Rethinking Insurance:
How cognitive solutions are transforming the insurance industry

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IBM

Many insurers are still focusing primarily on cost cutting or finding effeciencies in existing processes…

The response of many insurance leaders is to improve efficiency[1]…

62 %	*Improving operational efficiency*
56 %	*Reducing risk*
55 %	*Improving customer engagement and experience*
53 %	*Expanding into new products/services*
52 %	*Growing investment income*

But in the last 3 years only 16 % have performed better than peers[2]

report that their **operational efficiency was significantly better than peers** over the last 3 years

Source: IBM IBV C-Suite Studies

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… but outperformers have shifted their focus to the consumer, and changing market demands.

Most important objective by performance for…

Under performers	Avg performers	Out performers	
4	2	1	Improving customer engagement
5	5	2	Growing investment income
3	4	3	Expanding into new products/service area
1	1	4	Improving operational efficiency
2	3	5	Reducing risk

"We have to listen more to what customers are saying and asking for, and we have to be quicker to respond. Customers distrust financial services, and so we must be whiter than white."
- Insurance CMO , UK

"The role IT plays is changing; we're spending less time cutting costs and more time stimulating business innovation and creation."
- Insurance CIO, Japan

Source: IBM IBV C-Suite Studies

Insurance Techs also recognize emerging market gaps and are working actively to fill them

Lemonade

- Have digitized the insurance process, **replacing brokers and paperwork with AI robots**

- Unspent premiums are funneled back into the community through philanthropic initiatives[1]

- The group's members pool all their premiums, and payment for insurance claims come from the pool

friendsurance

- With Friendsurance, people come together online and create their own risk pools

- At the end of each year, policy holders using Friendsurance receive a cash-back bonus if they did not make a claim

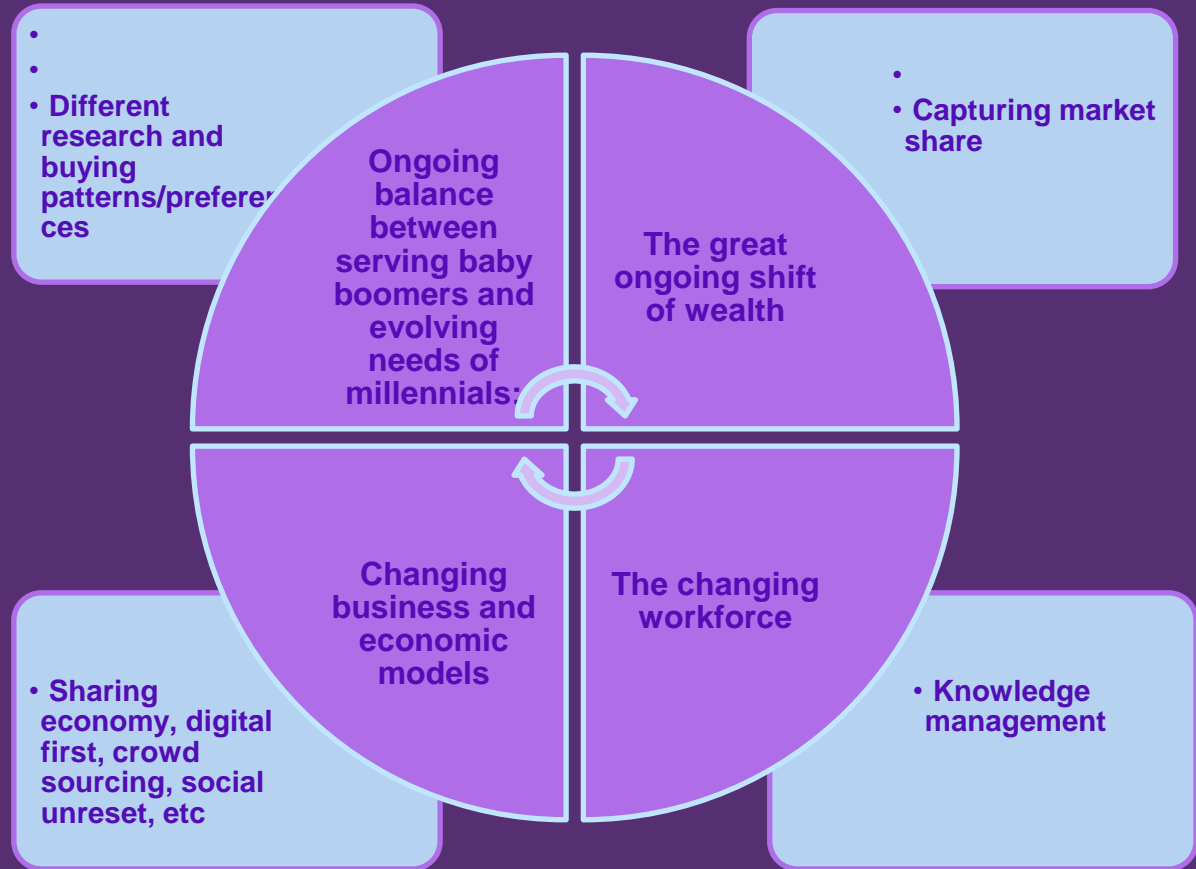- Policy holders can get back up to 40% of their premiums if they remain claims-free[2]

