Use of Artificial Intelligence in the Indian Insurance Sector, including Healthcare Companies

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Abstract
This research aims to understand better the application of Artificial Intelligence (AI) cases in the insurance industry, including healthcare companies. In particular, we want to expand the size and market penetration of AI in insurance markets to boost customer satisfaction in the insurance industry. The analytical model attempts to define the relationship between AI and its implementation in the insurance industry. Rigorous research to test the definition was carried out through a sample of international corporations and insurance firms. This work presents various practical findings that insurance companies consider quite useful when responding to dissatisfied customers and certain organizational concerns. This paper aims to identify the challenges and enablers that have evolved in the context of artificial intelligence adoption, specifically in the finance sector, and to analyze the impact of this disruptive technology on the organization's financial performance and market capitalization. The findings indicate that, in addition to the various risks and challenges associated with artificial intelligence adoption, it is critical for all financial institutes or companies involved in financial tasks to adopt artificial intelligence to compete globally.

Keywords
Healthcare Insurance, Artificial Intelligence, Implementation, Financial Performance, and Market Capitalization, Adoption, Customers and Certain Organizational Concerns

Imprint

1. Introduction
Insurance has become a low-cost company. Consumers engage less with insurance providers than all other sectors in the study1. Most insurers have little interaction with a vast number of end-customers because there is a considerable volume of intermediate business — brokers, for example, receive a whopping $45 billion in gross payments from insurers around the world. Nonetheless, the incremental digitization of the market lets insurers gain insight into customers’ desires and use data to customize their goods [1].

Significant market challenges exist in six verticals:
• Expenditure of opportunity: approaching potential customers at the right moment
• Best advice: Provide the correct selection of products to satisfy the demands of customers.
• Time consumption: motivating committed consumers to make the quickest comments
• Cost: high-cost reasons to the benefit of companies to gain negligible income
• Fraud: the rising amount of false and deceptive claims
• Cumbersome processes: Physical processing of large data makes operations cumbersome.

Technologies may relinquish these six verticals and be successfully handled. Cognitive innovations emerging have developed their awareness, which has greatly intensified the insurance industry. This article will look at the implementations, effect factors, primary hazards, significant challenges, regulatory consequences, and future reach of the implementation of AI in the insurance industry [2]. We will also look at the effect on the degree of pre-and post-AI program delivery and customer expenditure.

Artificial Intelligence (AI) is a growing area in technology, industry, and research. Given the widespread usage of emerging technologies and the developing developments, AI systems claim tremendous profitability across industries, especially in marketing and finance. AI can adjust and develop every day based on yesterday’s decisions, seeking to make the most stressful data accessible to it. About 40 trillion gigabytes of data (40 zettabytes) will be usable by 2020 [3].

With a growing amount of important consumer info, insurance companies are spending extensively on AI and computational technology, with an approximate overall investment of USD 4.8B in 201611 with...
an expected investment of USD 47B by 2020. We have three divisions where insurance providers concentrate on AI implementation:

1.1. Case Studies of Insurance

The case studies below reflect some of the forms in which (re)insurer’s partner with technology companies to integrate AI into their company. However, the use of AI and machine learning in the insurance industry is fairly recent, so several of the programs are primarily experimental trials with various ventures that have yet to be scaled up and introduced on the market [4]. Although the insurance sector has barely hit the surface of using AI, many drivers have seen fantastic success stories in the insurance environment. The case studies contained in this article are not solely AI insurers. Nonetheless, our goal is to demonstrate how insurance providers are using AI to achieve their market objectives.

1.1.1. Google Tensor Flow and AXA

Approximately 7–10% of Japanese AXA customers trigger auto crashes last year. Some of them are minor incidents with minimal compensation premiums, but only 1% are so-called large-loss events where policy costs are higher than $10,000. As a part of this opportunity for wide-scale purchases, AXA has switched to Google Tensor Flow to create deep neural networks to evaluate vast volumes of consumer data and forecast future claims to adjust rates for their car insurance plans [5].

