations do not have the necessary skills nor a mature approach to deployment of customer service AI bots across the value chain. The trade-off is the opportunity cost to build deeper, more valuable relationships with customers.

New enablers such as voice & video will create better customer outcomes by bringing down customer service errors and chances of follow-up for the same issue. Conversation-led interactions are the backbone for creating 1:1 personalization at scale.

Survey Methodology

The data was collected via an online survey from a sample of 102 senior business managers & executives responsible for customer experience operations and technology related decisions for their company, within India.

The perspectives and insights provided in this report are gleaned from a mix of survey responses and personal interviews conducted with a select panel within the polled group. The survey was carried throughout May & June 2020.

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About Mantra Labs

Mantra Labs is an AI-first products & solutions firm with a core team of 175+ digital tinkerers and experimentalists, having delivered 100+ projects around the globe. The company specializes in solving real-world front & back-office challenges faced by Insurance & InsurTech companies using Artificial Intelligence. Mantra has worked with some of the World's leading Insurers like SBI General Insurance, Religare, DHFL Pramerica, Aditya Birla Capital and AIA Hongkong.

Mantra Labs is also a recognized **InsurTech100** company deeply involved in developing technology solutions for business-specific problems with several strategic technology partnerships including MongoDB, IBM Watson and Nvidia.

Mantra Research explores evolving market, business & technology tenors shaping the future of work. Our insights examine present and forward-facing opportunities across any industry enterprise through compelling expert opinions & thought leadership.

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