

# The Smart Guide to Conversational AI for Insurers

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## Introduction

The guide delves into the value of conversational AI to insurance carriers as part of their digital transformation strategy. We also decompose conversational AI into its key components, types, and outline how to get started.

Insurance is a highly interactive, increasingly digital industry with multiple customer communication channels. Insurance customers are also consumers, with their service expectations of their insurance companies being heavily influenced by their retail experience. Policyholders, agents, brokers, members and claimants expect to have options in how they interact with a carrier. They are seeking both self-service and the ease to connect with a person, based on their need.

Conversational AI can both elevate customer satisfaction and reduce operating expense. Offering customers a digital self-service option, or the ability to schedule a call back will often be preferable to holding on the phone. Automating proactive outreach to provide status updates or request missing information can reduce inbound call volumes and shorten the duration of quote, policy and claims processing.

The positive impact of conversational AI on insurance company employee engagement should not be overlooked. Enabling customer self-service and automating predictable customer touchpoints enables employees to focus more of their time on higher-impact activities, including customer conversations and complex problem-solving.

# 1. What is Conversational AI, Really?

Conversational AI refers to any AI-powered technology that can engage in human-like dialogue.

When you ask Alexa to order paper towels or describe a problem to an automated phone system or message a company on Facebook after business hours, you're engaging with conversational AI. Every day in both our personal and professional lives, we interact with conversational AI products more often than we realize.

Here's a few examples of what leading conversational AI solutions can do today to assist insurance customers:

- Answer simple questions on the status of a claim
- Follow up with a customer for beneficiary details
- Automate customer reminders to refill their prescriptions
- Request information to renew a policy
- Route customers to the claims department
- Enable any of these interactions over SMS, email, voice, web or social media
- Connect these activities to backend core and CRM systems

But perhaps the best thing conversational AI can do today is meet the customer in their channel of choice. A customer can start a conversation over text and pick it up later over email within the same communication flow. As you can imagine, this capability has enormous potential to reduce friction and confusion that's all too common when a customer wants to switch communication channels.

Modern conversational AI has a better understanding of the human language than often given credit for. Far beyond just a proxy for simple Q&A, enterprise-grade products can enhance customer experience by performing complex inbound and outbound requests, enabling cross-channel communications and automating nearly any text-based interaction.



## 2. Do I Need Conversational AI?

There are three core reasons why conversational AI could be the right technology for your customer experience.

### Insurance is Interactive

Insurance carriers want to create and maintain a strong, positive relationship with their customers. Insurance is a high-contact industry. Beyond initial purchase and then annual renewal of a policy, there will be interactions throughout the year to provide customers with relevant information. Customers may need to reach in to change their insurance during the year. There will be billing and payment activities. And a customer may have a life event, an employee with an injury, or a loss that results in them reporting a claim.

### Insurance Is A Digital Business

Insurance customers expect to be able to interact with their carriers using their smartphones. This means insurance companies need enterprise-scale capabilities to offer real-time, accurate digital interactions regardless of time of day or day of week. Enterprise-scale is where conversational AI adds the most value. Gartner's research reveals that customers expect to manage 85% of their relationships with enterprises without interacting with a human. And by 2025, they predict that 80% of customer service organizations will have abandoned native mobile apps in favor of messaging for a better customer experience.

### Insurance Companies Have Multiple Customer Communication Channels

Well before the widespread adoption of the Internet and smartphones, insurance companies and their customers interacted through multiple channels – telephone and mail at a minimum but probably also by fax. Email then followed along with web-based portals as additional customer communication channels. Carriers today may also be utilizing live chat, text, mobile applications and/or (one or multiple) social media channels.

This means that insurance companies have already set up an inbound/outbound customer service infrastructure. With that infrastructure in place, it's easy to move communications from an inefficient channel to an automated channel (again, even if that channel is snail mail).

## 2. Do I Need conversational AI?

You can plug conversational AI into your call center for faster customer enrollment, improved retention rates or shorter claims duration. It can also offer customers a call deflection option to automate the resolution of routine inquiries and tasks at a massive scale. These are all examples of effective use cases, but conversational AI shouldn't be limited to these areas.

### Conversational AI Under the Hood

To help you better understand conversational AI's capacity for natural language, we'll quickly take a look at its underlying technology with a lens on customer interactions.