LEAGUE

- League sells software that helps employers manage employee benefits, with the aim of cutting costs and reducing paperwork[3]

- Employees are provided with an allowance on both health spending accounts and personal spending accounts

- Their goal is to make it as easy as possible for every individual to take care of their health every day

IOT, the sharing economy and emerging technologies are changing the way with think about and mange risk

Carriers are anticipating the impacts of ongoing megatrends on what it means to help consumers and companies manage their overall risk

-
-
- **Different research and buying patterns/preferences**

-
- **Capturing market share**

Ongoing balance between serving baby boomers and evolving needs of millennials:

The great ongoing shift of wealth

Changing business and economic models

The changing workforce

- **Sharing economy, digital first, crowd sourcing, social unreset, etc**

- **Knowledge management**

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Cognitive systems are evolving to drive agility while focusing on amplifying human cognition

Cognitive Business

Digital business + Digital intelligence

Can see, use and operationalize virtually all data

Are not programmed but pose hypotheses based on data patterns and probability

Can understand, reason, learn and interact with humans naturally

Cognitive accelerates the consumption of broadening sources of information, democratizing and scaling expertise

UNDERSTAND

They understand
- Intent, tone, personality
- Submissions, contracts, claims
- Legal & regulatory obligations, guidelines
- News, market data, …

like humans do.

REASON

They can
- Identify similar risks and claims
- Assess risk
- Check for compliance
- Spot new sales opportunities, ….

infer and extract ideas.

INTERACT

With abilities to see, talk and hear they can support
- Clients, agents & broker
- Contact center agents
- Underwriter
- Claims handler
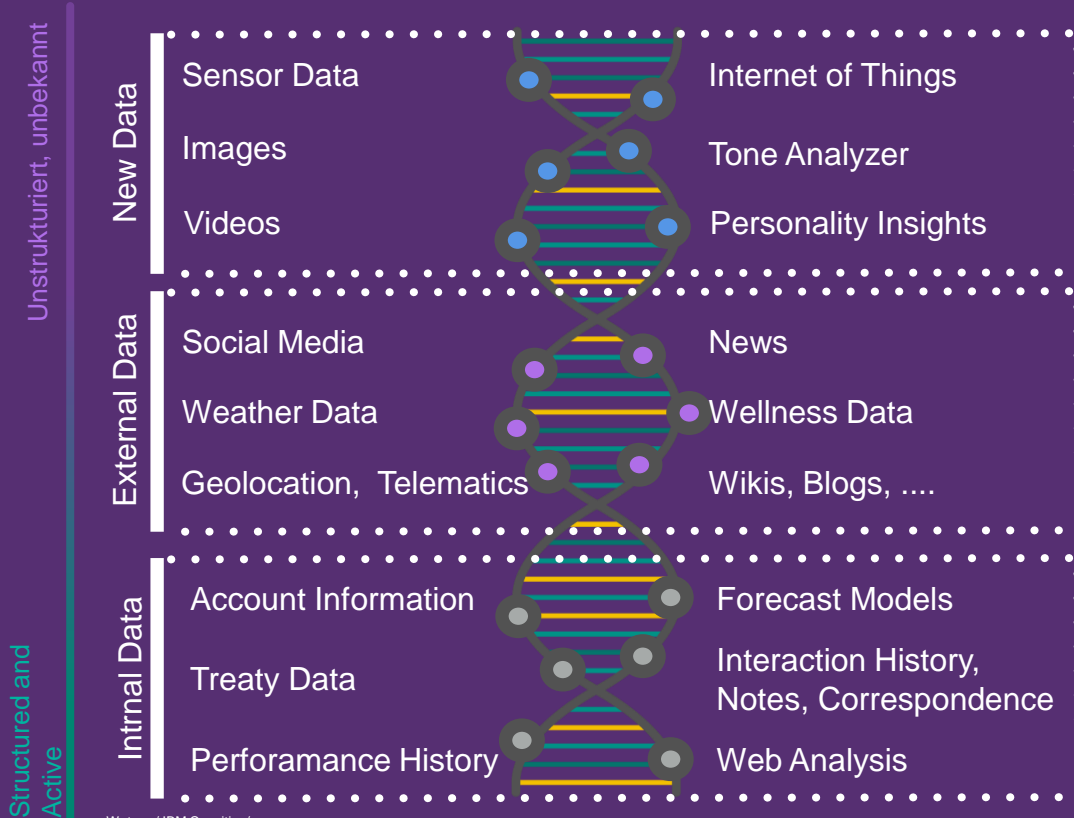and many others

