

# Property claims handling revisited: The insurance AI imperative

Exclusive roundtable discussion on the impending impact of Artificial Intelligence on the claims process.

Insurance companies needn't worry about the impact that AI will have on the industry – it's only going to change *everything*.

*Reactions* and digital-transformation professional services firm Cognizant hosted an August roundtable in which thought leaders in the arenas of Artificial Intelligence and claims handling shared ideas on how AI tools can accelerate the process of assessing and settling property claims faster and more effectively than ever thought possible – and how AI will prove a game-changer for insurers, particularly when it comes to processing claims.

**Shawn Moynihan: Cognizant's 2018 AI Survey showed that only 51% of insurance executives said that AI technologies were extremely or very important to their companies success today, which was lower than for any other industry. What's the disconnect there? How does that dialogue need to evolve in order for insurers to become more aware of the power of AI?**

**Agil Francis:** We did an AI survey across industries, and, to your point, the results showed that insurance is lagging when compared to other industries. More and more, as we dive deep into specific conversations we have realised that AI is being used as a tool to solve individual solutions and not for looking at holistic business problems.

The other thing we realise is AI is broad. There are different technologies within AI. There is natural language processing, sentiment analysis, cognitive, deep learning, machine learning, and so forth. Carriers do not know where to get started – so they are

trying to get started in all these places, and they are not able to see the ROI quickly. Expectations need to be reset. It takes much more time to see the ROI on AI investments than maybe for something like automation.

These are some of the reasons why we think AI in insurance is lagging – but at the same time we see many impassioned discussions happening, specifically in claims and underwriting. It's just a matter of time before insurance catches up.

**Shawn Moynihan: Do we think that part of the issue is that it's hard to easily quantify what AI is, in these discussions? Grace, what do you think?**

**Grace Hanson:** The challenge is not AI itself but rather having a talent base that fully appreciates all the dimensions involved in bringing AI into the enterprise. I don't think we have that talent base in most organisations. Claims leaders are still very tactically short-term focused. We need people who can think through longer term, more foundational changes and needs such as what data sets do I need, how do I bring that data set in? How do I organise it? What talent do I need internally? How can I deploy it?

**Shawn Moynihan: Would it help more for carriers to embrace it and understand AI a little better if we spoke more about as a tool to facilitate other things, rather than as a "mysterious entity" that some might not easily comprehend?**

**Dillon Remler:** The strategy that is working for us combines solving near-term challenges with AI and digital

to create near-term value, and these solutions provide the stepping stones for the next phase of the process – and the next steps of transformation. It's easy to be constrained by the need for near-term returns on investment, but if you think about near-term investments in AI/digital as creating a foundation, you can build on that and develop a line of sight on where you want to take your business and create long-term sustainability.

**Paul Drennan:** I think one of the challenges is that we think of AI as a technology solution, and it often gets framed as the machine instead of the human – and I think that's a real mistake that it's not "instead of," it's, "in partnership with," and that the real challenge in applying it and deploying it well is really focused on, how do the human operator and the algorithm partner together? If it gets framed as a replacement, it generates a lot of defensive behaviours, and those behaviours will slow everything down.

In our practice, what we found is that getting adoption is the hardest part of the life cycle. So beating the data into shape can be hard. Fitting algorithms is generally fairly straightforward and getting operators to embrace the change is where all the energy is [expended]. So as long as we talk about AI as this amorphous thing that comes in and dislocates all the workers, it's going to have that hesitation. So we have to start talking about it differently.

**Agil Francis:** One of the things we are doing is that we're solving real business problems. AI is just the technology and force that sits behind it. For example, there are lot more tools that can support the claims field adjuster in the management and resolution of those claims, including triaging, segmentation and evaluation.