Conversational AI uses a combination of machine learning (ML), Natural Language Processing (NLP), Natural Language Understanding (NLU) and Natural Language Generation (NLG).

#### Machine Learning

**ML studies the context of customer questions and learns how to generate appropriate answers.**

ML systems are how conversational AI products "learn" to comprehend and speak in human language. These products are created by feeding customer language datasets—think of this as a word bank containing common questions, dialogue and phrases—to a neural network (a set of algorithms designed to recognize patterns). Neural networks "study" the dataset and learn to identify combinations of words that indicate intent.

#### Natural Language Processing

**NLP is how conversational AI recognizes customer intent and executes the requested task.**

If you've ever learned a second language, you'll know that being able to read and being able to converse are different levels of mastery. The same is true for conversational AI. Recognizing language is one thing, comprehending meaning is another. NLP helps conversational AI understand conversations and execute based on speaker intent by converting text into structured data computers can understand. Because of NLP, a chatbot can recognize two customers asking, "What number do I call to file a claim?" and "How do I reach my claims adjuster?" might be expressing slightly different questions. The chatbot can then ask a clarifying question to the second customer like "Have you already reported a claim?" in order to extract the information it needs to complete the request.

# 2. Do I Need Conversational AI?

## Natural Language Understanding

**NLU is an advanced subfield of NLP that catches more subtle inferences the latter might miss.**

Natural Language Understanding uses grammatical and linguistic rules to distinguish meaning from more complex communication. A chatbot that uses NLU can identify the differences in the sentences: "I canceled my policy, will I get a refund?" and "You canceled my policy, will I get a refund?" Traditional ML algorithms would flag "cancel" "policy" and "refund" as important but would ignore "you" and "I" - they're considered "stopwords", meaning they're filtered out of language processing. But with NLU, the chatbot understands how the words "you" and "I" are connected to the rest of the sentence and flags them as important.

## Natural Language Generation

**NLG is how conversational AI speaks back to us.**

Natural Language Generation describes the process of how computers can sound like humans and not like a scripted response. Advanced conversational AI products can use NLG not just to automatically deliver logical answers to queries, but to engage with insurance customers. When integrated with a carrier's policy, claims, or billing system, conversational AI can incorporate relevant data in its responses. For example, NLG products can reach out to ask customers for missing information (like their policy number) or supply customers with necessary data (like their claim number).



# 3. Best Customer Experience Use cases

So now you've finished reading about the difference between NLP, NLU and NLG and you might be thinking, "Okay, but how does this actually transform my company's customer experience?"

## Engagement

The number one use case for conversational AI is **customer engagement**.

It may seem counterintuitive to use artificial intelligence to supercharge your engagement methods. But think of it this way: frictionless interactions go a long way. Customers (and members, claimants, brokers and agents) want help quickly—whether that's from a human or a platform that's specifically designed to serve them is less important than a quality and quick solution.

In particular, the insurance industry exists to be there at their customer's time of need – which in most instances is following an injury, illness or damage to something they own. This is likely to be a stressful if not frightening time. Studies confirm that the quality of a customer's experience during the claim journey contributes to their decision to stay with their current carrier.

For example, think about a customer who has to call their insurance company to report a car accident. Which sounds like a more positive experience: talking to a human after navigating phone menus and being placed on hold for 20 minutes? Or texting an automated call center that can file the claim in 30 seconds? SMS outbound/inbound support can make a world of difference to on-the-go customers. No login or desktop required—just help when they need it, through their preferred channel of communication.

If you're still not convinced, conversational AI's ability to personalize customer experiences should tip you over the edge. Some insurance companies miss the opportunity to interact with their customers until their policy comes up for renewal. Consider the impact to customer retention if you could automate alerts about significant weather events nearing their area, or to provide relevant reminders for wellness activities. According to the Harvard Business Review, it is anywhere from 5 to 25 times more expensive to acquire a new customer than it is to keep a current one. Even a specific expression of a carrier's loyalty, by treating their renewal as the anniversary of an important service relationship, can offer a differentiating customer experience.

# 3. Best Customer Service Use cases

## Understanding Conversations

Conversational AI's second-best utility is understanding conversations. At a narrative level, you get to know your customers through insights derived from thousands of messages. Some modern conversational AI platforms provide dashboards that analyze and report on user insights like the effectiveness of different automated interactions, including which generate the desired customer response, requests that customers open but do not complete, and other KPI metrics.

