



Adopt and adapt to AI

While AI offers vast opportunities in all realms of life, a lot depends on how people make use of it. Being at the initial stages of AI, there is a lot of apprehension about its use. *Asia Insurance Review* spoke to **Vymo's Mr Sumanas Kar** to understand the processes and how the insurance industry can achieve more from AI.

By Anoop Khanna



The combination of deep technology like AI and machine learning with insurance data can produce phenomenal results. With an explosion in data at our disposal and powerful algorithms that can work on this data, we can have at our disposal specific, precise and actionable information that we require and work on.

AI has shown the potential to be a game-changer not only for the insurance industry but to the discerning customer as well. With uncertain macroeconomic situations, climate-change related events happening more frequently and greater ferocity and a pandemic showing us that new normals can happen overnight, the insurance industry can do more with AI than ever before.

No job losses

Vymo head of sales (India and Southeast Asia) Sumanas Kar

speaking to *Asia Insurance Review* said, “The first and foremost question that arises with respect to AI is - Are people going to lose their jobs? Not at all. AI will increasingly help people become more efficient achieve more, learn more and do more. It will be much easier to access skills and knowledge than we do today.

“If we consider insurance distribution as an example, with AI, insurance agents will increasingly move into advisory roles. With tools supporting them with best practices, recommendations and suggestions based on historical customer data and industry-wide benchmarks - agents will be expected to engage meaningfully with customers. Like always, people who adapt will survive.

“Underwriters are going to get more efficient, agents are going to be more productive and their managers and leaders will have the clarity and vision based on data to navigate an intensely competitive landscape.”

Mr Kar said, “Underwriters, insurance sales teams, actuaries, risk managers and so on will continue to have successful careers. Thanks to AI, they will now be equipped with a more advanced toolkit than before. As a senior insurance consultant in the US said, ‘Insurance as an industry is built on human interactions. AI is only going to strengthen people to deliver better customer experiences’.”

Impact on productivity

Speaking about how AI will impact productivity and therefore influence cost, Mr Kar said, “The productivity boost with AI is pretty evident. If we again consider the insurance distribution example, agents now can access mobile-first tools that automatically capture their meetings, notes, activities, manager discussions and so on. These algorithms also nudge them with recommendations on the next best action to take with a customer

and guide them to pitch a product the right way.

“The salespersons who were able to spend only 30% of their time selling, can now eliminate repetitive tasks and focus a lot more on what they are meant to do.”

He said, “Underwriters are now empowered by use of AI with not just vast amounts of data, but insights from historical claims, customer life events and external factors that can help them make better decisions much faster.”

Fraud prevention

Machine learning technology has been helping prevent and detect fraud since high end algorithms are able to detect anomalies through data patterns and indicators. A Deloitte study observed a sharp rise in frauds with 60% of insurers agreeing to this in a study. Insurers with the help of AI will be able to navigate this challenge, saving them significant time and losses.

Managing risk and adhering to a dynamic regulatory landscape

costs insurers time and effort. While traditional risk computational and mathematical models continue to be used, AI-based data extraction models are promising better accuracy, speeds, flexibility and cost savings.

Mr Kar said, “While there is huge promise in the ways AI can boost productivity and cost, it will also become important to review existing governance frameworks and evaluate the risks emerging from these models: biases, instability and a lack in transparency since some of the insights may be difficult to interpret. But these are challenges that the industry will work around to be able to harness AI’s potential.”

According to industry experts, AI will take around a decade to be integrated into our work and lives. That’s enough time to experience it, adapt to it and change.

Bridging the protection gap

With reference to the vast gap between the insured and uninsured losses, especially when the climate events are leading to major losses,

Mr Kar said, “AI will help close this protection gap.

The difference in uninsured losses and insured losses only seem to be increasing given the macro conditions like GDP, geopolitical events, population and so on.

“The best way insurers can tackle this is with better product portfolios, improved risk assessments, accurate underwriting and selling the right insurance products to customers. AI can enable all these.”


Mr Kar said the insurers can leverage data insights and market research to understand customer needs and therefore create more tailored products and price them dynamically.

“The insurers can use AI’s predictive capabilities to personalise offerings to the customers based on their preferences, risk profiles, life change events and more. The insurance providers can make available the right tools to insurance advisors to be able to engage meaningfully with customers and identify cross-sell opportunities.

“Identify risks and gaps in coverage and proactively address these to mitigate losses and finally spot fraudulent activities faster and reduce those payouts and maintain premium costs for honest policyholders,” he said.

AI is making steady inroads into insurance. Although there is also an element of caution that exists today with respect to the new risks AI models are going to pose.

Mr Kar said, “The chief compliance officer of a digital investment banking platform in Southeast Asia said, ‘Although we are fully digital, we are still testing the waters with AI. Chatbots with standardised response is an immediate milestone, but for now it is not yet ready for deeper use cases. For example, if AI recommends a risk portfolio to the customer, who takes responsibility for the advice provided?’

“These are the challenges associated with evolution of any new technology. Insurers, technology solution providers and regulatory authorities are already collaborating to figure this out sooner than later. And the next few strides will truly bring in the era of (A)Insurance,” said Mr Kar. 

“ Insurers can use AI’s predictive capabilities to personalise offerings to the customers based on their preferences, risk profiles, life change events and more. ”

