



WHITE PAPER

Transforming the Insurance Industry With AI

Insurers that strategically implement AI can enhance productivity while maintaining trust and compliance.



The rapid evolution of AI offers insurers the potential for powerful new tools to automate back-office operations, provide personalized customer service, and make work in a hybrid environment far more efficient. Many experts would say we have entered the third wave of AI, transitioning from copilots to autonomous agents: AI that not only works for us, but right beside us like an extension of our team. Along with these advantages, however, AI can do real harm if not implemented properly or misused, with the potential for reputational damage. Insurers need a tech strategy that recognizes current and emerging opportunities provided by AI, while also anticipating and minimizing the potential for risk related to how AI is used.

In January 2024, Arizent, parent company of Digital Insurance, conducted a survey on behalf of Salesforce among insurance professionals to better understand how they view the unfolding role of AI, including generative AI, across their industry. The results suggest that insurance professionals are employing AI primarily for basic and routine tasks, because they fear using it for more sensitive activities might create situations where compliance and regulatory oversight may need to become involved. Ultimately, insurers are looking for guidance on how they can safely employ AI to take full advantage of the opportunities it offers.

Insurers recognize the promise of AI

There is near-universal agreement that AI technology will provide benefits to insurers.



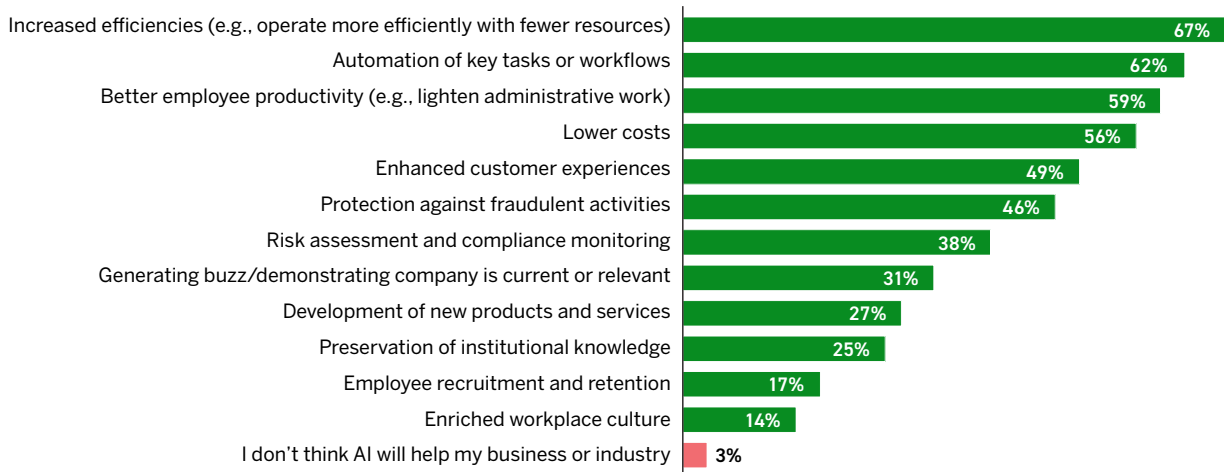
AI can quickly provide insights and next best actions to improve customer interactions across sales, service, and the back office. The technology saves time that the insurance carrier workforce can use for higher-value tasks that deepen relationships fueling profitable growth.”

Evan Groot

Senior Director, Industry Go to Market Insurance, Salesforce

Respondents see potential advantages in a variety of areas, including improved operating efficiency, automation of key tasks and workflows, improved employee productivity, and lower costs (see Figure 1).

Figure 1: Insurance professionals see many strong benefits in deploying AI.



Source: Arizent/Digital Insurance, 2023

Half of respondents believe AI will help enhance customer and producer user experience. For example, AI agents could advise producers on the kind of products to offer and when to offer them, based on a customer’s policy activity and life events. Once insurers are able to integrate in real-time customer data that was previously siloed and hard to access, AI can use that information to make it easier and quicker to understand and respond to customer needs. Such live and more complete information allows insurers and their agents to better segment customers and present them with more compelling insurance products — offers that may also let the customer feel their insurer actually understands them.

The potential benefits don’t stop in the front office, either. In the back office, AI can help agents’ productivity by auto-generating responses and providing conversation insights, summaries, and knowledge articles. AI allows producers to track broker and independent agent performance, prepare meeting summaries and recaps, provide training, and even help produce a personalized travel route to their offices. For claims adjusters, AI can provide summaries of claimant conversations and route those summaries directly into claim files, saving administrative time and effort. Underwriters, who are typically beset with huge amounts of rekeying and manual routines, similarly stand to benefit, freeing up their time and expertise for greater impact.