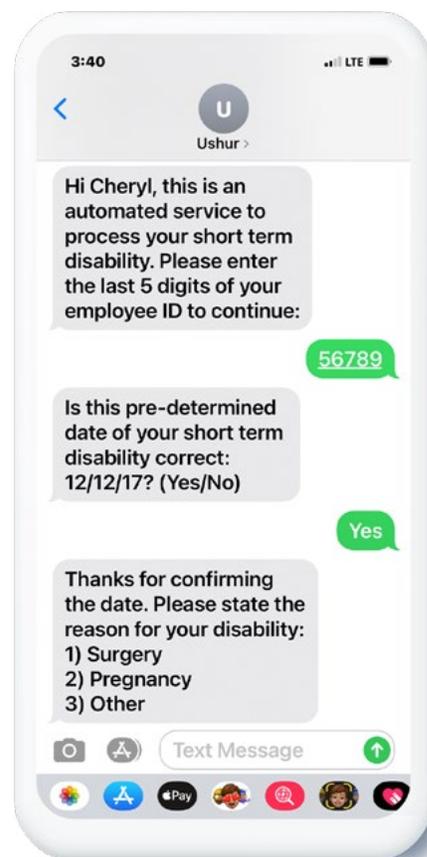
At a magnitude level, conversational AI powers your customer service at an unbelievable scale. Think converting hundreds of phone calls to text or parsing through thousands of emails and routing them to the right departments without people having to open, read and forward each message.

You can identify the best use cases for your business by recognizing your high-volume drivers.

**High-volume drivers** are interactions that eat up your customer support time.

These can range from simple confirmation questions like: "When will my claim be paid?" "What's my premium?" or "Where is the closest auto repair shop?" all the way up to complex interactions where the customer needs to deliver data that can't be verbally communicated, such as a medical bill or a photo of damage to a building.

By automating these interactions, you can expedite or eliminate processes that slow resolving customer needs and divert employees from providing the human touch where its most impactful.



# 4. Customer Service Benefits & Impact

Call center roles, historically, have not been linked to the highest levels of job satisfaction. Employees can become frustrated if customers are frustrated. Customers can become frustrated because they have to wait on hold to ask a simple question. Or even without a hold queue, they are dissatisfied because calling is their only available avenue for service, when they would prefer the option of a digital self-service experience.

At the highest level, when you bring in a conversational AI platform, you can drastically improve your customer service experience. Here's how:

## Help Customers Faster

Simple requests or questions make up a majority of inbound customer activity, be it to update their policy or find out when their claim will be paid. But just because they're simple doesn't mean service representatives can breeze right through them. For example, a question on a claim status may need to be routed from the call center to leave a message for the claims adjuster. The customer's question remains unanswered until the claims adjuster reaches the customer, potentially after multiple callback attempts. Every step contributes to customer wait times. Customers get the help they need much faster when conversational AI platforms take care of the legwork and routine inquiries for you.

## Superpower Your Employees

Conversational AI that can execute both outbound and inbound communications means your employees never have to reach out to customers to ask for more information or remind them about upcoming deadlines. A few conversational AI products offer easy analytics dashboards so business analysts can A/B test automation campaigns, to find better ways to maximize engagement. They can review conversion rates to see exactly what automated workflows are effective and quickly adjust ones that aren't working as well.

## Make Customer Service More Satisfying

It's not uncommon for call centers to see 50% attrition in a year. With the cost of training and recruiting, you're losing a lot of money every time you experience turnover. And it takes time, potentially many months, for each new hire to achieve maximum service proficiency, from a quality and efficiency perspective. Note this repeatable work likely extends into many other areas of your organization, from underwriting to claims to billing. When you eliminate the repetitive, routine work, you are optimizing your talent to gain maximum value from any insurance company's most valuable asset. In turn, employees can be solely dedicated to delighting the customer.



# 5. Business Benefits

In addition to the customer experience benefits, conversational AI also drives two types of business results:

## Better Service = Happier Customers

The faster you address their concerns, the happier your customers. In insurance, for example, it might take weeks to resolve a simple claim. With conversational AI automating the manual data entry and back-and-forth interactions that claim could be resolved in days.

