

Agents and AI – fostering an alliance



With automation still a buzzword in many sectors, insurance advisers that have been a mainstay of the industry have to adapt in a world where AI is becoming a permanent fixture.

By **Ridwan Abbas**



There's something aspirational to life insurance – saving up for your kids' education, leaving behind a financial legacy, or securing your family's future financial wellbeing. There is certainly a great deal of emotion at play when buying a life policy compared to other types of insurance.

In fact, the emotional dynamics of life insurance, as well as the complexity of financial planning, are some of the main reasons cited for why personal interaction with an insurance adviser remains the preferred and most effective channel of distribution.

But with advances in technology, there is another school of thought that supports the use of algorithms as a more efficient way to improve the consistency and quality of financial advice, while also appealing to a younger customer segment who are typically more financial and tech savvy.

Proponents also contend that the use of AI would prove most cost efficient in the long run, while also removing human bias thus

mitigating the risk of mis-selling.

We are seeing a global push by life insurers to use AI to augment their technological capabilities. A McKinsey study estimates a potential annual value of \$1.1tn should AI be widely adopted by the insurance industry.

The reality suggests that while AI may not replace human advisers any time soon, advisers and AI invariably would have to co-exist and increasingly work in tandem with each other.

AI and insurance

So where in the insurance process is AI being applied today?

Customer service is one area with insurers adopting chatbots to address enquiries in a more prompt manner. Other areas of usage include detecting fraud, improving underwriting decisions and crucially helping insurers produce more innovative and relevant products.

“AI and machine learning can be used to price insurance policies more competitively, or even help financial

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representatives recommend the appropriate products to customers. This can vastly redefine the way financial representatives carry out their services,” said Great Eastern managing director of regional agency, FA and bancassurance Ben Tan.



Mr Ben Tan

Singapore-headquartered life insurer Great Eastern last year introduced a

suite of digital initiatives including an interactive financial planning tool – GreatAdvice (See image below). The ability to recommend the right product mix for customers with the help of technology has yielded results, revealed Mr Tan.

“From August to October 2019 compared to the same period in 2018, there were 30% more multi-sales cases, that is, multiple concerns were addressed with a combination of products for each client,” he said.

There were also 20% more registered cases submitted by advisers for the period of September to November 2019 compared to the

previous corresponding period, he added.

Human touch remains crucial

Introducing algorithms into the advisory process can only be effective if advisers are on hand to complement the technology as the needs of customers are

not often straight forward, said Mr Tan.

“No two customers’ lives are the same. Over a long period of time, their life goals and priorities will evolve and change. The digital tools do not replace the role of our financial representatives but rather enhance their professionalism, efficiency and overall financial advisory experience.”

Advisers’ role will change but value remains

With automation and AI-driven assistance becoming more prominent, insurers and advisers have to relook

at how customers prefer to engage with brands. As other industries roll out excellent digital customer experiences, insurance customers would expect the same from their insurers.

It is fair to say that the nature of roles across the industry – including for financial advisers – will start to change. For instance, with chatbots handling basic customer queries, advisers are freed up to handle more complex tasks.

“There is still no replacing the human-to-human engagement between financial representatives and customers, given the complexity of the financial advisory process,” said Mr Tan.

Digital tools cannot satisfactorily replace advisers but rather enhance their efficiency and overall financial advisory experience. To achieve that, insurers need continually to assist advisers to master the use of digital tools so as to harness the value of technology fully, while continually raising the standard and quality of financial advice. ■