in a natural way.

LEARN
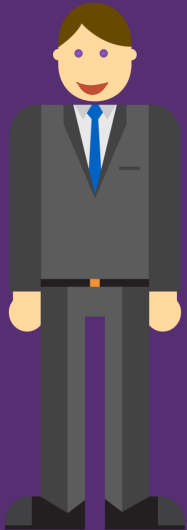
They learn from every interaction and
- Extract and improve best practices
- Digest new regulatory requirements, guidelines ….

and never stop learning.

The ability to combine and derive insights from broader sets of data, support our ability to really "know" our customers
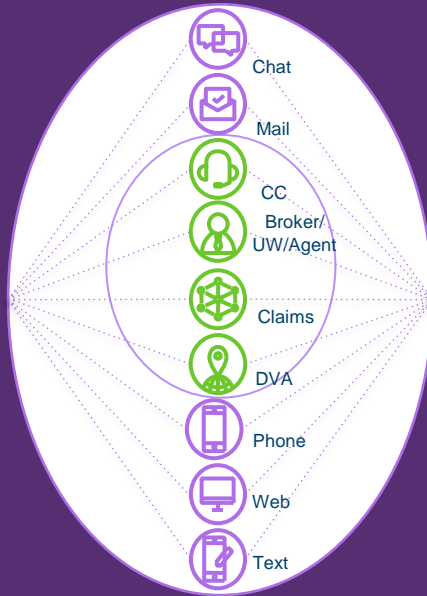
Unstrukturiert, unbekannt

New Data

Sensor Data   Internet of Things

Images   Tone Analyzer

Videos   Personality Insights

External Data

Social Media   News

Weather Data   Wellness Data

Geolocation, Telematics   Wikis, Blogs, ...

Intrnal Data

Account Information   Forecast Models

Treaty Data   Interaction History, Notes, Correspondence

Performance History   Web Analysis

Structured and Active

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A cognitive strategy incorporates and augments existing capabilities to deliver differentiated experiences

Partners & Employees

Interaction Points

- Chat
- Mail
- CC
- Broker/ UW/Agent
- Claims
- DVA
- Phone
- Web
- Text

Internal & External Information

- Policy
- Notes
- Conversation
- Social Media
- Images
- Billing

Captured Information + Existing Information

- Core Systems
- Sentiment Analysis
- Email
- Documents
- IoT Weather
- Marketing

