

A WHITEPAPER ON

# The Possibilities of Robotic Process Automation (RPA) in Insurance

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## EXECUTIVE SUMMARY

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Robotic Process Automation (RPA) automates several customer-facing and repetitive tasks in a highly cost-effective and potent way. However, the implementation is faced with challenges such as displacement of the incumbent workforce, the need to deploy AI tools, introduction of new tech tools and models, and taking analytics to the next level. Success depends on taking coherent and specific steps to deal with such challenges.

## WHITEPAPER

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The IT-enabled Robotic Process Automation (RPA) market is expected to touch US\$5 billion by 2020. One area where its adoption and the resultant gains are very profound is the insurance sector.

RPA is, in essence, a software application which co-opts a series of automated workforce execution tools and user interfaces recognition technologies. The software follows predetermined actions to mimic or replicate human tasks required to complete a specific business process. The software makes use of several cognitive technologies such as machine learning, natural language processing (NLP), machine vision, emotion recognition, optical character recognition, and more. Each of these technologies leverages competencies such as advanced analytics, neural networks, data mining, and Big Data processing, to deliver manual back-office and customer-facing processes.

Some tasks ripe for RPA adoption in the insurance sector include moving or populating data between locations, performing calculations, initiating actions, and activating downstream activities, manifesting in processes such as quote generation, processing claim applications, issuing contracts, policy renewals, endorsements, and more. RPA may also be adopted extensively in General Accounting tasks such as journal entry processing, reconciliations and closing, in HR Management for payroll and benefits administration, for general administration in invoice processing, and more.

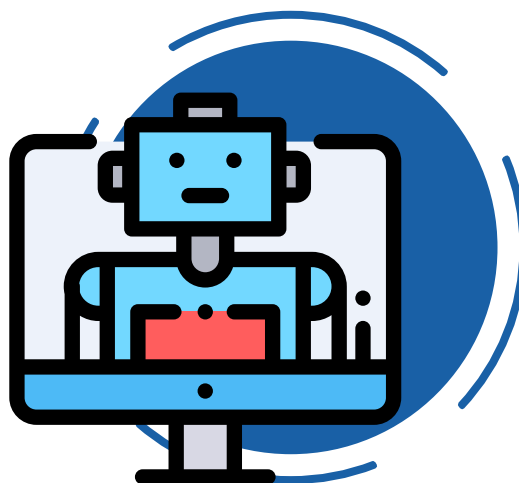
The successful implementation of RPA comes with rich efficiency gains and positive disruption. Processes become faster, more consistent, and cost-effective. However, success depends on understanding the key challenges and adopting effective tactics to deal with such challenges head-on.

## Challenge #1: DISPLACEMENT OF INCUMBENT WORKFORCE

Automation is slated to **displace over 22.7 million incumbent jobs** while creating 13.6 million new jobs, over the next decade in the US. The net job loss is still expected to be a whopping 7% in the USA. A significant chunk of these net job losses would be in the insurance sector, considering automation is expected to transform 51% of all financial jobs by 2019.

The incumbent work processes in most insurance companies are bottom heavy, with routine, repetitive, time intensive and volume-heavy tasks such as claims processing, document processing, regulatory reporting; all done manually. These tasks are the first in the line of fire when implementing RPA. The

delivery pyramid will accordingly be transformed, with the size and engagement of the bottom and middle layers greatly reduced, and the top layer acquiring more flab.



### OPPORTUNITIES

Insurance companies may harness the opportunities in the following ways, and reap rich rewards in the process:

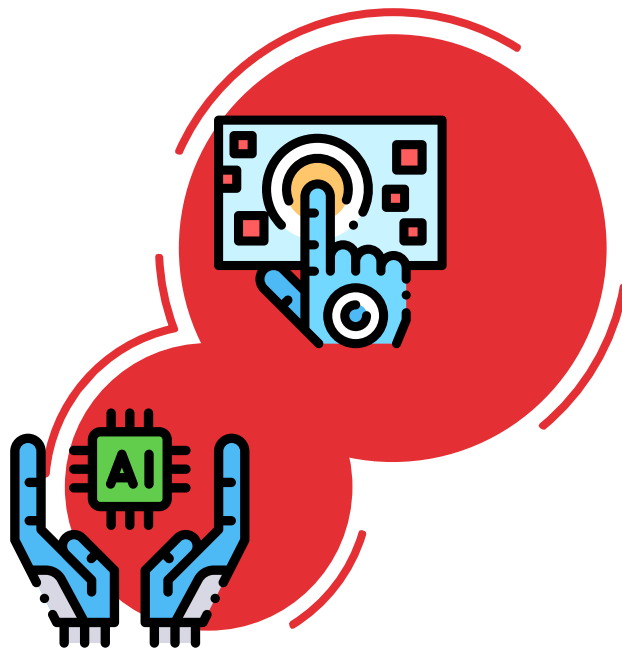
1. Automating routine tasks. RPA “robots” offer a virtual workforce available on a 24X7, 365 days basis, with 100% accuracy.
2. Instituting greater self-service. RPA comes with new, streamlined and standardized digital processes, in policy servicing, reporting, and other areas. Likewise, robots take over the role of trusted risk advisers to insurance customers, using algorithms to analyze customer needs and automatically proposing opportunities.
3. Creating a learning organization. Employees, instead of being bogged down by routine tasks, can spend more time on innovation and higher tasks.
4. Enabling more opportunities for employees skilled in areas such as data analytics, machine learning, and development of algorithms. Hyper-efficiency will increase demand for business development, product, and marketing jobs, as well.

## Challenge #2:

### DEPLOYMENT OF ARTIFICIAL INTELLIGENCE TOOLS

RPA makes it possible to introduce a new concept of “BYOR” or “Bring Your Own Robot” to the workplace. BYOR offers knowledge workers access to personal cognitive assistants, to undertake data-intensive jobs and aid in decision-making. Enterprises still need to enable friction-free sync between robotic and human work. They need to identify and actualize relevant capabilities, enable optimal task design, and devise apt division of labor between humans and machines.

Intelligent Robotics self-adjust and improve, to make subjective decisions apart from following simple rules.



### OPPORTUNITIES

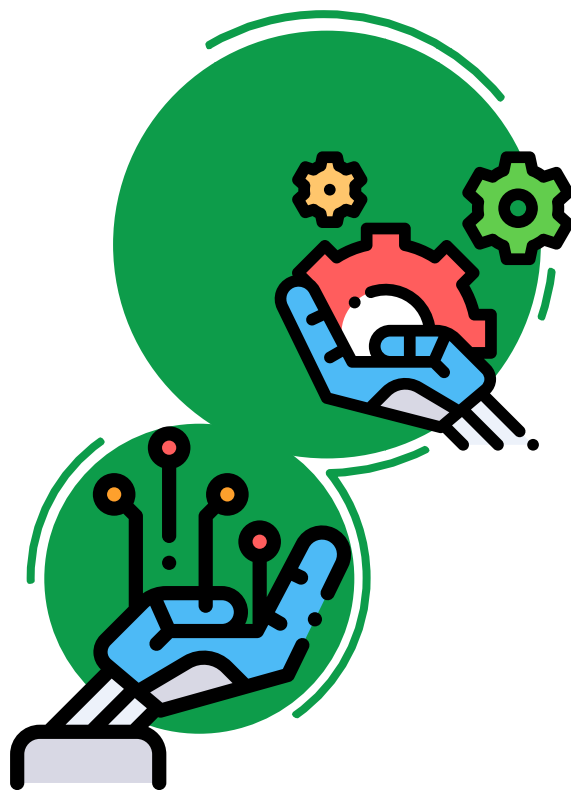
The deployment of AI-powered RPA systems improves accuracy and relevancy, when:

1. Applied to key processes, such as loan pricing, financial advice, and complaint handling.
2. Aligns with legal, regulatory and ethical conduct requirements.
3. Making claims processing real-time. Consider a new digitally integrated process, such as customers sending pictures from an accident site and the robot positioned at the other end assessing the extent of the damage, facilitating accurate and real-time claims processing.