If you look at the traditional workflow and what people do today, how can AI change that? How does that help the business process today to be more effective, efficient and improve customer experience? Moreover, as you tackle problems as more of a business issue, whether it's AI that's behind all the technology, it doesn't matter. You're moving the



Participants, back row, left to right:

- Marc Giovannetti, Head of First-Party Claims, U.S., Liberty Specialty Markets
- Grace Hanson, Group Claims Director/Global Head of Claims, Hiscox
- Taylor Archambault, Vice President, Global Risk Solutions Property & Marine Claims, Liberty Mutual Insurance
- Dillon Remler, Business Transformation Office, Senior Vice President, QBE North America
- Paul Drennan, Chief Commercial & Operations Data Science Officer, The Hartford

Participants, seated, left to right:

- Agil Francis, Senior Principal – P&C Insurance Consulting Lead, Cognizant
- Mark Evans, Head of Energy, Property & Construction Claims Americas, AXA XL
- Caryn Silverman, Senior Vice President, Claims Counsel, Sompo International
- Wesley Sherman, Vice President and Assistant Claims Manager, TransRe

business all the way forward. That's the way to look at it.

**Mark Evans:** You must change the mindset of the people that are doing the work from actually performing tasks to oversight of what the AI is giving the organisation. Their skill set is ultimately evolving from performing to oversight, so that when you have an issue that happens with AI performing some of the items, you know how to correct it in real time.

**Wesley Sherman:** As we all learn more about the technologies involved, we are moving beyond the fear that AI is just about taking all our jobs. Instead, I see AI being used to identify and highlight claim trends, which will then route claims to the staff members best suited to handle them. AI becomes a productivity tool to support experts.

**Paul Drennan:** Where the real resistance comes from is that sense of being replaced. Early on we had so much pushback, particularly in claims because they felt like, "I'm an expert at this. What are you going to

do to help me?" And we finally came up with this tagline that said, "Don't put journeyman work on the master craftsman's desk." Just that shift in thinking had a major effect on being able to get participation from the business.

**Taylor Archambault:** I think when it starts to be presented to the user in that way, you increase your chances of achieving that vision of collaboration between AI tools and the user without adverse effects to employee morale. This isn't something telling me what to do or that's here to replace me. It's saying, "Hey, I think I found an insight. Here's how I got there," and allows the user to incorporate that insight into their work and decision-making.

**Shawn Moynihan:** One area of focus in the insurance industry that's ongoing is improving the customer experience, which more than ever now is a key point of competitive differentiation. What potential does AI have in enhancing the customer experience?

**Grace Hanson:** One of the themes

that I brought to Hiscox is this idea that the tools that they have at their disposal to work with the customer dramatically impact the relationship with the customer. Whether it's having information about the claim readily available, history of the claim readily available – this whole concept of employing the technology to facilitate the human dimension.

One last point on this whole idea of AI, to me, it's simply another aspect of cognitive computing, which has been in the consumer space for over 40 years. We're just moving the spectrum of what it can do. And so I see it as exciting for everybody.

**Caryn Silverman:** If you think of the various pieces of the claims-handling process – from the moment it comes in the door until it's adjusted – I think if you incorporate AI in those various pieces, in terms of the customer it allows greater efficiency, greater speed, and an easier experience. So ultimately if you bring the right pieces in at the right steps, it's a faster, quicker and more efficient process for your customers. Whether they be your

external customers, whether they be your internal customers – claims and underwriting can be customers themselves. We'll see a benefit from the right pieces of AI deployed to handle the right things.

**Mark Evans:** Moving that process from a customer's perspective and allowing them to gain the same efficiencies that the insurance companies are going to gain is an important step. That's the sales point that we have. That's the fulcrum there. Once we let our customers – whether it's an insured, whether it's a broker – know that we are going to gain from implementing AI, they are going to gain also. We want to communicate that they are going to have a much faster process. You're going to have certainty of what data you're going to collect, much earlier in the process. It's going to help the customers appreciate that relationship, and want to partner with us in moving down that road.

**Marc Giovannetti:** AI changes the perspective that we need to have with the customer and the client because the customer experience doesn't look at claims as an isolated business segment. The client looks at the relationship with a company in a holistic fashion that provides insurance.