Derived Insights

KNOW ME…
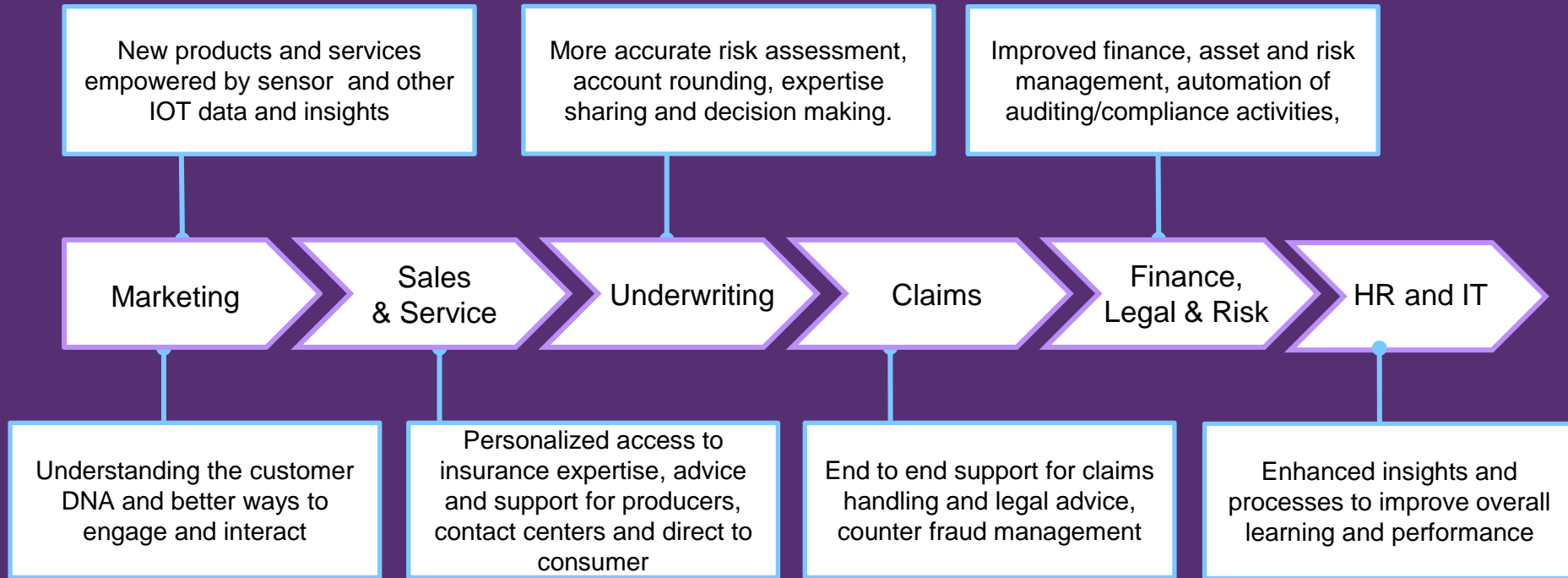Interactions, preferences, emerging needs,, changing realities…

+
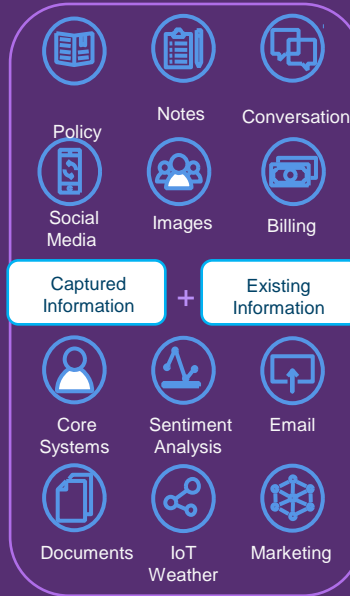
Recommendations

- Integration with existing core capabilities from policy, claims and UW, CRM, MDM, etc. systems.

- Supported by advanced analytics, rules, case managers, and recommendation engines.

- Augmented by insights derived from internal and external sources

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Processes Across the Insurance Value Chain can Leverage Cognitive to drive disruptive transformation

New products and services empowered by sensor and other IOT data and insights

More accurate risk assessment, account rounding, expertise sharing and decision making.

Improved finance, asset and risk management, automation of auditing/compliance activities,

Marketing → **Sales & Service** → **Underwriting** → **Claims** → **Finance, Legal & Risk** → **HR and IT**

Understanding the customer DNA and better ways to engage and interact

Personalized access to insurance expertise, advice and support for producers, contact centers and direct to consumer

End to end support for claims handling and legal advice, counter fraud management