1.1.1.1. Benefits: The AXA team has reached an accuracy rate of 78% of its forecasts, which gives AXA valuable opportunities for higher revenues, including the introduction of innovative insurance technologies, such as real-time pricing at the point of sale.

1.1.2. Fukoku Life Insurance & IBM Watson Insurance

Fukoku Mutual is a Japanese life insurer that deals with inefficiencies in compensation management and increasing operational costs like most insurance providers. In February 2017, the insurer began to exploit IBM Watson Explorer to deliver an AI program that will optimize the insurance process and quantify compensation awards accurately based on various factors, such as accounting, duration of hospital stays, medical history, and others [6].

1.1.2.1. Benefits: Fukoku is now seeing an increase in its operational performance in handling medical applications, such as avoiding reimbursement control and eliminating labor costs. The insurer improved its efficiency by 30% and was able to do so [7].

2. Literature Review

2.1. Artificial Intelligence (AI)

Artificial Intelligence (AI) is a computer-assisted computational course that aims to shape artificial processes that can be referred to as wise. The level of knowledge may be set to a maximum value further to categorize it into Poor, Powerful and Super-Intelligent AI.

Super Intelligent AI (ASI5), capable of imaginative and logical reasoning, transcends human intellect. According to a Bain & Company survey, the Asia Pacific (APAC) area is undergoing an insurance boom and major digital transformation in this field. When rivalry increases and new entrants join the sector, insurance firms are introducing driven platforms for artificial intelligence (AI) that stay ahead [8].

The Asia Pacific already has the world’s fastest-growing insurance sector. The rise is aligned with two main factors: the rising middle class and raising barriers to entry in markets such as China and India. Around the same period, digital transformation has led consumers to demand direct exposure to insurance coverage, can conveniently compare electronic plans, and provide more customized benefits and goods.

To step ahead, insurers use predictive analytics, artificial intelligence, and other AI-driven tools to deal with innovative emerging entrants and rising consumer interactions. According to a report by PwC, over 80% of insurance CEOs have claimed that AI is either a component of their company model or that it will be within three years [9].

There are four key ways insurers are willing to incorporate AI to improve consumer loyalty, combat fraud, and streamline business processes.

The role of AI in the Indian Insurance Industry Technology has led to several positive changes, and the insurance industry does not remain behind to use the technology to improve its functioning and customer services [10].

The insurance industry has traditionally focused on policies and products, but the trend is changing. Insurers are increasingly inclined to become customer-focused organizations, and Artificial Intelligence is at the forefront of this mission.
"The usage of AI in insurance increases consumer service with client awareness, streamlines the compensation process, enhances undertaking, and avoids fraud. Entering AI would help the insurance sector in successful consumer interaction and a greater business reach in the long run," says Shivakumar Shankar, LexisNexis Risk Solutions’ India MD.

AI has also played an important role in helping insurers face their two main challenges – penetration and simplification of customer service at various points of contact.

The insurance process beginning with ads to contribute to deals and different facets of customer care has several touch points, and AI will ease and cope with daily activities and expand their presence in the sector. The industry uses AI to streamline its operations and connect effectively with the audience [11].

However, we still have early days for AI in India’s insurance industry. Insurers have just begun to experiment. Several insurance firms use AI / Big Data for their advertisement or advertising plan or the easy handling of claims.

"AI is not yet being explored in India in many aspects of insurance such as customer service, pricing, risk assessment, fraud, and customer demand. In order to have a clear understanding of AI, we need a broader variety of data content, which can be used effectively, “added Shankar.

One of the most popular uses of AI in India is chatbots, which help make requests faster and provide policy details, documentation, and other details [12].

"AI will also use ML algorithms and NLPS for understanding consumer behavior shifts during encounters and statements and using correct questions/ responses intelligently to queries that help eliminate differences during encounters," Shankar said.

AI has much promise in India. Greater implementation of AI in the market would continue to streamline the cycle of consumer buying and maintenance. Insurers are forced to redefine old processes, while customers will find things much easier-such as fast underwriting or settlement of claims.