The majority (66%) of adults feel that **valuing their time** is the most important thing a company can do to provide them with good online customer experience.<sup>1</sup>

Obviously, “happier customers” is sort of an indirect benefit, but it does break down to real business benefits. Take this story for example.

One large insurance company decided to automate its claims servicing using two-way SMS. The claims process took three weeks to complete, with agents making six attempts to reach customers by phone. In its first year deploying conversational AI, the company converted its outbound calls into 70,000 automated text messages per month. The results were dramatic:

**85%**

overall campaign  
engagement rate

**50%**

of customers completed  
within five minutes

**90%**

completed  
within one hour

Other enterprises using conversational AI saw similar results:

- Reduced inbound call volumes by 42%
- Raised NPS/CSAT scores by 40%
- Accelerated email processing from days to seconds
- Cut queue times from 15 hours to one minute

1. Forrester, 2018 Customer Service Trends: How Operations Become Faster, Cheaper — And Yet, More Human

# 5. Business Benefits

## Reduced Operational Expense = Happier Employees

Companies that make a concerted effort to improve their customer experience also see employee engagement rates go up by an average of 20%, according to McKinsey.

Employees who spend more time solving meaningful problems for customers and less time completing routine tasks are happier employees. The main business benefit to conversational AI is more engaged employees—but reduced operational costs is another meaningful benefit.

In chapter three we talked about how conversational AI slashes high volume drivers. Let's take support calls as an example. Typically, every call costs you between \$12-17. Lowering call volumes has an impact force on operational expenses.

*One large enterprise using conversational AI reduced **outbound** calls by **94,000+ per year**.*

We're talking about reducing operational spending not in the thousands or even hundreds of thousands—we're talking about saving millions of dollars every year—and that's on just one call type.

Enterprises using conversational AI recorded similar metrics:



Time is money, so there's also the impact to top line revenue to consider. When competing for new business, the speed to process a quote request matters. Conversational AI can automate insurance quote processing to drive the turnaround time down from weeks to hours, with the additional operational efficiency gain of less employee effort required.

# 6. What Kind of Conversational AI Do I Need?

In the huge marketplace of chatbots and AI frameworks, how do you identify what kind of product will drive the most value for your company?

Generally, if the tasks you're looking to automate involve talking to a customer (or broker, agent, claimant or member), customer-facing conversational AI could be a good fit.

If you're trying to automate between customer-facing communications and your policy, claims or billing system, you need a more modern conversational AI platform that can integrate with core applications and CRM systems.

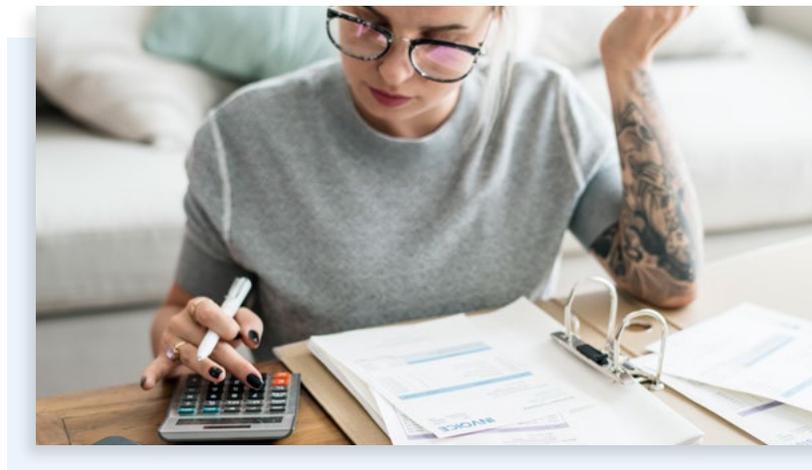
You can refer to the chart below for a basic breakdown of your options. Generally, there are three main elements to consider when weighing conversational AI products.

## Ease of Use

Is the platform something your IT team has to study for 6 months, or can the business analysts in your operations team get the hang of it in a week? You'll tend to experience a longer time to value with products that require developing design and coding experience to build, maintain and manage automated workflows. Spending millions of dollars on a complex system that takes 15 months to produce any benefits may not be a wise investment.

