AI − Be the disrupter vs the disrupted

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EXL

In this paper, we look at these operational challenges and how to overcome them through the benefits of AI and automation technologies combined with talent augmentation.

In today's insurance market, MGAs, MGUs and wholesalers face several important challenges to transform their traditional operations. Chief among these are talent expense and recruiting difficulties, the growing need for speed and innovation to remain competitive, and cost pressures that are squeezing margins. Integrating AI and other advanced automation technologies into the work of the back and middle office, facilities and administration, claims, underwriting, and other teams will help address these issues. In this paper, we look at these operational challenges and how to overcome them through the benefits of AI and automation technologies combined with talent augmentation.

Insurance operational challenges and solutions

There are three high-priority areas to improve traditional MGA operations: utilizing AI to reduce manual work and increase customer satisfaction; turning to hyperautomation to implement a "front to back" transformation; and leveraging an optimal mix of talent, data and analytics to modernize operations and improve the customer experience.

1. AI and Automation: Reduce labor-intensive manual work so talent can focus on customer-facing activities.

Many organizations still rely on processes that require tremendous manual effort. By automating these processes, talent can focus on customer-facing activities that help not only grow the business, but also increase customer satisfaction.

The AI solution

Insurance companies should assess all areas of the business where automation and smart AI can be implemented to take over rote, time-consuming tasks. For instance, intelligent documentation processing and real-time data extraction can replace traditional manual methods, which can significantly reduce cost, errors, and turnaround times. AI can take structured, semi-structured and unstructured data and put it through a review and validation process, producing outputs that can be easily used in business applications.
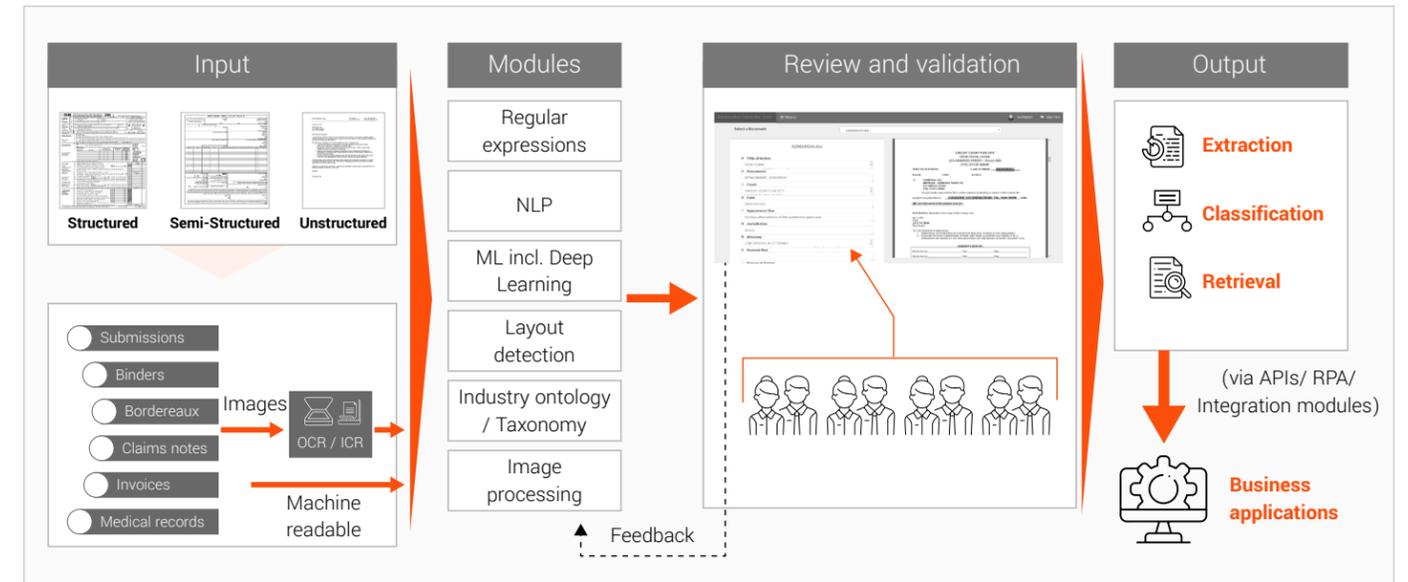

Figure 1: Overview of the EXL XTRAKTO.AI™ solution

The AI case study

A large global insurance broker leveraged EXL XTRAKTO.AI™ solution, an offering that extracts data from structured and unstructured sources by leveraging a combination of AI and NLP capabilities. (See Figure 1.) The client engaged in a pilot project to automatically process documents for all of its onboarding, servicing and claims processes. Using the EXL XTRAKTO.AI™ solution, the client achieved efficiency improvements between 30-40%. Not only did this translate into savings for the client, as they spent less time processing documents manually, but they also drastically reduced turnaround times for its customers which helped improve the customer experience.

