



A WHITEPAPER ON

# Chatbot for Insurance Domain

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## EXECUTIVE SUMMARY

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A Chatbot is a computer program designed to initiate and carry out conversations with users over the internet. Chatbots are available 24/7, which means that they can help customers whenever needed, rather than within the time constraints of a typical workday. A Chatbot usually asks simple questions to get a grasp on the situation and user need, and then provides answers that will fulfill the user's requirement. This is, without a doubt, a fast and efficient way of helping a customer.

According to a new [study](#), in which almost 75 percent of American Gen Z and Millennials told researchers that they prefer to talk with customer services via text message--as opposed to actually talking with them. It was also found that Artificial Intelligence will power [95%](#) of all customer service interactions by the year 2025. Considering the latest trends and findings, it is imperative that almost every customer-facing business turns to Chatbot for better customer experience.

This paper talks about the advent of Chatbots in the Insurance domain, some of their benefits, different ways in which Chatbots can be used in the Insurance domain and some things to remember while implementing them.

## INTRODUCTION

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In the insurance domain, the main part of an employee's day is spent interacting with customers and doing repetitive tasks. Customer interaction varies from assisting a new customer to select the ideal plan according to their needs or helping an old customer understand their coverage better. Either way, chances are that a large part of the employee's day is spent addressing client needs and in documentation or other such repetitive tasks.

In spite of such interactions being key to all parties involved, there are situations or days when employee time would be better spent focusing on more critical activities or tasks. This is where Chatbots come into play in the Insurance industry.

## BENEFITS OF CHATBOT IN THE INSURANCE DOMAIN

Some of the benefits of using Chatbot in the Insurance domain are explained below.

### 1. REDUCE CUSTOMER CONFUSION

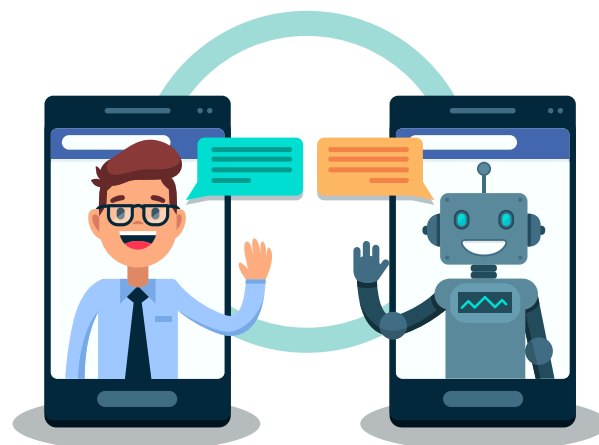
A recent study stated that **72 percent** of adults in the US find that insurance companies use unclear jargon. Trying to figure out all the terminologies can be overwhelming if the customer is unfamiliar with the complexities of the industry. A Chatbot can prevent or eliminate confusion by converting complex terminologies into more direct language and walking new customers through the processes.

### 2. 24/7 AVAILABILITY

Unfortunately, events that will require an insurance claim are uncontrollable; such as car accidents and any other life-threatening events. They can and do occur at any hours of the day or night. With the availability of a chatbot 24/7, 365 days, customers have the freedom to call any time to file a claim, without the constraints of “business hours”. Additionally, it remains unaffected by high call volume, so customers do not have to wait too long in customer helplines.

## USE CASES IN INSURANCE

Chatbot algorithms can be used to assist not just customers, but also insurance agents in many areas. The use cases for Chatbots range from customer service to internal helpdesk. Insurers tap artificial intelligence to analyze



### 3. STREAMLINING OF TEDIOUS PROCESSES

With chatbots, redundant paperwork and long drawn processes for insurance claims can be avoided, streamlining procedures and simplifying them for customers.

### 4. OTHER BENEFITS

Some of the other benefits of using Chatbots in Insurance domain are:

- ◆ Personalized service for customers
- ◆ Improved customer retention
- ◆ Simplification of ordinary and repetitive tasks
- ◆ Money saved on hiring

risk and validate claims, as well as to handle customer interactions. A bot, when designed and implemented properly, can even act as a salesperson and thus add to the company's growth.

Some of the Chatbot Use Cases for insurance domain are:

## 1. ON-BOARDING ASSISTANT

An on-boarding assistant can help members quickly finish the on-boarding process, better understand their plan coverage and find in-network physicians.

## 2. INSURANCE AGENT

Insurance bot helps members browse through various policy options based on their requirements and risk profile and recommend the appropriate product, right when they need it.

## 3. FILING A CLAIM

Bots can help customers lodge a claim. They allow customers to record a claim right from their smartphone and know the status of their claim. Customers won't need to call the company in order to file a claim, instead, they can do it through the bot.



## 4. CUSTOMER SERVICE

Bots can help resolve customer service issues by creating incidents and helping to track the issues they created. In addition, bots can assign these incidents to human employees if the task becomes too complex for the bot to handle.

## 5. OTHERS

Bots can also be adopted for underwriting assistance, quick and efficient claim management, agent advisory services and for onboarding assistance for HR teams. A few other use cases are provided in Figure 1.