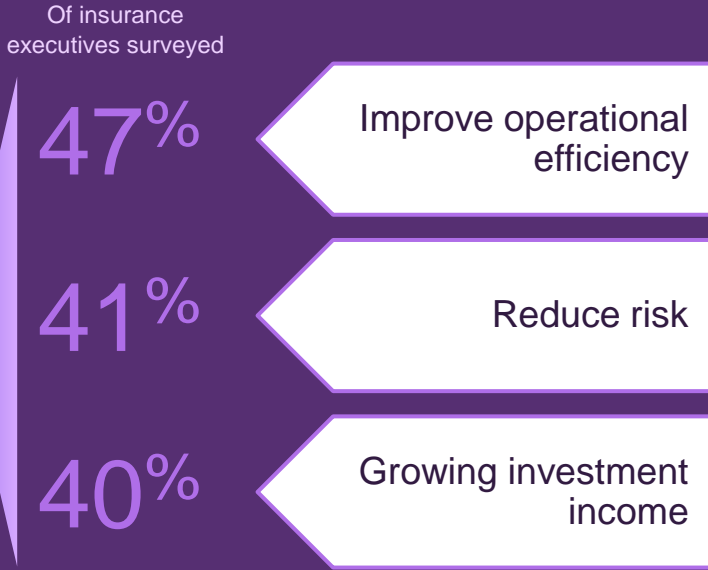Enhanced insights and processes to improve overall learning and performance

Cognitive solutions enable insurers to achieve strategic priorities and deliver value

Top 3 strategic priorities stated by the insurance executives surveyed[1]

Of insurance executives surveyed

Improving operational efficiency	62%
Reduce risk	56%
Improving customer engagement and experience	55%

Top 3 benefits anticipated from cognitive computing as surveyed[1]

Of insurance executives surveyed

47%	Improve operational efficiency
41%	Reduce risk
40%	Growing investment income

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Source: [1]: 2016 IBM IBV Cognitive Insurance survey

Art of the Possible:

Transforming the Underwrinting (or claims, or sales, or?) Process

Assess and Prioritize

Process

Evaluate

Decide

Triage	▶	Submission Content Extraction	▶	Submission Enrichment & Prioritization	▶	Risk Evaluation (Underwriting)
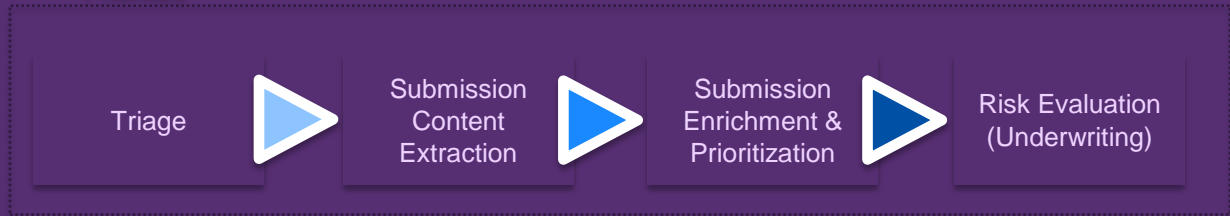
Does this fit with our appetite? What is the proabiliy of closing on this submission?

What are the relevant risk factors? What else do I need to know?

What have other «risks like this» taught us? Who can I collaborate with?

What is the right price for this risk? What competitive consideratio ns do I need to consider?

Conversations from WoW

Rethinking Insurance: How cognitive solutions are transforming the insurance industry

The Co-operators Story: Performing analytics is easy, Delivering benefits is complex

Insurance Customer Insight in the Era of Cognitive

Collaboration in the IoT Ecosystem – Insurers and Device Suppliers Discuss the Challenges

Building an Insights Driven Organization at AXA UK

Cognitive Computer Center of Competence at Swiss Re – Cognitive Computing as a Strategic Choice

Life Event Prediction to Better Serve Customer Needs: Insight from USAA

Cyber and beyond – Insurance and risk in a digital world

Data-driven marketing at South Farm Bureau Life Insurance

Contracts and Claims Intelligence Using IBM Watson Explorer at Swiss Re

BCAA's Vision and Roadmap to optimize performance and drive profitable growth

So you want to talk to Watson, just give it a call

A Unified, Global Insurance Fraud Operation drives a positive return to the bottom line

How will Millennials disrupt Customer Engagement? How can Watson help?