The advent of technology and increasing adaptation to digital use will result in many online interactions and claims, and AI appears to be the right solution for insurers to deliver the best client service [13]. AI comprises of various associated technologies:

2.1.1. Machine Learning
Includes teaching algorithms in order to recognize data trends and/or forecast outcomes. Many AI systems are machine learning software. The creation of quantitative trading strategies also uses machine learning [14].

2.1.2. Deep Learning
A machine learning program, where a model can interpret the results and address issues without guidance or specific directions or frameworks such designers know on their own.

2.1.3. Neural Networks
Algorithms are programmed to mimic the human brain and to identify data trends. We can define, interpret, and evaluate different data and discover trends that are too difficult to compose for human programmers. Google’s QuickDraw, a sketching game that uses a vast collection of user drawings to guess what you are doing, is a nice illustration of a deep learning and neural network [15].

2.1.4. Natural Language Processing
The above allows computers to grasp perceive and react to written text or voice, and chatbots often utilize its platform.

2.1.5. Detection of Crime and Payment Review
The Singapore General Insurance Association reports that nearly one in five premiums issued by the company was inaccurate or misleading, costing the sector over 140 million (USD 101 million) a year.

To counter fraud, insurers utilize predictive modeling tools focused on AI to manage thousands of claims per month. AI will classify statements, which are not valid by evaluating them in milliseconds based on defined rules and metrics with the number of false claims. Such metrics include elements such as allegation size, previous behavior, and credit ranking.

By using machine learning, Chinese insurance firm, Ping an, saved US$ 302 million in one year from false claims. It also improved the precision of fraud identification by 57 percent from the previous year.

2.1.6. Profiling & Segmentation of Consumers
By automating and incorporating cognitive learning into their data processing systems, forward-looking insurance firms, including AIA Singapore, often improve their capacity to identify consumers.
Insurers can create a holistic understanding of customers, such as insurance preferences, desires, and life cycles, to combine and gain feedback both internally and externally. Insurers may classify their customers through these characteristics and use deep learning to forecast their success rate. Insurers will then select the correct product suggestions for growing consumer groups from these experiences.

Insurance providers now improve consumer recognition through speech and facial detection, allowing AI, helping to build biological client identities to easily and reliably validate and monitor actions and characteristics.

2.1.7. Concept of Service & Policies

Another sector that insurers are utilizing AI is the knowledge regarding their product and strategy formulation, streamlining and speeding up the processing and review of vast data from controlled networks, third-party providers, and agencies. Such observations are also used to build and enhance the nature of goods and policies.

Zhong An is an organization that constantly publishes groundbreaking technologies and practices, many of which have been developed to aid advanced AI techniques such as machine learning and image recognition. For example, specialized policies to insure against broken smartphones screens and return shipping goods were created [16].

2.1.8. Underwriting & Review of Allegations

The underwriting method is still seen as art focused on human intuition, but AI innovations have now advanced into this insurance sector, rendering the process increasingly scientific.

To provide a more realistic view of the danger and decide which applications should be checked, insurers are also utilizing data analytics and artificial intelligence as well as new tools such as satellites and the Internet of Things apps.

For starters, Japanese insurance provider Fukuoka Mutual uses a cognitive learning program to analyze medical reports and details on activities and hospital stays for compensation measurement. In the meantime, ICICI Lombard, an Indian firm, has developed an AI cashless claim settlement mechanism that can be done within a minute.

AI innovations re-think every part of the thriving insurance market of APAC, from fraud prevention to underwriting. Through rising uncertainties and streamlining operations, businesses will increase productivity and deliver more personalized goods and services – the path to potential growth.

The main market role of insurance undertakings has become a primary beneficiary of AI-driven technology. Today, businesses will move from restricted handwriting processes to technology such as:

2.1.9. Profound Learning Algorithms

Trying to imitate the reasoning and problem-solving abilities of the human mind, the profound methodologies of learning have given a new dimension. They are a multidimensional perception of the threats requiring a deeper analysis into the relevant data streams, focused on conventional underwriting approaches [17].