## Robustness

Based on having identified your needs, do you need a platform that can accomplish complex tasks? Must it be able to integrate customized business rules into its automation? Be thoughtful in your assessment of these needs, as more isn't always better. You do not want to look back a year later and discover you're committed to an automation platform that is far heavier with too high a cost to maintain than you actually needed. Too much will likely also take too long.



## Vendor Accountability

How good of a partner is the AI platform vendor? Does the vendor understand your business, and hence how to implement the solution to meet your business goals? Are they focused on giving you the autonomy you want for maximum agility?

# 6. What Kind of conversational AI Do I Need?

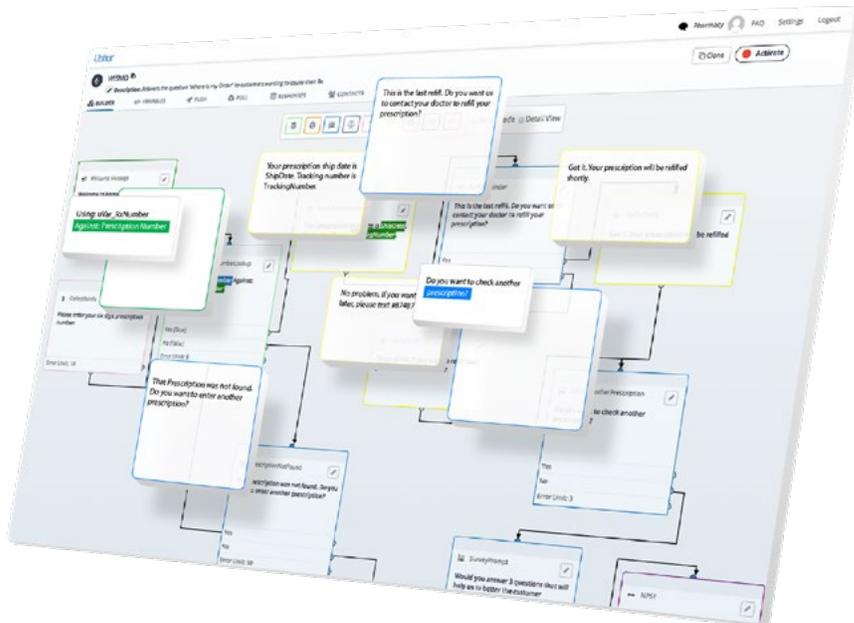
## Conversational AI Product Options

A quick exploration of the various types of conversational AI products.

	<b>Chat Bots</b>	<b>RPA Bots</b>	<b>AI frameworks</b>	<b>End-to-end Automation Platforms</b>
<b>Description</b>	AI-point solutions for customer and sales support	Software that automates back-office tasks	Cognitive computing system that answers questions in natural language (i.e. IBM Watson)	Manages customer engagement workflows from beginning to end (customer to CRM/backend systems)
<b>When to use</b>	Inbound conversations started by the customer in captive channels (web, social, app)	High-volume transactional processes such as manual data entry, communicating with external systems	Raw data organization, understanding unstructured data at scale	Outbound or inbound conversations, omni-channel customer interactions, high volume call or email processing
<b>Advantages</b>	24/7 availability, can deflect calls, streamlines FAQ-based interactions, reduces customer service strain, can handle multiple customers at once	Eliminates human error, expedites lengthy menial processes, can improve job satisfaction	Interprets and enriches unstructured data, visual data recognition, can connect customers to human agents (unlike chatbots)	Supports the full customer journey, works out-of-the-box, intent-based classification, backend integration, supports language translation (select platforms)
<b>Disadvantages</b>	Can only be programmed to perform one task, can't initiate conversations, may not be advanced enough to answer all queries, can't handle complex rules and decisions, may not be omni-channel (most don't do SMS)	Not customer-facing so not considered true "Conversational AI" technology (grouped as such because of its automation capabilities). Implementation can be complex	High migration costs, deep implementation process, can be too technically complicated for Ops teams to use	Two-way platforms (customer and backend) involve buy-in from business and IT teams, planning of specific automation tasks required

# 7. How Quickly Should I See Results?

Your implementation and time-to-value benchmarks depend on various factors. Naturally, no-code platforms built with drag and drop tools and user-friendly UI will be picked up quicker than more technically complicated ones. More complex solutions will also require more budget to build out and potentially will be more expensive to maintain.