## Challenge #3: INTRODUCTION OF NEW TECH SERVICES

RPA brings a new set of modular services such as "personality insights", "visual recognition", "text analytics", "voice processing", and "natural language interpretation" to the table. Hitherto insurers conducted all their processes in-house, with a high degree of control. With the digital world becoming highly fragmented, insurers face a new challenge of negotiating, purchasing, and sourcing different capabilities from multiple niche vendors.

A key related challenge is reconfiguring IT systems. Building intelligence applications capable of supporting RPA requires a fully flexible IT architecture, capable of tapping into cloud-based services, and using the available resources as "cognitive operating systems".



## OPPORTUNITIES

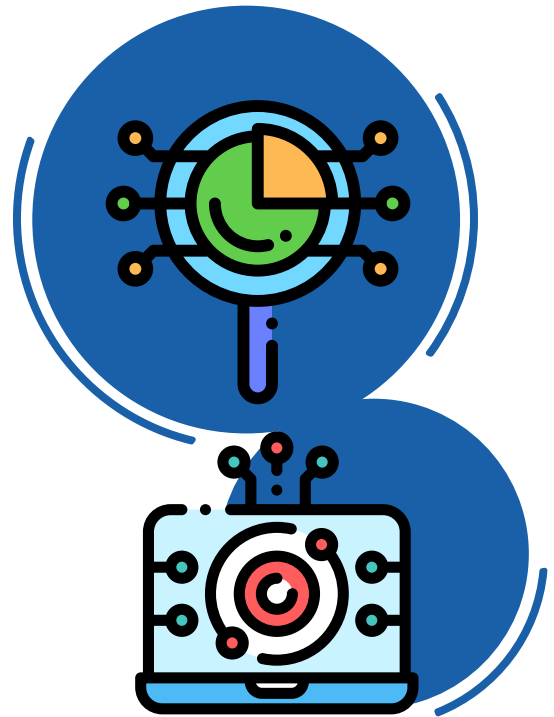
To successfully launch new tech services, enterprises need to:

1. Ensure integration of emerging technology such as Analytics and IoT with legacy systems.
2. Break down data silos across the enterprise and establish a unified data model in a significantly more consumable form, leading to a single source of truth.

## Challenge #4: DEPLOYMENT OF ADVANCED ANALYTICS

Cybernetic patterns of information offer the best way to understand reality. Insurers have been employing advanced analytics for quite a while to gain deeper customer insights. However, the size, unorganized nature, and speed of data now being generated are growing beyond the realm of traditional analytic processes. Advanced cognitive technologies driven by robots solve problems that otherwise inhibit traditional analytics.

The use of machine learning techniques, coupled with emotion recognition and sensing technology, allows robots to learn and improve their understanding of customer queries and grievances in an iterative manner.



### OPPORTUNITIES

Insurers need to:



1. Apply advanced analytical engines to generate a unified profile view of their customers. For instance, a smart assistant that is scanning social media can prod an agent in conversation with a customer to talk about the customer's upcoming trip to Europe and use the opportunity to sell a highly relevant product at the right time.
2. Understand the needs and risks of customers at a much more granular level and turn the insurance model topsy-turvy. The incumbent "finding customers for products" is threatened by the new deeply personalized "matching products based on customers' requirements" model.

## CONCLUSION

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Digital robotic automation delivers an overall solution greater than the sum of its parts. **About 41% of customers** leave an insurer because of poor customer experience. About 27% of Gen Xers prefer to interact with their insurer through digital self-service. Robotic process automation fulfills these needs and helps insurance companies realize hyper-efficiency and hyper-productivity and help them soar to new heights.

### Reference:

-  [capgemini.com/resources/robotic-process-automation-in-insurance/](https://capgemini.com/resources/robotic-process-automation-in-insurance/)
-  [deloitte.com/us/en/pages/operations/articles/robotic-process-automation-insurance.html](https://deloitte.com/us/en/pages/operations/articles/robotic-process-automation-insurance.html)



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