2.1.10. Processing in Human Languages

Natural language processors gave insurgents a human face. For now, the opportunity to identify the individual with whom it deals personally, insurance company systems will obtain client knowledge and create consumer records. The technology reduces the risk of error in data collection and serves as a virtual assistant to new insurance undertakings.

Artificial intelligence (AI), throughout the Indian insurance landscape, is gaining relevance quickly. When the ideas evolve with time, innovations such as digital intelligence, natural language processing, neural networks, and artificial perception challenge systems around the world's fifteenth-largest insurance market. Artificial intelligence is gradually implemented here, beginning with sales/distribution, underwriting, claims processing, and regulation processing.

The recent regulatory sandbox initiative to provide a controlled test bed for emerging insurrection applications by the Indian Insurance Regulatory and Development Authority (IRDAI) was a step in the right direction. The need to incorporate cutting-edge technology such as AI into the Indian value chain is rising. These changes will revolutionize the whole spectrum of insurance companies.

2.2. Enhanced Distribution and Sales

According to the new IRDAI annual survey, insurance penetration was a cause for concern in India for a long time. In this situation, AI-friendly solutions have proven to be a powerful tool for expanding insurance
coverage. Nowadays, insurers have benefited from effective insurance marketing strategies and leading engagement campaigns to develop new insurance products based on customer insights.

The application type may range from predefined symbolic AI (SAI)-based rules to stand-alone machine learning systems (ML). However, technology is inherently rapidly emerging as a force multiplier, taking over repetitive work-intensive processes that limit the intervention of people to supervisory roles. Sales and delivery networks are streamlined:

2.3. Improved Production of Lead

AI-led, predictive data analytics can help insurers with a high probability of conversion to target cases. These experiences will help improve and consistently increase the productivity of the sales team in lead generation [18].

2.4. Enhanced Future Sales force

Working together with artificial intelligence, integrated Technologies such as linked repositories and sophisticated data mining techniques may produce useful insights into consumer behavior. With exposure to such statistics, it is simpler for insurance companies to sell offerings with better incentives to satisfy consumer requirements.

2.5. Improving Quality of Operation

Keeping these AI-powered platforms push for insurance service excellence in India with a global projection of 80% business chatbots adjustment in 2020. While addressing typical requests, customer care expenses are minimized, contact continuity is assured, and the consumer request-response period is shortened.

2.5.1. Styles of Consumer Conduct

The Internet of Things (IoT) created an insurance firm focused on AI. Provision of real-time data from the network of interactive sensors such as onboard modules and connected apps has culminated in a more practical risk assessment and a different element in the nature and pricing of insurance policies. A committee made up of IRDA advocated using telemetric to calculate auto insurance rates in the future, recognizing its promise. The move will promote fair pricing because it will enable premiums to be linked to individual driving behavior.

2.5.2. Management of Enhanced Statements

Data-driven AI-powered systems also updated legislation and claims processing technology. The systems operated by computers are much more efficient, with about 30 percent greater reliability than manual treatment, with decreased processing time and fewer exceptions.

Tactical and strategic applications have been found in claims management in areas such as:

2.5.2.1. Detection of Crime: According to a report, more than US$ 6.25 billion was lost through theft by Indian insurance firms. These risks impact insurers and trustworthy policyholders call for effective fraud prevention systems. Since the advent of large data analytics, you can create information by leveraging vast datasets, such as medical history, court reports, statistical statements, and even events in social media. It helps insurers conduct more in-depth background checks during the review of claims and avoid fraud opportunities.

2.5.2.2. Predicting Trends of Argument: The latest flood in Kerala or the Aero India parking crash, destroying more than 300 vehicles, shows the complexities in managing insurance claims owing to natural and human-made reality. AI-driven algorithms are best suited for a proactive spiking analysis of claims amount and trend abnormalities with their capacity to assimilate multiple data sets. It allows insurers ample flexibility to make preparations to comply with such cases.