I think we need to reorient our perspective around that approach to the customer experience both internally and externally with a holistic mindset. When we look at AI tools, the fundamental return of the investment made in that technology solution or the ROI has to be a tool that can address both the policy administration and issuance as well as act as a key facilitation partner in the claims process. Therefore, the AI tools that are designed for the future of the P&C marketplace have to be compatible with all sides of the product experience in order to maximise their value.

This new value proposition for P&C insurance products in the marketplace is going to force insurance companies to think and act in integrated product teams in order to incorporate and evolve technology solutions for maximum

impact. Dismantling business silos and segmented business processes is a key step in realising the potential of AI tools in product evolution and delivery. Interdisciplinary teams that are focused on unlocking the value of AI and analytics by matching an enhanced client experience with an efficient internal product delivery process will be winners in the future P&C product marketplace.

**Wesley Sherman:** As an industry, we need to do a better job explaining that these productivity tools can drive down costs, which we will pass on to consumers, not just to increase insurer profitability. At Blue Marble, we seek to raise the loss ratio from 55-60% toward 75% to deliver more value. Our industry exists to support folks and enable them to take risks. The new tools can help us do that, if they are universally embraced.

**Marc Giovannetti:** I think the challenge there, too, is reorienting people's perspectives and senior managers' perspectives that AI is more than just a technology tool. It's a whole new approach to the P&C business. We need to see the opportunity more as a greenfield, which puts the customer experience at the centre of the whole reimagined business process.

**Paul Drennan:** Expectations are shifting. What people want now is, they're not trying to interact with your claims department, they're talking to the company. They want the company to know who you are. You've been there with me for 10 years. This is your first claim. How do I recognise that moment? How do I respond to what you need in that moment? And then put that in context to other things like what's happening in your small business. Are your children growing up and moving away? These are the sorts of things that Amazon does so well when they say, "people like you also found this valuable." That expectation is coming on us now, and it starts with a broader and deeper sense of recognition so that we can say, *I know you*. And then all these amazing things can come from that moment of recognition.

**Taylor Archambault:** The potential impact on the customer experience is moving a claims customer experience away from one in which customers very much feel that they are being subjected to a process and they're very aware of the process. Currently, the very first contact with a claims adjuster starts with, "I'm going to spend some time talking to you about how this claim process is going to work." Now take a step back from that and think about the best customer experiences that you have in your day-to-day life. In those contexts, the process by which those products or services are delivered to you is much less visible. AI technologies offer our industry the opportunity to deliver our products and services with less friction.

The ability to help us internally but also help our customers with those heavier lifts, shorten those certain wait times and sort of make that process less visible and less acutely felt – to me, that's the ultimate promise of what AI can do in customer experience.

**Marc Giovannetti:** Based upon customer satisfaction surveys, insurance companies in the U.S. generally have a bad reputation for clearly delivering communications and product information with accuracy and effectiveness to clients. This industry's customer-perception challenge does influence the major moments or opportunities that you have with the customer when there's a big claim or there's a big insurance capacity need being fulfilled. I think we've put too much emphasis on insurance company communications during these "big moments" at the expense of the smaller moments, which aggregate over time and create predetermined biases in customers' perceptions. AI and analytics can go a long way to correcting this overall customer-perception issue by creating opportunities to deliver consistently accurate and clear communications to our customers.

Making sure that a policy is issued accurately and in timely fashion each and every year; making sure that the premium is billed correctly and in a timely fashion; and that it's

communicated what the premium bill is for and how long you have to pay it in an easy way are all part of the AI process that people don't fundamentally understand could be much more effective – and subtly impacts the major moments with the customer.

**Taylor Archambault:** Because you've already earned their confidence. You've earned the different perspective that they have going into the claims relationship, starting with a greater level of trust. So when you ask them for documents or information about a claim, they're not looking at you with incredible trepidation, thinking "what is this big behemoth going to do with my information and not acknowledging my pain in gathering and releasing it?"

**Marc Giovannetti:** Exactly. We need to overcome the traditional perspective of what it is to deal with an insurance company through the development of AI tools and the opportunities for transformative business processes, which AI can bring not just to major catastrophe events but on the entire end-to-end solution that we provide to a customer and servicing their overall relationship over years – not just in isolated moments.

