

DELIGHTING CUSTOMERS IN THE AGE OF AI

HOW AI DECISIONING AND WORKFLOW
AUTOMATION RETAIN AND EXPAND
OPPORTUNITIES IN THE INSURANCE INDUSTRY

INRULE





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Insurance providers are facing a challenging landscape. Between stretched-thin IT teams and a rapidly changing regulatory and competitive environment, they need a way to automate and move faster on the work that wins them high-value customers. In practice this means adopting technology that enables instant rating and approval decisions, improves the customer experience, and applies advanced decision-making models to every interaction.

To do this, they're embracing AI decisioning platforms. Unlike homegrown decisioning solutions, these platforms allow business users to build complex decision logic and work with ML models without code or help from IT. They're also flexible and extensible, allowing engineers and data scientists to do advanced development that greatly improves business processes.

Read on to learn how insurers are using AI decisioning platforms to automate business decisions and build powerful underwriting and rating products, with a focus on increasing customer satisfaction and long-term loyalty.



FROM 2020 TO TODAY: THE ROCKY PATH TO DIGITAL TRANSFORMATION

The last few years have proven to insurers just how important digital transformation is. As soon as the pandemic spurred a massive shift to remote work, the limitations of insurer's systems were exposed. Legacy software couldn't access data that underwriters needed to make decisions, changing risk factors were hard to incorporate in decision-making, and everyone was attempting to juggle manual, tedious workflows within their current reality.

Policy holders, meanwhile, were also growing impatient, as the limitations on self-service at many insurers conflicted with their plans for remote work and process automation. To close these gaps in their transformation strategies, nearly half of all insurers—45 percent, according to a May 2020 survey by the consultancy group Novarica—have accelerated the digital initiatives they already had in place and are planning new ones.

As insurers emerged from the initial chaos and found ways to keep business stable, they developed clarity around what they needed to reduce risk and improve the customer experience.

The majority of insurers chose one of two routes. Many began building their own in-house solution in an attempt to improve processes like configure, price, quote (CPQ), determining eligibility/verification, insurance rating and policy writing, and responding to support tickets and claims.

Others took a more scalable approach, adopting an AI decisioning platform that automates these underwriting and support workflows while freeing insurers from the expensive development, maintenance, and constant iteration it takes to build an enterprise-grade solution. With this technology, insurers embrace decision automation to streamline operations and contribute to a more robust customer journey.

The rest of this paper will focus on how AI decisioning platforms improve the customer experience, allow insurers to provide better products, and increase LTV while keeping risk to a minimum. To learn more about whether it's best to build vs. buy a decisioning platform, [read this whitepaper](#).

“When Covid hit, many insurers couldn't work remotely, since many of their workflows were still manual.”

— Deb Smallwood,
CEO, Strategy Meets Action

WHAT IS AN AI DECISIONING PLATFORM?

AI decisioning platforms equip users to create complex decision-making logic and manage machine learning models in a low-code environment. They can test and deploy decision flows, explore the factors behind models, tune and test them, and deploy them into the company's greater application ecosystem to trigger all kinds of automated, intelligent business processes.

Insurers use decision automation to replace or extend the capabilities of legacy and in-house underwriting solutions, providing a middle layer between customer-facing applications and the legacy backend. Using built-in ETL capabilities, APIs, and a configurable set of governance rules, these platforms can rapidly process high volumes of data, apply predictive models fine-tuned for specific products and scenarios, then make decisions that trigger action in insurers' custom applications or enterprise tools like Salesforce and Microsoft Dynamics 365.

“Decision automation has become very widespread, especially among insurers that have modernized their core systems.”

— Martina Conlon,
EVP, Novarica



KEY FEATURES TO LOOK FOR IN AN ENTERPRISE-GRADE DECISIONING PLATFORM

Some decisioning platforms are primarily focused on building business logic based on the user's expertise, while others also offer process automation tools to kick off workflows based on the outcome of a decision. The best are AI decisioning platforms that incorporate both capabilities, as well as the ability to build and manage complex predictive models that take into account data from external sources and historical customer activity.

TOP 5 CAPABILITIES TO LOOK FOR IN AN AI DECISIONING PLATFORM:

No-code, visual interface for building and testing rules, decision logic, and models

Explainable machine learning that demystifies the logic behind each model

Integrations for CRMs and other business applications

A well-managed API for connecting custom and legacy systems

Enterprise-grade security that's SOC 2 and HIPAA compliant

Insurers should choose an AI decisioning platform with a low-code logic and rules builder with testing capabilities, a machine learning model manager that provides visibility into decision-making factors and their weights, and a workflow automation tool that connects to the dots between decisioning logic and real process optimization. These three core functionalities give line-of-business experts control over how decisions are made, freeing IT to focus on more complex integration work that operationalizes their models.