Smart-Data for customer-centricity at Germany's leading public insurer (VKB)

Amica Drives Digital Transforming with Mobile

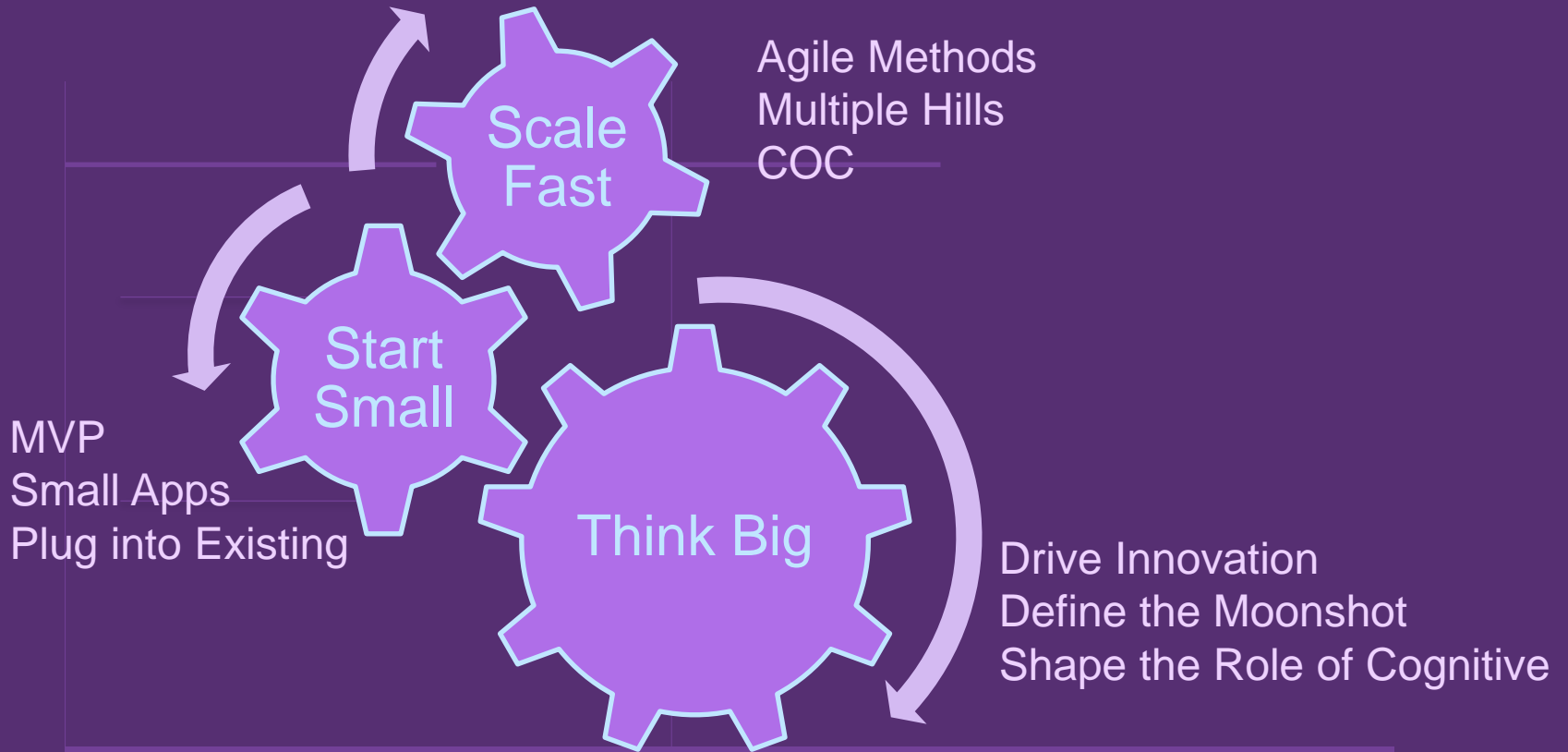Making the world more resilient. Ensure Sustainable Investments at Swiss Re with IBM Watson