2.5.3. More Available

Fraud is harmful to companies and expensive to consumers. The McKinsey Global Institute estimates that 10% of the expense of properties and death lawsuits could be false. AI can spot insurance claim irregularities, which will track consumer contact statements and trends that indicate fraud. The level of resources spent on fraudulent claims can be popular. Less costly insurance can be made more affordable for customers.

2.5.4. Less Attentive

Responsive insurance companies need the right personnel. AI will forecast consumer behavior in order for insurance companies to deal with price surges. It will also enable administrators to prepare their workforce to serve these needs better. McKinsey further states that insurance companies can increase productivity by 6% to 8% by using AI to optimize staff
availability and resources. You anticipate demand, react quickly and satisfy customers.

2.5.5. Less workers

Insurance firms can personalize consumer interactions. Take, for instance, vehicle driving risk customizing policies. AI will study driver behavior trends, boost risk assessment, and personalize policy terminology. Through personalizing the risk estimate, an insurer can lower risky driver conduct by 53 percent. Individual liability increases both the provider and the consumer [19].

2.5.6. Less Valuable

Personal programs are more valuable as they are provided in real-time. Intelligence helps insurance providers to optimize business choices that improve customer-company engagement. According to McKinsey, AI will completely optimize 39 percent of functional work. An AI will learn to recognize signals that consumers change their life, like raising a newborn, taking administrative decisions, and reacting with the correct insurance choices in real-time. You simplify processes, respond rapidly to consumers, and maximize the reliability of your services.

Depending on the behavior, these programs often allow the best staff usage and assign instances to team leaders with the highest expertise in coping with these circumstances. The platforms will also identify cases that need human intervention and can be escalated.

AI System deals with the world through a repeated process of thought and behaving, which collects environmental data, makes rational choices based on feedback evidence and previous knowledge, and ultimately takes intervention that impacts the climate, which takes data in the form of photos, videos, music, language, etc., analyzes this data using AI algorithms and offers AI-powered solutions (Wirtz, Bernd W 2018).

2.5.7. Insurance & AI

In 2017, Artificial Intelligence demonstrated its substance in several market verticals by quickly building managed, digitally augmented autonomous environments for optimal productivity. Insurance firms, in particular, have a lot to benefit from by engaging in AI-enabled technologies that simplify the scheduling of executive duties and improve the standard of service by allowing agents to make the right decisions and make the wrong judgments.

AI is rising due to ever-increasing data on company activities, private life, and public life. More and more data are being gathered in the era of digitalization – from companies, states, families, and individuals. Approximately 2.5M terabytes of data are produced every day.

Advanced technology has been a part of the insurance business now. Nowadays, by pressing a button, one can conveniently match life insurance quotes. Not just that, it is simple to monitor coverage or update policy status with the mobile device. The paper policy has been a thing of the past these days. Over the coming years, insurance technologies would undoubtedly grow even further. Although there are many developments in insurance technologies, we can see them become more prevalent in the insurance sector. Insurance firms that are pursuing a comparative edge should consider these emerging developments in one or more of them.

3. Results and Discussion

Most insurance provider’s employ statistical modeling to gather specific statistics, model, and consider consumer behavior. However, different approaches may be found to boost precision. Insurance firms are already willing to utilize statistical analytics for:

- Identification of fraud danger
- Pricing and collection of vulnerability
- Classification of statements
- Identifying purchasers with policies at danger with cancellation
- Forecast patterns

3.1. Data on Social Media

Today, the influence of social media and its position in the insurance business flourishes beyond clever ads and marketing techniques. The utilization of social network data enhances the life insurer’s risk management, increases the identification capability for fraud, and offers a different consumer interaction; it also lets the consumer connect with the insurer to improve the reputation of the insurance business. Customers may also file lawsuits, test quotations, and order certain resources through their Facebook credentials.