HOW AI DECISIONING AND AUTOMATION TRANSFORM INSURANCE

Insurers rely on AI decisioning platforms to solve the problems that add cost and risk to their business operations. From the moment a potential customer inputs data into a form on a website or mobile app, the models hosted on these platforms go to work ingesting the data, running risk models, applying decision logic, deciding whether to bring a human into the loop, and ultimately deciding on the approval and rating outcome that will be relayed to the customer.

Customers today won't wait hours or days for a decision—they'll go to one of the many more insurers in each category. Therefore, all of this must happen in seconds and immediately trigger a message, send a quote, or write a policy depending on the next step in the customer journey.

Because these platforms act as a repository for the decision logic, ML models, and outcomes that decide who to insure for what premium, they must integrate with all of the enterprise applications that drive the business. As data travels through an instant quote tool, through the decisioning platform, into the underwriting solution, and back into the customer's email to offer a policy, real-time data flows through each application and makes enterprise-wide orchestration possible.

Let's take a look at how insurers are putting these capabilities to use.



1. ACCELERATING AND AUTOMATING THE SALES CYCLE

Customers expect to receive a quote and purchase insurance online in a matter of minutes. However, many insurers still rely on slow, hard-to-integrate legacy systems and error-prone spreadsheets to apply their decision logic. While manual work and slow data processing is happening behind the scenes, customers are likely to abandon the process.

Insurers using AI decisioning platforms can transform their quote and rating process to be nearly instant, passing customer data through decision logic and predictive models in the cloud for rapid processing and response. Meanwhile, in-house actuaries and subject matter experts can manage the rules themselves, updating logic and workflows according to new risk profiles, compliance requirements, and company priorities.

In addition to accelerating sales of current products, insurers can use these platforms' sophisticated modeling capabilities to create new products tailored to customer needs. Some even use process automation to package, recommend, and sell new products automatically based on historical customer data and predictive risk models.

AI decisioning platforms make it easy for insurers to constantly learn from their data and provide more tailored, fair premiums to each customer segment, ultimately increasing the percentage of quotes that convert to policies.

CASE STUDY

TOKIO MARINE AUTOMATES THE QUOTING AND APPLICATION DECISION PROCESS

Leading specialty insurance group Tokio Marine HCC's Cyber and Professional Lines Group (CPLG) needed to transform its underwriting solution. The group's legacy underwriting platform required extensive configuration, with hardcoded logic that dramatically extended the time required for change cycles. Additionally, much of CPLG's rating logic still lived in Excel or Word documents. With InRule as the foundation, they built two cloud-based rule applications for auto-rating and auto-underwriting that employ complex logic and process automation to rapidly produce quotes and approve or deny applications.

[READ THE CASE STUDY](#)

2. IMPROVING THE CUSTOMER EXPERIENCE

Once applicants become customers, they expect fast, personalized support. Insurers use AI decisioning platforms to inform and automate customer interactions, whether they're asking a question of an AI chatbot, requesting a change to their coverage, or filing a claim.

Much like in the sales process, most customers don't want to meet with agents in person or on the phone. However, many providers have implemented online support tools without building the models and workflows to power them. This leads to painful chatbot conversations, circular helpdesk links, and poorly informed live agent interactions once human-in-the-loop kicks in.

AI decisioning platforms enable the tooling and automation needed for responsive virtual support while simultaneously providing the decision logic to actually resolve customer requests. The more insurers can automate support while maintaining quality, the better their retention and satisfaction metrics will be.

CASE STUDY

HOLLARD MAKES POLICY DECISIONS FASTER WITH CENTRALIZED RULES

Hollard Life Assurance Company was reliant on an outdated, decentralized system for managing its underwriting rules. The company partnered with InRule with the goal of becoming more competitive, moving faster, and improving employee retention. After implementing their new solution, they saw a dramatic drop in decision times.

[READ THE CASE STUDY](#)

Even when customers are unhappy, AI decisioning platforms can mitigate churn and learn from negative outcomes. Insurers can build models that predict churn and trigger personalized customer outreach. They can be transparent and confident about the reasons behind an application or claim being denied. They can even offer products or incentives based on previous customer interactions that resolve potential issues before they lead to churn.

3. SPEEDING UP THE CLAIMS PROCESS

One of the fastest-growing insurance use cases for AI decisioning platforms is applying advanced risk and decisioning models to claims. While it's common practice to build decision logic that ingests factors like income, LTV, and product type to approve or deny a claim, insurance providers are creating more advanced models that detect fraud, assess risk based on multitude of real-time data sources, and make intelligent exceptions to standard rules based on changing business priorities.