## Time to Implement

Expect to spend 1-4 months implementing a conversational AI platform. If you don't have complex integrations, you can be up and running in a month. More complex implementations—ones that depend on integrating with backend systems and the availability of certain AI models — fall in the longer range.

## Time to Value

Time to value can be 0-3 months after deployment for less complex systems and anywhere between 3-15 months for complex systems that require a lot of IT or consulting resources.

# 8. Getting Started with Conversational AI

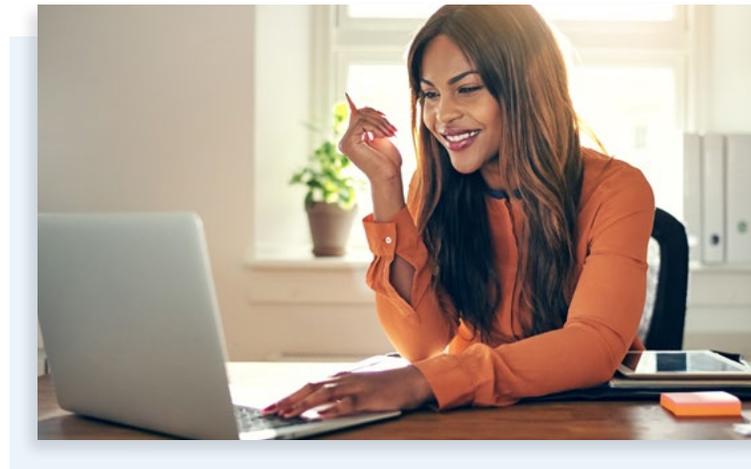
The decision to adopt conversational AI (or not) doesn't have to be an arduous one. Here's how to break down the process.

## Audit Your Current Approach

Start with discussion. In what ways do you want to improve your customer experience? What are your goals for customer engagement? Then, do an informal audit of your high volume, low effort interactions. Those friction areas will become your first target for conversational AI transformation.

## Put Yourself in Your Customer's Shoes

If you were your customer, how would you prefer to communicate with your insurance company? If you'd rather manage your policy online than call a service center, consider offering customers various digital channels. Think about the persona of your customer. In what kinds of settings or moods do they usually interact with your company? Someone calling in from a remote location with a serious accident to report will have very different needs from someone at home checking off their weekend to-do list, including to learn when their premium payment is due.



## Implement & Iterate

You can't measure success without clear metrics. Once you've figured out the area you want to target, set KPIs with your conversational AI vendor. Are you striving to increase medication adherence? Shorten claim cycles? Process quotes and policy changes faster? Reduce inbound status calls? Your biggest pain point is probably also a concern for your customers and is not necessarily at the beginning of the policy, claim or billing journey.

Conversational AI enables you to reimagine not just your customers' experience, but also your internal business processes. If you will be automating proactive claimant outreach for return to work updates, for example, you have existing reminders and activities that can stop. Operational changes are key to be able to measure all of the impacts.

At Ushur, we use an iterative process to prove KPIs. We start with a Proof of Concept to rapidly automate a simpler workflow. As we verify business value, we iterate with you to the next, more sophisticated automation. Our micro-engagements™ approach enables our customers to see proven, measurable before they commit to implement on a larger scale.

# About Ushur

Easy to use and built for engagement, Ushur is the first **automation platform** that understands the customer's needs—and yours.

We understand the challenges and opportunities within insurance to meet if not exceed customer expectations to offer them the choice of multiple digital channels and self-service automation. If this sounds like you:

- NPS and C-SAT scores need some love
- Customer interactions take too long to complete
- Can't reach customers by phone
- Customers give up on one interaction channel, switch and start over on another
- Operating costs are mounting, threatening profitability

Then let's talk.

Ushur's conversational AI platform:

- Intelligently engages customers over virtually any channel
- Makes employees more efficient by gathering routine information and communicating with core systems
- Empowers customers engage with you on their own time and through their preferred channel
- Enables design-your-own automation workflows with easy drag-and-drop tools
- Supports 60+ languages and simple to complex use cases

Designed for the insurance industry, Ushur engages customers, members, claimants, brokers and agents over email, mobile browsers, SMS and more, using conversational AI and intuitive workflows to understand what people are saying and what to do next.

Its end-to-end automation platform accelerates time to value with features like a visual builder, powerful tools for data extraction, and integrations with backend vendor and internally-built systems. [Learn more >](#)