**Shawn Moynihan:** Does AI provide an inflection point now where we can start to rethink the entire process of how we deal with claimants? Because that would seem to be the biggest differentiator among companies that take advantage of AI and really embrace it.

**Dillon Remler:** Yes, many organisations seem to be at that inflection point and the immediate challenge they face is developing a transition strategy that provides near-term value and a path to achieving long-term transformation through AI and Digital capabilities. I think that's what many companies are struggling with – what are the big possibilities you see out there in the future, and how do you bridge that gap by solving today's real-world problems to improve efficiency, effectiveness and the customer experience while maintaining a disciplined vision for the future.

**Grace Hanson:** I think the transformation is also going to be in bringing in people who have the creative minds to embrace the logic that AI delivers and then deploy it effectively, working with all the different dimensions.

**Paul Drennan:** I often describe what you're looking for as the "Purple People." We say that IT is blue, and business is red. I want this purple person who speaks both languages and has credibility in both directions, who brings both their own unique capability in machine learning and manipulation of data.

It's not too dramatic to think of all this like we're going from the Renaissance to the Industrial Revolution. It is that fundamental a change, and we really have to think about AI almost as manufacturing. How do I set up my data? How do I process it? How do I build algorithms? How do I embed this into a workflow, and how do I think small so that I can get some wins?

But then, I also don't want a thousand bespoke solutions. I want a factory that starts to take those assets and evolve them so that those things get better, even as I'm adding new things. It really forces you to think much less about art and more about manufacturing.

**Agil Francis:** Continuous improvement is key in this whole process. As data gets richer, as more and more information comes in, how do you build on the current models? Because unlike some of the turnkey solutions, you build a solution, put into production, you are done with it; you move onto the next one. How do you teach the machine to be more ethical

in the decisions being made, so that it is not subjective and biased where underwriting, pricing or even claims are at stake? Both the business and IT need to come together and work together on that.

**Marc Giovannetti:** Organisations need to walk before they can run. We need to train our insurance company people to understand the basics of analytics, and what I mean by that is, at the heart of both analytics and AI is data. Good-quality data sets that are understood for their strengths and weaknesses is essential for the development of meaningful AI tools. Here lies an essential challenge: we don't invest enough in training our people on the importance of data gathering and data accuracy, and how that's fundamentally important to a potential solution with AI that can benefit the whole business process as well as provide benefits to redirecting people's career opportunities.

**Dillon Remler:** It's about bringing talent in from the outside, but it's also giving people inside the company the opportunity to grow and understand these new AI/Digital opportunities from the ground level up – and as you build the process for AI, you should be building the people along with it. I don't think organisations always consider this challenge to energise the culture and talent. I have noticed many employees are interested in AI and digital but because they don't know enough about the technology and its capabilities, they're intimidated by it.

We also have to speak in a language that is readily understandable and takes away that intimidation factor to get greater buy-in from the

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*Paul Drennan, The Hartford*



organisation as a whole, whether it’s your claims assistant or your very senior technical claims manager. All these people play an important part in the claims process and its evolution to drive an experience of excellence for customers.

**Paul Drennan:** I agree wholeheartedly. We had to start an internal marketing campaign to educate people, and share with them, small wins, big wins, but also invite them to be part of the solution discussions and source ideas right then. A lot of it is about being very transparent, but then making a full-court press on educating your business partners. We’ve actually deployed a group of people within the data science department whose job it is to interact with the business and to keep telling that story.

**Mark Evans:** It gets back to the original question, is this an inflection point? It’s an inflection point, not just with us as the carriers but with society. The data and the input a lot of times is coming from customers themselves, whether it’s the broker on the commercial side or the individual on the personal side. Half of society is more comfortable putting the information in for us to use and consume and let the AI learn from it. The other half is still a little leery of it.

**Taylor Archambault:** I wonder, from Cognizant’s perspective – you engage with folks in other industries. Are we behind as an industry because of historical lack of investment at an appropriate level in technology? Is that why we are where we are?