3.2. Talk bots

The analysts predict that by 2025, 95% of all consumer communications should be carried out by chatbots. By utilizing artificial intelligence, chatbots can
connect effectively with clients, saving time and resources inside an insurance firm. A chatbot may allow consumers to request a regulation or lodge a lawsuit to avoid human intervention in more difficult situations.

Using the 24 x 7 customer care word, a 24 x 7 virtual agent will communicate with the consumers through text or voice to answer any customers’ concerns or inquiries concerning the life insurance policy.

3.3. Thinking Computer

Many developments in insurance technologies are intertwined to allow insurance providers to be more efficient. Machine learning, as per Forbes, is theoretically a division of artificial intelligence, but it is more precise. Machine learning is based on the premise that computers should be programmed to study and process data independently, without continuous human intervention.

The insurance provider should enhance the collection of reimbursement by way of computer intelligence and simplify it. Once data are downloaded and stored in the cloud, pre-programmed algorithms may be used to interpret them, increasing precision and processing speed quickly. Such automatic analysis can affect more than just statements – it can also be used to assess danger and implement legislation.

From a company point of view, AI can work more efficiently, effectively, and reliably. AI will help to simplify work-intensive procedures that reduce costs and save time. AI will also be used to interpret consumers fully — companies should use AI to evaluate data on clients so that they can predict consumer behavior.

There are several other AI subsets, but the most notable takeovers are, BI algorithms are used for the grouping, analysis, and description of relationships. AI will be used for pattern detection, optimization, and inference by applicable to data sets. AI will recognize and interpret data in different formats: document, language, picture, video, etc. structured (i.e., classified data) and unstructured data may both be used. Big data sets are fed to classified data to know computer algorithms [20].

3.4. AI Protection Policy

The insurance business is old and heavily regulated, which may have driven insurance firms to accept technology progress later than other sectors. Insurance is also interested in the inefficient manual, paper-based procedures involving human involvement. Even now, consumers encounter endless documentation and procedures whether they have a premium reimbursed or apply to a new insurance program. Customers can, therefore, actually compensate for premiums if insurance plans are not suited to their requirements. In a moment where much of our daily life is electronic, automated, and easy, insurance is not necessarily a pleasant consumer experience, which is said, we are starting to see insurance companies worldwide pressing for improved technical capabilities so that they can do business quicker, easier and healthier. Several notable cases of insurers spending aggressively on artificial intelligence technologies have been identified in recent years. McKinsey reports that the annual benefit of AI innovation for the insurance business is up to $1,1 trillion. The market sectors that will benefit most from this are:

3.5. Sales and Marketing

Machine intelligence can be more economical and appropriate for pricing insurance premiums and to educate consumers on valuable goods. Insurers will market policies depending on their particular preferences and behaviors and ensure that consumers simply compensate for their coverage. It improves policy appeal for a larger range of customers, each of whom would also buy policies.

3.6. Risk

Neural networks can be used to recognize trends of fraud and will false statements. According to the Internal Revenue Service, the US is projected at more than 40 billion dollars a year in non-health insurance fraud, which may cost consumers 400–700 dollars in extra costs each year. Machine learning may also be used to develop liability and actuarial models of insurance firms and theoretically lead to more competitive items.

3.7. Operations

Neural network chatbots can be built to understand and respond to most consumer requests through e-mail, chat, and telephone calls, encouraging insurers to invest more time and money in more productive operations.

AI provides the ability to encourage more personalized programs, advertising, and advertisement strategies. It helps insurers combine existing data with emerging data streams from physical and social media, cameras, and smart apps. Therefore, it is possible
to build more personalized products by defining consumer groups for personalization using input cluster analyses. Individualization can increase the income of insurance companies by 5–10% (Deloitte). Throughout the insurance market, insurers may use algorithms for machine learning to build dynamic models to maximize the interest of consumers’ lives and improve incentives for cross-sales and product reviews.

Ex-Transamerica and USAA use machine learning and recommending engines to obtain better customer intelligence for improving marketing campaigns, enhanced product recommendations for existing and new customers, and more effective cross-selling. Insurance companies benefit from rich contextualized customer data that optimizes customer value via product recommendations.