How Nationwide Leverages IBM Customer Analytics to assist in Fraud Detection

Learn How Česká Pojišťovna Uses IBM Watson Explorer to Deliver Business Value (Czech Republic's largest insurer – call center session)
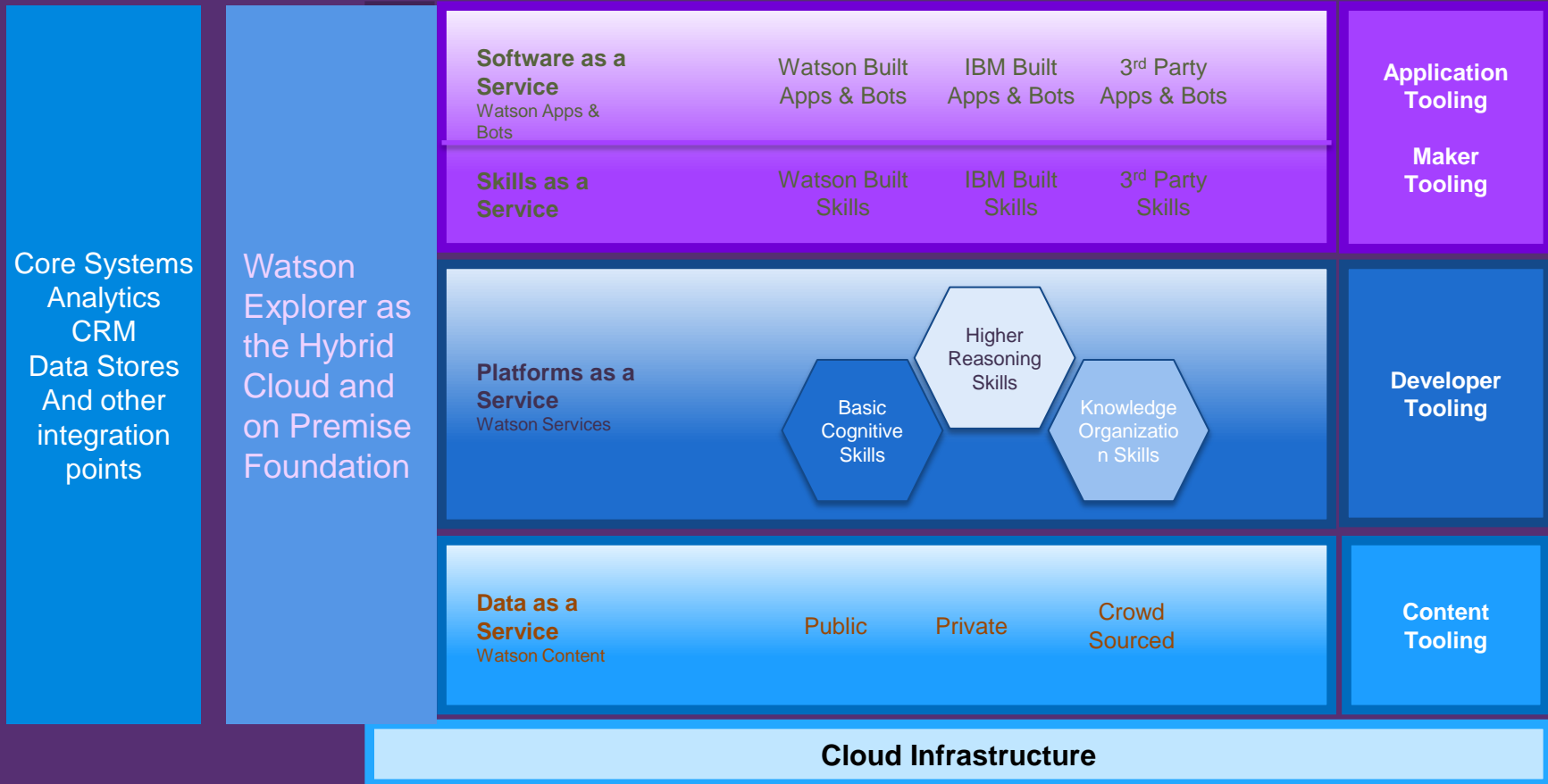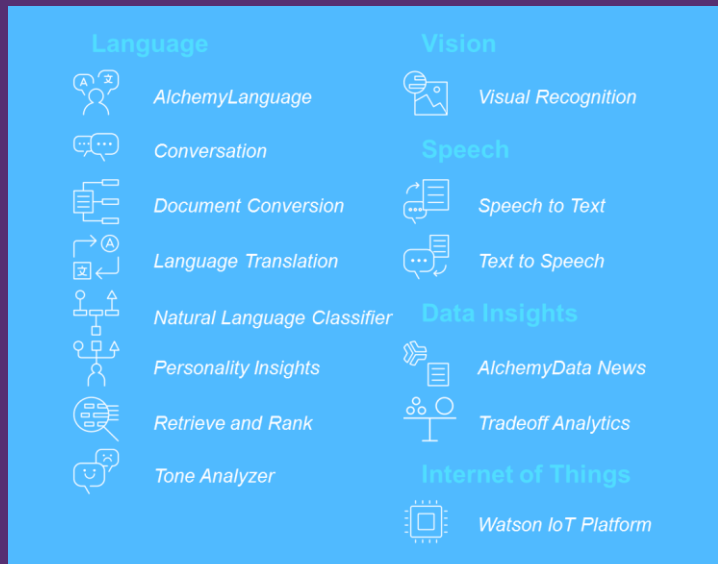
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What's the cost of *not* being a cognitive business?