Additionally, as part of its daily operational processes, the client works with an ecosystem of partners with an extensive repair and recovery network to address the specific needs of a claim. The client relied on the EXL XTRAKTO.AI™ solution to quickly ingest and process data from different partner sources to create efficient, accurate outcomes for all the parties involved. This increased level of efficiency not only benefited the client, but also for their partners. Plus, brokers are now more likely to drive business to the carrier, as they have had their own positive experiences with the operational benefits achieved by AI technology.

"For us, data is the output that's going to help us create the efficiencies needed to drive a better customer experience. We've got to simplify turnaround time for clients, they've got to get what they want faster."

\- A C-level executive, global insurance broker

2. Insurance technology: the need for hyperautomation.

The emergence of insurance technology is driving long-awaited change in the insurance industry to embrace AI and its ability to help companies make quicker and better decisions. How does a traditional MGA decide where to start in the transformation process? It can seem overwhelming.

The hyperautomation solution

Traditional automation (RPA/RDA) does not work with semi-structured or unstructured data. Traditional automation is difficult to scale and it fixes the problem versus the process. MGAs need to look to hyperautomation for a comprehensive "front to back" solution. EXL offers a hyperautomation Center of Excellence to streamline and digitize end-to-end data flows. (See Figure 2.)

Hyperautomation helps insurance companies:

- Orchestrate multiple technologies to design and deliver E2E business solutions
- Deliver a 50-100% higher return than traditional RPA
- Shift from input-based commercial models to ROI-led models

Hyperautomation

Hyperautomation is "seamless orchestration of multiple technologies such as AI/machine learning, packaged software and automation tools to digitize end to end data flows"

Figure 2: Key components of EXL hyper-automation COE.

Hyperautomation case study

The client, a large broker, appointed EXL to set up and execute a complete overhaul to bring together its operational silos, with data serving as the fuel for this "front to back" transformation. Working in partnership with EXL, the project focused on four critical dimensions:

- Placing governance and change management at the pinnacle of the program
- Ensuring a "digitally native" mindset
- Working in collaboration with the emerging tech stack to automate the "last mile"
- A relentless focus on the customer and employee experience as the barometer to achieving business outcomes – customer experience, underwriter experience, claims effectiveness and operational efficiencies

This program worked across personal and commercial insurance lines globally and included underwriting, customer relations, servicing, claims, and finance.

> "Working with EXL we established one clear principle to govern the entire program: a relentless desire for transparency."
>
> - A C-level executive, global insurance broker

Benefits of a typical hyperautomation engagement

3X-4X
Return on investments

10-20X
More data available for advanced analytics

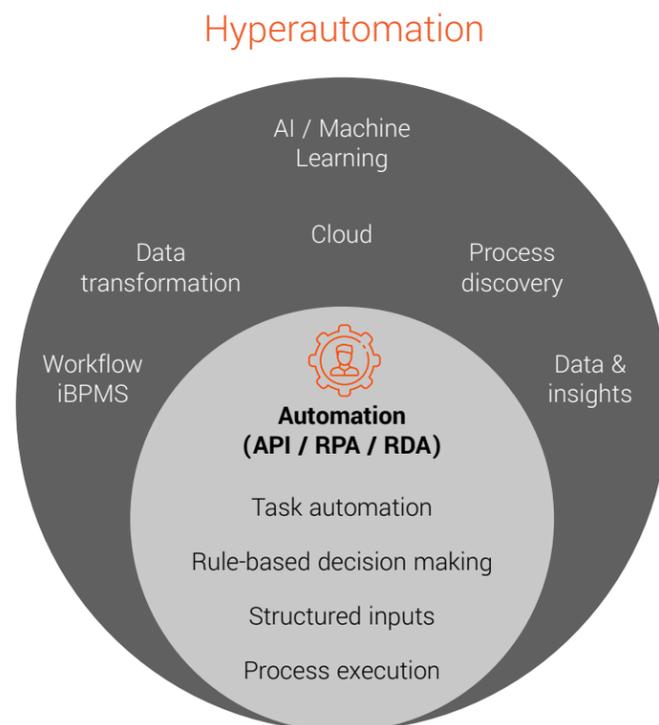**30-40%**
% benefit on Ops spend in steady state

3. Leveraging an optimal mix of talent, data and analytics to modernize operations and improve the customer experience.

Whether the customer is a broker, MGA, wholesaler, direct to consumer or a carrier, they all want a better engagement experience with their insurance partners. Better engagements are defined by personalized, fast, and accurate service, which often relies on experienced talent providing a consistently high level of service. In today's market, talent is hard to find, expensive to properly train, and costly to replace. Relying on AI technology can help companies retain valuable talent by improving the employee experience.