An AI decisioning platform makes it easy to manage and update these rules in one place. Once an insurer confirms the legitimacy of a claim, it applies additional logic to optimize the approval and payout process. Efficiently closing out a claim goes a long way in preventing churn—a customer that receives a prompt, fair payout may go on to pay premiums for years to come.

CASE STUDY

EMBRACE PET INSURANCE SAVES THOUSANDS A MONTH ON CLAIMS

Embrace uses InRule to automate claims processing, identify missing information or mistakes, and maintain a powerful reporting mechanism. They reduced the time required to adjudicate a claim from over five minutes to less than one.

[READ THE CASE STUDY](#)



4. REDUCING RISK AND COST

Aside from fraud detection, a key use case for automating claims, insurers use AI decisioning platforms to continuously minimize risk and stay compliant as new information is introduced. Actuaries can test improved models based on their own experience, industry standards and regulations, and additional data from customer interactions or third-party sources.

Insurers are only able to adapt to such fast-evolving data if subject matter experts themselves can adjust models without having to code. AI decisioning platforms—as opposed to home-grown solutions—give business users the power to quickly understand what drives a model's predictions and make improvements without exposing the company to risk while they wait on an engineering backlog.

Risk can also be reduced at the audit level. AI decisioning platforms offer explainable ML—in other words, insurers can easily show auditors and other third parties the exact logic behind rating and decision-making to avoid costly investigations or fines.

Sometimes reducing risk means knowing when to interrupt an automation with human oversight. For example, a decision management system can process relatively straight-forward workers' comp claims on a fast-track basis, without review by a claims adjuster. However, a more complex claim may still need to be evaluated by an adjuster. Based on the insurer's decision rules and predictive AI models, certain claims can be flagged for manual inspection before being approved or denied.

By enabling faster iteration on decision logic and risk models, decisioning platforms breathe new life into underwriters' day-to-day workflows. They're empowered to make continuous improvements that translate to fewer losses, fairer premiums, and ultimately happier customers as they reap the benefits of insurers' newfound agility.

CASE STUDY

AON REDUCES DEVELOPMENT COSTS TO A FRACTION

Aon Corporation is one of the world's leading providers of risk management services, insurance and specialty insurance underwriting. They partnered with InRule to reduce application development and maintenance costs, using the platform to encode, verify, and maintain their core application decision logic. They were able to reduce the time it takes to develop business logic for their rating program from 120+ hours to just 14.

[READ THE CASE STUDY](#)

“Carriers are faced with as many as 20,000 underwriting rules in some cases. So they are looking to machine learning and other types of AI to manage and simplify what has become a process nightmare.”

— Deb Smallwood,
CEO, Strategy Meets Action

“These systems don't supplant the underwriter or the adjuster,” Conlon says, “but help make them more effective.”

—Martina Conlon,
EVP, Novarica

5. EXPANDING INTO NEW MARKETS

Insurers can gain a quick competitive edge by entering new regions and markets. But getting it right can only be done with an AI decisioning platform where market-specific logic and data can be applied at scale.

As subject matter experts develop new models in their AI decisioning platform for their desired markets, they can run scenarios based on historical data to see how the new logic would apply to their existing customer base. They can also quickly duplicate and adjust the weights of existing models to see how individual variables affect the new market. None of this requires a data scientist, which greatly accelerates time to market at companies with already stretched-thin engineering resources.

CASE STUDY

BEAZLEY PROCESSES 7,500+ BUSINESS RULES DAILY ON INRULE

To enable the efficient expansion of business in the complex US market, specialty insurer Beazley built a major new application for managing and underwriting specialty lines risks. They needed to be able to rapidly deploy system change, supplement hard-coded logic with changeable business logic, enable business user change, create sophisticated rules without programming, and control and configure system workflow. See how they did it with InRule's AI decisioning platform.

[READ THE CASE STUDY](#)



SPOTLIGHT ON SPECIALTY INSURANCE AND PROGRAM BUSINESS

The global specialty insurance market was valued at approximately \$104.7 billion in 2021 and is projected to reach around \$279 billion by 2031. As demand for niche coverage grows, insurers need a way to seize the opportunity.