Think Big, Start Small, Expand Quickly

Scale Fast

Agile Methods
Multiple Hills
COC

Start Small

MVP
Small Apps
Plug into Existing

Think Big

Drive Innovation
Define the Moonshot
Shape the Role of Cognitive

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IBM's cognitive platform supports rapid development

Core Systems Analytics CRM Data Stores And other integration points

Watson Explorer as the Hybrid Cloud and on Premise Foundation

Software as a Service
Watson Apps & Bots

| Watson Built Apps & Bots | IBM Built Apps & Bots | 3rd Party Apps & Bots |

Skills as a Service

| Watson Built Skills | IBM Built Skills | 3rd Party Skills |

Application Tooling

Maker Tooling

Platforms as a Service
Watson Services

Higher Reasoning Skills

Basic Cognitive Skills

Knowledge Organization Skills

Developer Tooling

Data as a Service
Watson Content

Public   Private   Crowd Sourced

Content Tooling

Cloud Infrastructure

Things you can start with right away

Language	Vision
AlchemyLanguage	Visual Recognition
Conversation	**Speech**
Document Conversion	Speech to Text
Language Translation	Text to Speech
Natural Language Classifier	**Data Insights**
Personality Insights	AlchemyData News
Retrieve and Rank	Tradeoff Analytics
Tone Analyzer	**Internet of Things**
	Watson IoT Platform

We have built a rich library of differentiated APIs

- Conversation, Explore and Discover to be delivered YE 2016
- Compare and comply, Decide and Predict in 2017

Come and meet with us and see some demos in the IBM break-out room

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Coisas que voce pode fazer agora!
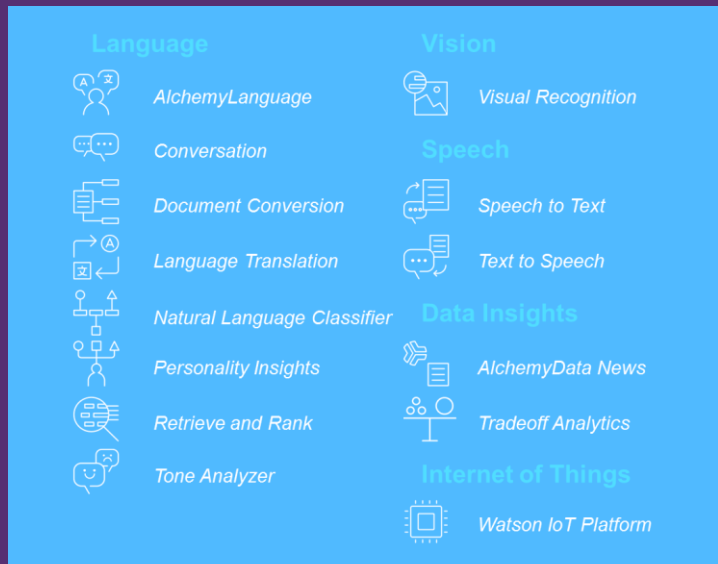
Language
- AlchemyLanguage
- Conversation
- Document Conversion
- Language Translation
- Natural Language Classifier
- Personality Insights
- Retrieve and Rank
- Tone Analyzer

Vision
- Visual Recognition

Speech
- Speech to Text
- Text to Speech

Data Insights
- AlchemyData News
- Tradeoff Analytics

Internet of Things
- Watson IoT Platform

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Venha nos conhecer na sala IBM durante os breaks

Deixe a IBM te ajudar com hackatons

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How will you get started?

Thank you!

Trademarks and notes