The EXL AI:OS™ solution: Technology and talent

Insurance companies can rely on AI technology to find and pull more data and tailor it to personalize their customer experience. AI provides better accuracy than manual processing at nearly half the cost and up to 50-70% quicker. EXL can help insurance companies redesign the enterprise process operating system to become data driven.
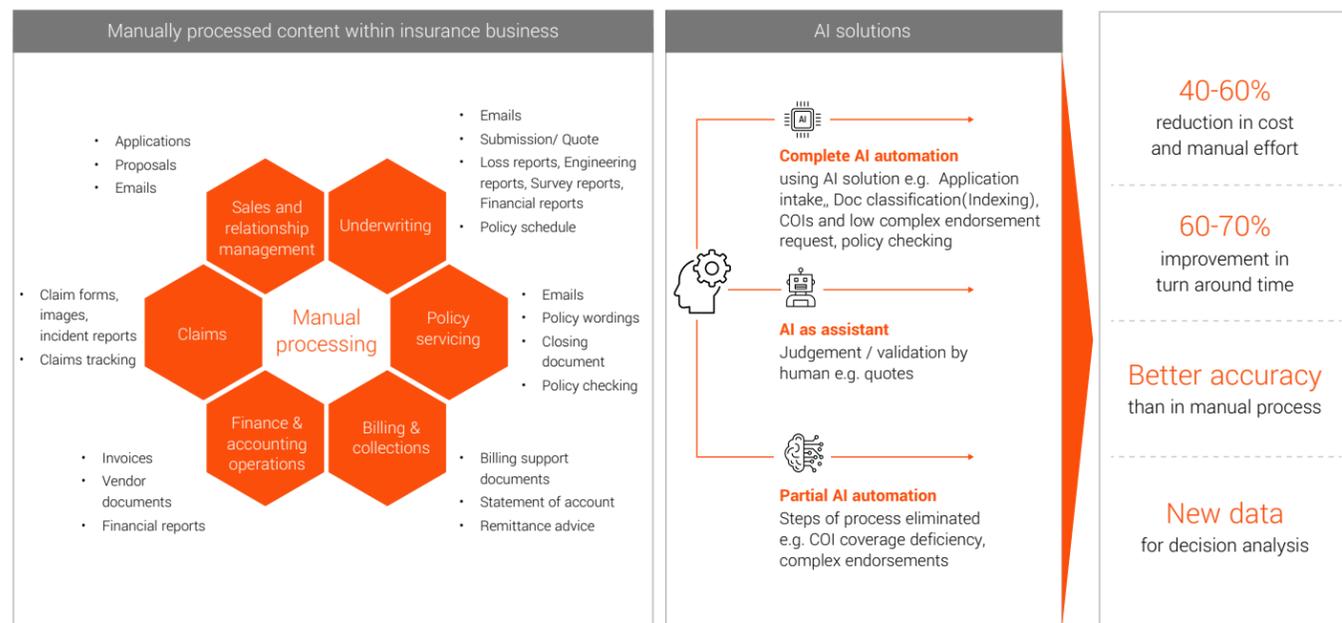
Figure 3: AI technology applied across all insurance operations.

Technology and talent case study:

How a global carrier is augmenting talent and using data and analytics to transform its finance operations

The client, a global insurance carrier, undertook an ambitious but measured program to affect change over three years. Digital transformation was central to this program. EXL and the client fostered a long-term partnership characterized by (a) developing joint and central governance of the end-to-end program, and (b) the creation of a central transformation office to:

• Drive the principle of consistency and standardization, "wherever, whatever, however"

• Focus on the "last mile" to enable finance and business interactions

• Embed automation, data and analytics at to become a "data-driven business"

• Ensure the highest degree of resilience with a robust compliance, risk, and BCP framework

• Win hearts and minds with change management based on co-option versus a mandate, including open communications and a continuous earning culture

To achieve these goals, EXL leveraged its strategic investments in data, analytics and automation. EXL XTRAKTO.AI™ analytics capabilities were embedded across the client's operations for product & pricing, actuarial, distribution, claims and finance CX. And finally, EXL leveraged its RPA capabilities and its partnership with Blackline Systems to automate transactions as well as the closing process.

The results have been significant. The client achieved 100% of their targeted goals and have reduced time spent on manual processes, allowing their professional staff to focus more on activities that builds relationships and grows their business.

Insurance is moving towards automation with AI and robotics. Insuretechs are blazing the way and excelling in taking business from traditional insurance. Those that leverage AI are disrupting insurance. Now is the time to join with other innovative insurance companies and become the disrupter. Energize your organization with greater efficiencies, better tools, outstanding outcomes all at a lower cost.

If you would like to explore how leading insurance companies and brokers are leveraging EXL's technology framework and learn more about the value it could deliver to you, contact us at Ronaelle.Perillo@exlservice.com. We would welcome the opportunity to talk and arrange a demo for you.

"We have achieved 100% of all our promised gains and the path to modernization is almost complete. We have seen significant time freed up to enable true business partnering. We have eliminated costly errors and are achieving significant cost and productivity gains.''

- A C-level executive, global insurance company

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