**Agil Francis:** It is a couple of things. It’s availability of data. It’s availability

of different instrumentation that’s already happening within these other industries like retail and manufacturing, and it’s what drives insights. Take Walmart, for example. They’ve instrumented the whole of their warehouses. They’ve instrumented the whole of their shop floors and retail shop. All their experience is on, how do I stock, what do I stock, how do I get to the customer? They are employing a lot of algorithms to figure out how to sell more. Logistics operators like UPS, FedEx, they’re using a ton of that. We are seeing the adoption of AI much more in some of the other industries focused on improving business effectiveness and elevating customer experiences.

What I have seen in the last 12 to 18 months, specifically with the influx of investments coming to InsurTech companies, is that we need to move fast on this and we need to think through how to do this holistically. Speaking to examples here, take automation. Two years back, everyone felt they were running behind in automation. Everyone was like, “How do we automate this? What’s a tool to use?” Automation was a key focus area. But again, you had people who were looking at very pointed solutions. At least for AI, the good thing is that insurance carriers are taking a step back, they’re not just looking at a pointed solution. They’re looking at how can data, AI, all of this, transform the business problem and looking at it holistically from underwriting to claims to product and service design.

**Mark Evans:** As you’ve gone down that road with a number of commercial clients, it is getting the trust of them

to want to share. It can either prove or disprove whether their claim would be covered much, much quicker and we have those conversations all the time to try and get clients to want to share that with us. Maybe not the full amount of data that they could give us every day, but when something does happen, what was the data right before and right after our loss, let’s take a look at it. You guys have it, you have a ton of sensors.

We’re doing that with our Construction book, where we’re offering to put sensors on site and get the contractors to give us the feed of what’s happening in real time. That allows us from a loss-prevention perspective to say, “The site where you’re going to build looks like they’re going to have a big rainstorm. Make sure your roofs are covered tomorrow,” whatever it may be. We have to build that trust to get the clients to want to share with us.

**Grace Hanson:** I spent a year out of the industry working on my own start-up with people in this space, and the interesting thing that I found – which I think has held our industry back – is that in insurance, we only talk to each other. But in the field of AI, people are more likely to cross industries since the model base and technology infrastructure have commonalities. So the insurance industry’s calibration of what “good” and “great” look like is very much about our peers and people who are around us, and that tends to drive a very insular view. We need to get out more and see what people outside of insurance are doing. We need to go to AI conferences and learn about the potential solutions for the problems we have that need to be solved; we need to interact with industries that are similar to us.

When you to start at the top of the claims funnel, you start to realise, well, all claims departments take in a first notice of loss. All claims departments interact with the customer. All claims departments do classification and segmentation. Then all of a sudden, you can work toward solutions that make sense based on available applications.

**Marc Giovannetti:** Playing devil's advocate to that point, we're an industry that is not about innovation: Our best companies are not innovators. If you look at our best companies, they're very focused on keeping costs down, and your expense ratio is a key differentiator in the success of your business. Keeping an expense ratio as contained as possible is a badge of honour toward your future success. This defining characteristic of our industry does not spawn a lot of room for forward thinking or innovation. In fact, it acts to constrain it.

I think selling people on what all of this AI magic and analytics wizardry can really do is going to be an uphill battle for more sophisticated P&C products, because it's return is not immediately tangible and it's different than how companies have been successful in the past. I think there's a lot that needs to be proven in the near term before capital costs for AI platforms substantially fall for this technology wave to really take hold on a wider scale.

I think there is also another very strong headwind, which is the financial markets. We're all in a very tough environment where rates are still very low relative to the exposure landscape, and your ability to make consistent return on your investment portfolio is becoming more challenging. This will likely impact the availability of capital to invest in moving AI strategies forward. The industry has these conversations about the future often, and we don't ever talk about these obvious influencing factors that are real barriers to the fulfilment of the AI promise in changing in our industry landscape.