“AI can quickly provide insights and next best actions to improve customer interactions across sales, service, and the back office,” says Evan Groot, Senior Director for Industry Go to Market Insurance at Salesforce. “The technology saves time that the insurance carrier workforce can use for higher-value tasks that deepen relationships fueling profitable growth.”

Currently, insurers are adopting AI predominantly for basic or routine tasks

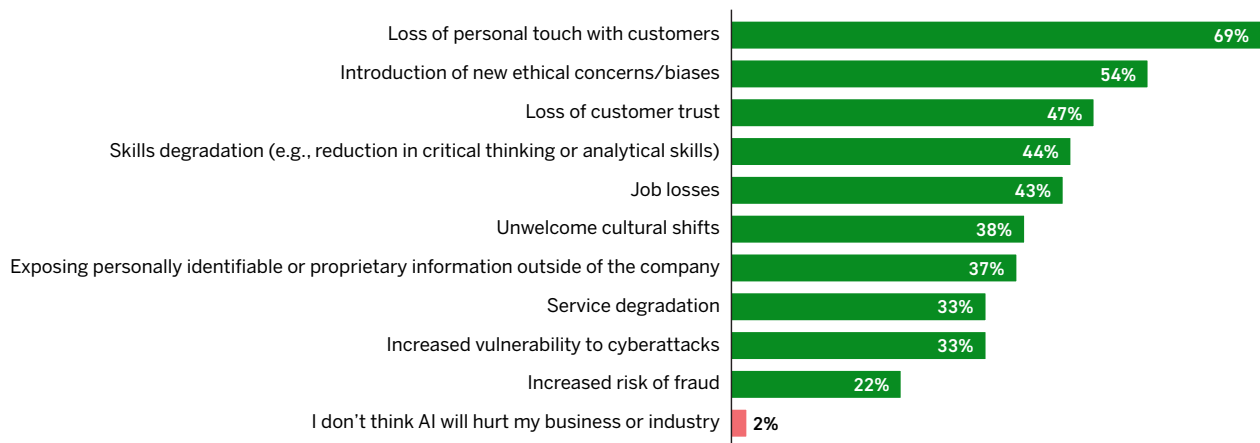
Adoption of AI technology is widespread in the industry. Nearly three in four insurers (74%) say they use AI somewhere in their business. Two-thirds of insurers are either exploring or already using more advanced generative AI in some capacity. However, the insurance industry has mostly focused its adoption of AI tools on uncomplicated or repetitive tasks. This focus likely reflects the high degree of confidence insurers report in the use of AI technology to help answer customer and employee inquiries, detect fraud based upon patterns of behavior, produce internal reports or marketing material, and conduct research.

That confidence is being validated as AI produces tangible results in these applications. Automating basic processes and generating summaries are helping to improve productivity. Nearly half of respondents are using, developing, or piloting AI agents for customers. Insurers are also using generative AI to create internal reports and improve marketing emails for customers

Insurers are concerned about using AI for high-risk activities and tasks that require empathy

Insurers still have reservations about using AI for more complex or sensitive work, however (see Figure 2). They are particularly worried about the introduction of bias and/or unethical behavior due to poorly trained algorithms or hallucinations — incorrect or misleading information. Concerns about inaccurate or nonsensical information, bias creeping into models or decision making and damage to customer trust are also prominent.

Figure 2: The industry perceives that AI holds risks if not adequately trained or supervised.



Source: Arizent/Digital Insurance

As a result, insurers remain concerned about using AI in areas where mistakes can lead to regulatory sanctions or reputational damage. Most respondents do not believe that AI is ready to work on sensitive tasks such as preparing regulatory filings, completing due diligence around mergers, producing employee evaluations, or providing advisory services to clients.

Insurers are also hesitant to use AI in higher-touch situations, where human interaction plays a critical role in supporting customer relationships as they believe it will degrade customer trust and transparency. They don't want customers to feel like they are talking to a machine about their health coverage or figuring out how to respond if presented with information that doesn't really hit the mark.

Deploying AI strategically to address challenges and improve employee engagement

With the right approach, insurers can safely employ autonomous agents to support more complex, higher-value business opportunities. To do so, they first have to understand the most effective way to deploy the technology, embed it into workflows, and use it to provide the greatest benefits at the lowest risk. Insurers should examine five key areas:

1. **Role** – What the AI agent can do by way of use case support
2. **Data** – What data the AI agent needs to access
3. **Actions** – What capabilities the AI agent needs to complete its role
4. **Channels** – Where the AI agent would work and interact with your employees and customers
5. **Trust** – What guardrails are in place to ensure an AI agent stays within assigned tasks

To address potential AI hallucinations and bias, AI platforms should be grounded in a company's own, integrated data while using some key techniques, including advanced retrieval augmentation generation (RAG), which selectively uses multiple language models to refine the quality of queries, retrieve the most relevant information and evaluate the quality of the response.

