

Redefining the insurance landscape: The impact of AI

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Abstract

The insurance industry, as a highly regulated industry, has undergone significant changes over the years, especially considering the digitalization and new challenges - the potential impact of artificial intelligence (AI). AI holds the potential to revolutionize the insurance industry by driving innovation, enhancing efficiency and productivity, and improving customer experiences. Researchers have noted that insurance companies need to understand the features contributing to this change and how AI can reshape core insurance processes such as claims processing, distribution, and underwriting.

The claims process stands out as one of the key insurance operations. Recent studies have shown that approximately 80% of customers consider claims processing effectiveness when deciding to renew their insurance with the same company. AI can speed up the claims handling process, almost without any human intervention. Additionally, AI can enhance risk assessment and customer experience, especially when it comes to customizing insurance products and fostering superior customer experiences to achieve long-term loyalty. AI-powered chatbots and virtual assistants modernize customer interactions by providing personalized support, while specialized AI algorithms can detect patterns indicative of fraudulent activity and help mitigate risks overall.

However, besides these opportunities, substantial challenges arise regarding data security and governance, privacy, ethics, and regulatory compliance. It's obvious that AI has the potential to significantly redefine the insurance landscape and strategic orientation. However, the question remains: Are we adequately prepared to address these challenges? And how? What are the consequences?

Keywords: insurance, artificial intelligence, transformation, strategy