**Grace Hanson:** Right. But then, to challenge you back, look at Walmart. Walmart has more incentive than anybody to keep their expenses down and their margins are very, very thin. Walmart just did an interesting experiment with one of their outside counsel that handles their employment liability claims.

The firm offered to drop rates significantly in exchange for access to historic data. The firm then built an AI solution to draft the initial response to

employment charges because the fact patterns tend to be similar, using NLP to do extraction, classification and summarisation.

Again, it's teaching carriers that yes – you can do this. Yes, you have to think creatively. Yes, you have to make the investment, and the return on that might be not this year's return or next year's return but in three years you're going to be getting an ROI of 100, 200, 300%.

**Paul Drennan:** In a broader sense, what you just described is what my book of work is: That's what data science is at my company, that's what we're focused on. It's not big "I" innovation. It's hammering away at all of those things where you can say, why am I spending \$40,000 to do a \$5,000 task? Don't do that. Yes, we do have innovation labs that are thinking about longer-term plays and so on, but the Monday-to-Friday cadence is not about that. Using the antennae we have today, using the data flows, we can construct algorithms, partnering closely with the business to make sure that that thing is tuned to the way the business expert believes it should work and then turn it on.

**Shawn Moynihan: Caryn, what would you want to see in terms of how AI can help transform the way that your department operates? What would be some of the solutions that you'd like to see happen or different processes that would be far more streamlined than they are right now to facilitate faster and more accurate work?**

**Caryn Silverman:** It's been very helpful to hear everyone's comments about how it's a more holistic approach. You need acceptance and buy-in at the top, and it's not just segment to one area of your business. You need your underwriters, you need your actuaries and you need claims people working together. Because I think if you just go at the most granular level, you're not going to get your bang for the buck – and so we've been thinking about it at one of our pain points or at a granular level. Our first interaction with our customers, their submission of the notice of loss and how can we make that experience better, more efficient,

quicker so that the customer's getting a response like that and not waiting. We a lot of human touch on that process right now.

So we're looking now at that process, but it looks, based on what everyone's saying, that's just the baby step. And I think maybe you need a baby step before you take the big leap. For us, that has been something that we've been thinking about just on the claims-processing piece throughout the claims organisation. How do we first automate that, then the collection of data and documents, how do we better process that for the next piece of the customer experience? We're talking about some of the property elements as well – how can we bring in drones or other kinds of technology?

So the processing side is definitely our first step, first notice of loss, how do we bring in, just at the simplest level how we bring mail in and get mail distributed. We are electronic, and it's still a human touch. And so how can we make that more efficient so that goes a lot quicker and then can have the staff that handles that do more technical work for us, so we can utilise them in a higher-functioning way.

**Shawn Moynihan: The reason I ask that is, it sounds like the more AI can help streamline some of these processes that you spend so much time doing, you can take that time and turn it elsewhere to do more of the types of projects and gain the types of insights that you've always wanted to achieve. Is that fair to say?**

**Taylor Archambault:** My perspective is greatly influenced by a large chunk of my career that I spent in large loss property claims, and it's tremendously document-intensive. Whether it's the customer collecting, analysing and then delivering what they think is material or the adjuster reviewing, digesting what are in those documents and then making decisions about coverage and valuation. To me, the ability to take a large chunk of documents, whether in electronic form or not, and extract key data points, you can chunk out massive amounts of wait time that the process has right now on large loss claims or complex claims. That's exciting.

You're creating a good relationship with the customer; at the end of the day, how quickly can I get a payment in your hands? That's our job – but all those wait times that happen after that initial payment just sort of erode what's been built. Our ability to pull out wait times, ultimately, will allow us to build on that rapport over the life of a claim and create a stickier relationship between a carrier and customer.

**Paul Drennan:** You're touching on another opportunity that it gives us as an industry, which is we do have a ton of data. How do we put that to work? It shows up predominantly in the IoT conversation as we think about things like sensors embedded in refrigeration units, in air conditioners and air movers in big buildings. Those things are broadcasting temperature and vibration and pressure. We see that, recognise the anomalies – see the machine that's going to fail, call our insured and say, "Turn off HVAC No. 6, we'll pay for the repair."