Grounding AI in reliable customer data significantly lowers the risk of inaccurate outputs, especially when it is integrated to eliminate data silos. That level of integration could allow an AI tool to leverage claims data to make a fully informed decision about a quote recommendation, a capability that would be limited without comprehensive data access.

Having a human in the loop is also crucial for many tasks to ensure outcomes meet reasonable expectations. This is especially important for highly sensitive tasks, such as making judgments on settlements. Embedding AI directly in workflows, rather than as a separate system, can help users become more productive in their everyday work and help streamline decision-making throughout the organization without compromising on the quality of those decisions.

For example, AI can produce a summary of a call between a customer support agent and a policyholder, guiding the employee on "next-step" communications. AI tools can also provide access to knowledge articles and suggestions about the next steps in the process. Though the technology can provide information and recommendations, it's typically better to let a claims adjuster make judgments about the size of the claim, for example. Using AI in harmony with human workers offers employees and customers the best of both worlds. An AI assistant can help do work faster, while employees have more time to provide high-value, high-touch service.

Implementing AI with an eye toward enhancing the workforce rather than replacing it can also help improve buy-in across the entire organization. The industry is increasingly understanding and embracing this imperative. More than half of respondents (51%) believe AI will change jobs in insurance rather than leading to mass layoffs. And fewer than one in five respondents believe that AI will eliminate or replace many jobs in their profession.

AI has the potential to make employees' lives easier by improving engagement and helping workers grow as professionals. In addition to streamlining workflows and reducing repetitive tasks, AI tools can provide guidance for leaders about the steps an individual employee might take to improve their performance, accelerating their career advancement.



A knowledgeable partner and an actionable AI strategy, with proper guardrails, will help firms reliably realize the benefits of AI, maximize the accuracy and relevance of the outputs, and keep their customer data safe.”

James Webb

Industry Solutions & Strategy Director,
Salesforce Industries

A trusted partner can help insurers navigate strategic implementations of AI

Figuring out where and how to deploy AI strategically in workflows throughout the organization while also ensuring the tools get appropriate and secure access to data can be complicated. In fact, the task may be more than an insurer's IT department wants to embrace on its own. An experienced partner can carry much of the load, especially since vendors typically know what tools are available and how they can be most effectively deployed.

“While insurers have benefited from innovative ways of managing and analyzing data, we think the industry should be cautious about taking a DIY approach to AI. A knowledgeable partner and an actionable AI strategy, with proper guardrails, will help firms reliably realize the benefits of AI, maximize the accuracy and relevance of the outputs, and keep their customer data safe,” says James Webb, Industry Solutions & Strategy Director at Salesforce Industries.

Methodology

This research was conducted online by Arizent (parent company of Digital Insurance) in January 2023 with 138 professionals employed in the insurance vertical responding. Data collection was also extended across Arizent's other professional and financial services communities resulting in a total aggregated respondent pool of 1,065 professionals in insurance, banking, mortgages, wealth management, municipal finance, accounting, and fintech. This report focuses on the results specific to the insurance sector.



About Salesforce

Salesforce is the #1 AI insurance CRM, helping companies connect with customers in a whole new way since 1999. Our product portfolio brings #1 CRM apps together with trusted AI and data on one integrated platform so companies can grow relationships, productivity, and their bottom line. Salesforce helps insurance firms lower operational costs, grow efficiently, innovate at scale, and personalize customer experiences. With Salesforce Customer 360 for insurance, insurance carriers, agencies, and brokerages can connect and empower their entire organization, spanning marketing, sales, service, data, IT, and analytics. Our AI-driven, connected platform empowers insurers and their distribution partners to manage all core operations from one system — including product development, quoting, claims, and more.

Learn more at www.salesforce.com.



About Arizent Research

Arizent delivers actionable insights through full-service research solutions that tap into their first-party data, industry SMEs, and highly engaged communities across banking, payments, mortgage, insurance, municipal finance, accounting, HR/employee benefits, and wealth management. They have leading brands in financial services, including American Banker, The Bond Buyer, Financial Planning, and National Mortgage News, and in professional services, Accounting Today, Employee Benefits News, and Digital Insurance.

For more information, please visit Arizent.com.