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Customer Experience: Confluence of Digitization, Data AND AI

When the specter of Covid19 descended upon us just over a year ago, society and all forms of enterprise were forced to rethink our lives from a personal and business perspective. Life had to go on and we needed to sustain ourselves. There was chaos in managing our daily lives and businesses and customers had to adapt to a remote form of engagement and customer experience. Since customer experience encompasses all elements of the relationship among businesses, distribution partners and consumers, the challenges of the remote relationship were significant.

The challenges were met, in large part, because of the investments companies had made in digitization, data mining, data lakes that integrated first- and third-party data, artificial intelligence and robotics. Advanced data, video and telecommunication capabilities were also critical to the process of continuing to service the needs of customers. The explosion of IOT (internet of things) devices in play added to the data pool and remote customer capabilities. Within the world of insurance, there was already significant movement away from the traditional “person to person” interaction with the introduction of mobile apps and internet connectivity. The advent of Covid19 can be seen as a catalyst towards more remote b to c and c to b connectivity and self-service. The result is an omni channel approach to customer experience that gives the customer a choice of how to interact with insurance companies and intermediaries. That said, companies and intermediaries must provide a smooth and standard experience across all channels.

The consistency of customer experience is critical to winning new business and maintaining renewal business. The combination of digitization, development of first- and third-party pools of data, IOT and AI have a definite impact upon assessing customer needs, designing relevant products, omni channel distribution and connectivity and bottom-line improvement. The drop in insurance industry income essentially highlighted the need to move towards a nexus of these “new operating environment” components and resulted in a playing field that enables a better and more consistent customer experience and better bottom-line results for the industry.

Let’s look at these components individually.

- **Digital Environment:** The digitization of the insurance industry did not begin with Covid19. It has been developing for years under the name of “disruption” as represented, in many instances, by insurtech start-ups or in-house subsidiaries. We see this in the technology investments in customer service centers and app-driven, usage-based insurance. While the traditional insurance company operating model will continue, more self-service and digital interactions will positively impact the customer experience and the bottom line.
- **Leverage of Data:** The move towards an integration of first- and third-party data in the industry was already well underway in the industry. This can be seen in the introduction of a variety of analytical tools which led to the development of algorithms which could underwrite or pre-underwrite, at a minimum. It also led, and will continue to lead, to faster and more focused product development tied directly to the needs of the individual and commercial clients. The

impact on the development of products for small business has been profound. Without the ability to build and price product, in conjunction with digital delivery and service, many companies could not afford the cost of servicing small commercial customers.

- **AI and Robotics:** The optimization of AI will have a lasting impact on how companies interact with intermediaries and consumers leading to a more consistent customer experience, improved customer loyalty and better bottom-line performance. Yes, this is not an overnight process and the changes in client contact are profound, but the interests of company, intermediary and customer are aligned since all will benefit. In an earlier article, I related to a negative AI/Robotic personal experience. However, as improvements in text analysis and speech improve the cognitive capabilities of AI, the experience is becoming more consistent. The movement towards AI is one of the reasons the industry was able to adapt to the disruption of the workforce which led to the reduction of available staffing. AI, in conjunction with digitization, has also led to the development of start-up companies that develop more efficient processes and broaden product access to intermediaries.

The confluence of AI, data mining, IOT and overall digitization will lead to more agility within the industry. The industry stood up to the challenges of Covid19 which is a prime example of agility. Agility is another one of those words which are used frequently without context. For context, insurance industry leaders must lead the way to building agile businesses by formalizing strategies predicated upon leveraging data, AI, and digitization to the benefit of the consumer, intermediaries, and carriers. This will result in a “win-win” for all.

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Ralph Mucerino began his professional insurance career with The Travelers and joined AIG in 1979. He held several roles in the Domestic Brokerage Group earlier in his career including Senior Vice President of Commerce & Industry and Senior Vice President of American Home and National Union where he was responsible for several business units and operations. During a distinguished forty-one-year career with American International group, Ralph led multiple diverse businesses which highlighted his leadership, vision, creativity, adaptability, and emotional intelligence. In 1996, he assumed the CEO role for the Africa-Middle East Region. He then relocated to Japan, where he served as President of the Far East Region, AIG’s largest general insurance operation outside of the United States. In November 2008, he was appointed Chief Operating Officer of AIU for the company’s international businesses. During his career, Ralph had a wide range of roles in both consumer and commercial insurance, including multiple regional management roles for domestic and overseas businesses, multiple product manager roles in commercial and consumer insurance, multiple leadership roles in distribution, marketing and client management and leadership positions in reengineering of AIG’s overseas businesses. Mr. Mucerino retired in October of 2020 as Senior Vice President of AIG.