3.8. Enhance the Consumer Service

In 2017, insurers invested in AI to increase operating productivity by automated claims management and consumer engagement/service (chatbots) to address sluggish insurance procedures, especially property and victims. Virtual helpers can assist customers with natural language doubts, purchases, and transactions. Robo-advice (chatbots) possesses potential in the middle-class segment & young people because of low pricing, consumer understanding, and optimum advice, which can also offer value-added services beyond insurance coverage data-enabling healthy lifestyle, fitness, and driving habits through IoT & AI.

In 2017, a UK-based wealth savings fund invested £10 m in Wealth Wizards robot planner and introduced the robot-Para Planner, which provides financial guidance for fewer than two hours, allowing the investing planning phase smoother. Ex-AIG received a $244bn investing increase in its retiring groups. The Fiduciary Rule of the Department of Labor in the US imposed a reorganization model for sales compensation, which led some financial advisors to encourage robot advice. South African Insurtech Vitality offers wearables, like, Fitbit watch with medical benefits and a wellness plan that involves a 50% workout fee discount, which utilizes company well-being details to provide clients with valuable lifestyle recommendations.

3.9. Automation and Enhancement of Statements

Big suffering, i.e., excessive production and consumer frustration in handling claims, may be of assistance as AI, which can be used to boost connectivity by smart automation. Predictions can be made for claims based on available knowledge. Complicated claims can be delegated to professional adjusters. The audit mechanism monitors claims leakage (via claim investigation, assessment, and settlement).

Ex – AI was used in 2017 to triage cases dependent on visual appraisal. After examining photographs of a car injury, AI Approval reviews and authorizes report in seconds to maintain precision and efficiency during the whole claims process.

3.10. Improvement of the Procurement Process

High running expenses and poor procedure management challenges have trouble manually producing, storing, and managing data from undertakings and brokers with filled paper archives. AI may be used to evaluate various data forms and quantities over a shorter period, helping to separate potentially fragmented obsolete incompatible legacy networks. It can minimize expenses, resources, errors in admission, bad pricing, and underwriting processes. The effective pricing model requires numerous forms of details and variables that distinguish between danger and demand, outperform the competition, and deter adverse risk collection.

Ex-AIG has been extremely proactive in taking past lessons and putting data and analysis at the heart of its SME business unit. AIG recently introduced Attune, an integrated, highly data-driven application focused on AI, in collaboration with Hamilton USA.

4. Conclusion

The climate is evolving, and policy is shifting. The transition is motivated by the needs of the consumer and by technical development. To remain profitable, insurance firms need more consumer knowledge and the opportunity to transform such experiences into activities that need concentrated attention and experience.

Several insurance providers are suffering in this field, which is why Insurtech start-ups have a key role to play. We will work quickly to find these problems and have answers. The application of artificial intelligence drives the majority of these approaches. It is not unfair to claim that AI is beginning to play a vital role in allowing insurtech start-ups to add ‘smartness’ to insurance. Nevertheless, not all types of AI technol-
ogies will bring benefits to insurance systems in the same way.

To understand the function of AI, we need to consider what AI is and what it is not. In contrast to the common understanding, all AI strategies do not necessarily learn from the results. AI can be classified into two high-level categories:

Machine learning (ML): Methods that learn from data automatically. Both statistical models fell under this group. Normally, this is what company customers recognize when they hear the word AI. ML-based solutions can add value to insurers – irrespective of the mode of delivery – delivered as a stand-alone model (stand-alone AI) or delivered as part of a process, program, or product (embedded AI).

Symbolic AI (SAI): Strategies that do not immediately learn from the results. Human expertise is required to set up market laws. Types in this type include the guidelines for underwriting or statements embedded in IT systems. Insurers also have in-house facilities to set up and enforce specific industry laws. Therefore, it is extremely doubtful that SAI, packed as ML and supplied in stand-alone AI format, would pass in the later stages of the AI hype process. True value can only be applied by built-in AI mode.

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