There's a lot coming in that direction, too. As we use the data platform we have to start thinking about things beyond underwriting the risks to pay the claim, but what the total risk posture is – and how we participate in that more fully than we do today.

**Wesley Sherman:** I think it all gets back to how underwriting and claims teams work together to deliver more value. TransRe has partnered with New Paradigm Underwriters to deliver parametric wind and earthquake solutions. New Paradigm integrates sophisticated anemometers into their protection to accurately measure wind speeds. Clients are able to monitor those same wind speeds as frequently as they wish through an app. They, and we, know immediately when they have a loss event.

Parametric solutions have the potential to eliminate a lot of friction from the claims process, especially when a large event strains the capacity of loss adjusters. Payments will be automated, and faster. Parametric solutions have both commercial and consumer applications, including earthquake deductible buy-downs. However, that potential will only be realised after

our underwriting and claims teams work together to reduce the basis risk, and when we educate buyers about parametric-based protection.

**Shawn Moynihan: How important is it for insurers to encourage experimentation with implementing AI, and what strategies need to be considered there?**

**Taylor Archambault:** We certainly think of it as vital and there is a growing ecosystem, so we've got to define "experimentation" pretty well here. So some type of experimentation is what can we do with our data to improve our existing processes that we've talked about earlier, but also to think about new value streams that we can create from our data. Increasingly when you look at InsurTechs, a lot of them are getting into different parts of the value chain. So we think a lot about antennae. What are the antennae that we have out there?

We certainly have all of our traditional antennae – our call centers, our agency, the web portals that we've put up, our claim process, our risk engineers, that type of stuff. But increasingly, there are companies out there that are creating listening posts. It's weather data, it's property characteristics, it's aerial imagery, it's all those things. And so that experimentation to figure out, is it ready? Is it fully commoditized? Is it in kind of a space where maybe it works great for personal lines and it's still emerging in a commercialised use case? How do I incubate those ideas so that we can deploy those things? We believe that is the central mission statement for us and to be added in a very disciplined way. Not to chase the "cool," but to be thinking about what are the new antennae that are available to us that are outside of our historical experience.

**Marc Giovannetti:** I think you're seeing P&C AI insurance experimentation isolated to internal teams that are, for lack of a better terminology, the cool kids in the corner with non-insurance backgrounds, while the rest of the commercial P&C teams are trying to do more with less and just survive an increasingly challenging marketplace.

I don't see a lot of internal company dialogue among these factions, and the cool kids in the corner are working in isolation from their point of view and the traditional folks are looking at them in an uncomfortable fashion as outsiders representative of the latest fad. Many are feeling, "they don't know my business and never will." We're in the early days of the transformation process of P&C carriers. I don't think there's enough priority being placed on integrating the cultures from a management perspective to find a way to unify them and advance the cause, to really deliver on the promise and a revitalised business process which can have a positive impact even in the near term.

That's a huge challenge that I think all organisations feel. How much of this is real and going to have an impact on people's business and make them more competitive, and how much of it is a case where I'm wasting money and creating things that I'm just going to dismantle because they don't ever live up to the expectations we have for them. That's the world we're living in, which is a lot governed by a lot of uncertainty. I definitely think there has to be more of a management mandate to set forth more clear, unified, strategic objectives around the implementation of AI and Analytics strategies that unifies employees across product lines rather than separates the AI and Analytics teams to siloed groups that are doing their work separately from the traditional business process.

**Paul Drennan:** A couple of years ago we went through a deep introspective analysis of where we were, where we wanted to be, what did we need to do, and many things came out of that. But one of them was really the doubling of by department, and this talent is not widespread. One of the things we did was we said very deliberately, we're going outside the insurance industry and we're just going to go get athletes – and if they don't know how to play soccer, but they were a great basketball player, they're an athlete, they're going to learn to play soccer. And they will speak insurance as natively as some, but they're still going to be able to

add value. But as a by-product, we've got perspective on what lots of other places in the world are doing with this toolkit.

