

AI-powered chatbots make buying insurance painless

A [global survey](#) from Gartner shows that 40% of companies have deployed artificial intelligence (AI) in some part of their business, up from just 10% four years ago.



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In fact, AI has done away with the reams of paperwork traditionally associated with applying for a loan or short-term insurance, or even the time spent on the phone as a customer services representative talks you through your options.

The growing sophistication of chatbots and the artificial intelligence (AI) that powers them could soon make such time-consuming, frustrating interactions a thing of the past. “Chatbots will dramatically change how you interact with a range of companies in the years to come, from your asset management firm to your car insurer,” says Ernest North, co-founder at AI-driven car insurance business, Naked.

Today’s state-of-the-art chatbots are much more advanced than the simple bots that pop up to help you navigate some websites or to offer answers to simple, generic questions. They are becoming a company’s main interface for sales and ongoing customer service.

Startups are the most successful in using AI and chatbots because they can build their businesses from the ground up to make the most of the technology. Established businesses, by contrast, need to make sweeping changes to their IT, business processes and workforces to make effective use of chatbots and AI.

Client experience

From a customer’s perspective, interacting with a chatbot feels like chatting to a friend using Facebook Messenger or WhatsApp. But in the background, powerful AI and algorithms are used to resolve a customer query, whether that is generating a quote for car insurance or recommending the mix of funds and products a customer should include in an investment portfolio.

“Chatbots are at their best when they make complex processes feel easy to a customer,” says North.

“You will feel like you are answering simple yes/no, one-line or multiple-choice questions, but the AI is using a complex decision tree to steer the conversation. It will, for example, decide which questions to ask, and in which format, based on your responses.

“The more sophisticated chatbots will also use external databases and contextual data to decide what to ask you and how - for example, your location, the time of day that you are using the app, or how long it took you to answer a specific question.”

This approach turns a process that was once an intimidating and time-consuming chore into a simple text interaction that takes a few seconds.

“Because the experience is so quick, smooth and transparent, more people reach the end of their application through a chatbot. By contrast, people often drop out of the process when they need to fill in screens and screens of complex online forms,” he says.

Cost saving

AI-driven chatbots also bring down sales and customer costs because there is no need to run a large call centre to answer queries and help customers make sense of complicated forms. This can translate into lower premiums in industries such as insurance or lower fund management fees in asset management.

Chatbots can be programmed to interact with customers in a tone and style that reflects the brand’s personality, bringing a high level of consistency to each interaction while still offering a human touch.

According to one [survey](#), 64% of consumers pointed to the ability to get 24-hour service (64%) as a major benefit of chatbots. More than half (55%) indicated they would benefit from instant responses to inquiries. This shows that consumers are craving a real-time, on-demand experience and that they expect to get it from chatbots.

“Companies should always be transparent about when you are interacting with AI and when you are interacting with a human,” says North. “But the dream is to develop chatbots that are so sophisticated you wouldn’t be able tell them apart from a human agent without being told. You should be left feeling that your customer experience delivered the right mix of empathy, intelligence and efficiency for your needs.”