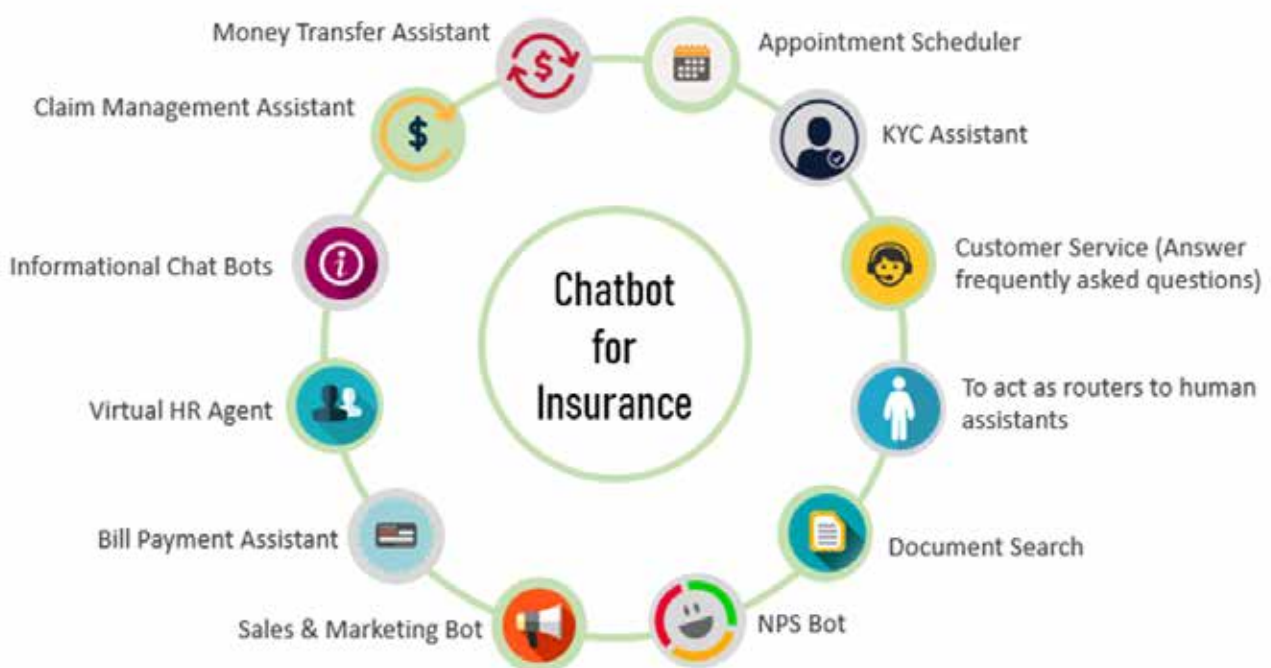


Figure 1. Use Cases for Insurance

## CHATBOT FOR A BETTER CUSTOMER EXPERIENCE

A Chatbot draws data and context from customer messaging and accomplishes tasks by speaking the human language that it processes using machine learning and natural language processing. This approach, when applied to the insurance industry, is known as Conversational Coverage. It is a tested and verified method to meet the desires of an insurance consumer through personalization, engagement, and self-service.

Chatbot for insurance companies can handle basic customer service activities, guide customers through essential processes like providing more information about new plans,

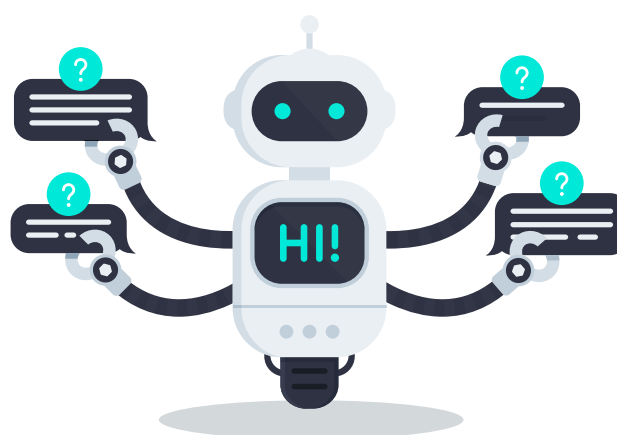


change insurance plans, and learn about a customer's specific needs. Chatbot can be an insurance company's automated insurance agent with technology that makes them more efficient and personal than any other customer service solution. Additionally, by leveraging AI in the insurance bot, customer needs can be anticipated earlier and better.

## THINGS TO NOTE

While Chatbot holds great promise for the industry, they have their set of challenges. A poorly designed bot that offers incorrect answers to the customer's questions can actually damage a company's reputation. Insurers must also ensure that their Chatbot is compliant with regulatory requirements and have a high level of data protection. It is important to note that Chatbot is not in competition with the likes of virtual assistants such as Siri or Alexa, but specific to the domain that helps solve specific customer challenges.

Finally, insurers shouldn't force consumers into using Chatbot, and they should only be used as one optional means of communication in conjunction with mobile apps, websites or human agents. Every customer behaves



differently; and this should be one of the channels being offered, allowing customers to decide which is best for them.

Incorporating feedback loops with the customer will help companies track the bot performance.

## CONCLUSION








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Chatbot once trained, is a blessing for the data-intensive insurance industry. In an industry like insurance that already faces so many challenges, especially in appealing to its customers, Chatbots have already solved some of their biggest problems. Additionally, they have the capability to identify patterns and reiterate related actions when specific words or phrases are initiated.

The future of Chatbot in the insurance industry is likely to depend largely on the development of artificial intelligence. Chatbot will come even closer to human interaction in the future through advanced processing of recorded information and improved algorithms for machine learning.

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