That was a very big change internally. Those individuals who maybe didn't come from insurance were physicists working in a lab; they started to build a predictive model to help claims spot fraud better. They'd build that network with claims leaders and the claims leaders start to go, "I wonder what else they could be thinking about?" And it grows. So there's been a big shift internally for us to say, maybe the deep domain of insurance knowledge isn't as critical a component in your profile as we thought.

**Shawn Moynihan: Ultimately, whose responsibility is it to really push AI more in these processes? Where does that conversation really begin? In the C-suite?**

**Taylor Archambault:** I feel like the winners in this space will empower every process owner in their organisation to push it. If it's all top-down, it will be slow and there'll be parts of organisations where processes just remain the same as they've always been or slight iterations. That is what we've experienced over time. But I think the real winners will be able to accelerate through this by enabling each and every process owner in the claims ecosystem to say, "How can I leverage this technology, these tools?" And I think it's on senior leaders to invest in talent and technology to enable those process owners.

**Paul Drennan:** There's plenty of examples of organisations that spent a bunch of money hiring a bunch of scientists and they didn't get that much out of it because they didn't get the engagement with business because algorithms by themselves have no value. I need a workflow to change in order to get value. We found somebody who was willing to try and then worked our tails off to make their results better and then watch the momentum build out of professional jealousy. Other people started to say, wait, I want some of that – and eventually you get to a point where the naysayers are just kind of shouted

“Once we let our customers – whether it's an insured, whether it's a broker – know that we are going to gain from implementing AI, they have to know they are going to gain also. We want to communicate that they are going to have a much faster process.”

*Mark Evans, AXA XL*



down by everyone else's success stories.

Then it's back to the point about marketing the heck out of the success story so that people knew not only what had happened, but how it happened. The things that we had done and taking some of the mystery out of it, that it wasn't a black box. Where people could say, I actually understood most of what it did and it made sense to me and it didn't eliminate 10% of my workforce. It let me take 10% of my workforce and go harder at something that I knew had opportunity and I couldn't get to. Communicating that kind of narrative is how we build momentum.

**Dillon Remler:** I have seen several AI insurance models that failed to get the right traction with the business, including the isolated lab and the large independent science department. For us, what is working well is a strong push and investment from the C-Suite combined with AI science teams embedded in the businesses, supported by a global Brilliant Basics transformation programme that is managed at the regional level. The C-Suite investment, embedded AI teams and the transformation programme come together to deliver regionally relevant enhancements to our technical expertise, and the customer's experience of excellence, in a manner that is consistent with our global AI and digital strategy.

**Shawn Moynihan: How can a variety of key roles in the claims space, such as Claims Adjuster, Claims Manager and even Chief Claims Officer, benefit from the insights AI can deliver?**

**Agil Francis:** Let me take you all through a real-life example and bring this to life. It is not just what is

possible in the future, but this is really happening now.

We have launched our Property Insights solution recently and it transforms the life of claims personnel, specifically in the event of catastrophe or mini-burst events. Here, we take the pre- and post-catastrophe images leveraging satellites and low-flying airplanes. The geo-tagging identifies exposures, and leveraging AI capabilities such as computer vision and machine learning, we are able to triage and assign claims in a highly effective manner and provide accurate estimates before claims adjusters have their boots on their ground.

The impact to the claims personnel is very interesting. To the Claims Manager, the whole operations aspect of intake, triaging and assigning claims becomes easy as they have clear visibility on the claim and its severity within hours of the event. This also helps in better claims management, reserve setting, and timely reporting to regulators and management.

Claims adjusters no longer have to spend time climbing ladders and inspecting roofs – instead they already have repair estimates and are now able to spend more time with the insureds and assure them of the support the carrier is going to provide, elevating customer experience. To the Chief Claims Officer, this presents a significantly proactive approach to managing claims and the outcomes in the best possible manner and effectively and efficiently managing claims but also improved customer experience, when their insureds are going a very tough situation like a catastrophe. Solutions such as Property Insights leverage the power of AI and transform the processes of today, and benefit all internal and external stakeholders.