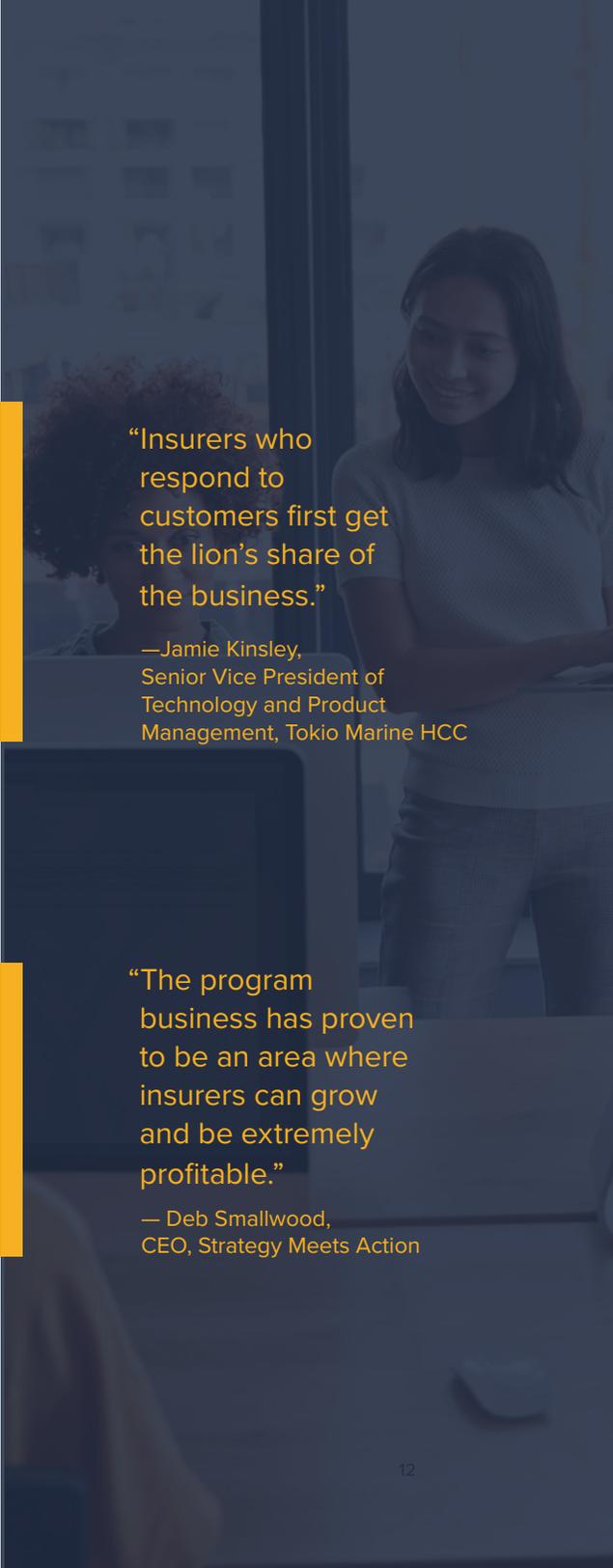
Specialty policies can cover everything from racehorses to restaurants. But the risk pools tend to be relatively small, and compared to more traditional lines of business, actuaries and underwriters have significantly fewer data points available on which to base their decisions. Yet these markets are ferociously competitive, putting carriers under intense time and pricing pressures.

To gain an edge, specialty insurers are adopting AI decisioning platforms that automate rating and policy writing, allowing them to confidently price a wide variety of specialty products and bring them to market in the shortest time possible. In this case, it's even more important to be able to integrate every possible data source and fine-tune models for their risk profile—when policies are priced wrong, unexpected large claims can irreparably damage insurer margins.

To drive more revenue, insurers are turning to program business, a highly lucrative \$40 billion-plus segment of the insurance industry, to accelerate the roll-out of new products for specific niche markets.

At many major carriers, these niche programs are well-diversified and often account for 10 percent to 20 percent of the insurer's business. But they are also very siloed with their P&Ls. In terms of technology, insurance carriers treat niche programs as corporate orphans that don't get to participate in the rest of the company's digital initiatives; this is both a challenge and an opportunity.

The challenge for administrators of these programs is to put in place an underwriting workbench that will satisfy the demands of clients and managing general agents (MGAs), provide transparency into eligibility and pricing decisions, protect themselves from unplanned risk and allow the business to bring new products to market faster to maximize revenue and profitability. AI decisioning platforms enable this with a flexible system for sharing data, managing logic, and connecting MGAs and other systems in one place.



“Insurers who respond to customers first get the lion's share of the business.”

—Jamie Kinsley,
Senior Vice President of
Technology and Product
Management, Tokio Marine HCC

“The program business has proven to be an area where insurers can grow and be extremely profitable.”

— Deb Smallwood,
CEO, Strategy Meets Action

WHAT'S NEXT FOR THE INSURANCE INDUSTRY?

In the years following a global pandemic, economic fluctuations, and unprecedented advancements in AI, insurers have taken critical steps in modernizing their underwriting and decision-making solutions. But the pace of change, increasing complexity and risk, and the cost of in-house development will drive more and more companies to adopt AI decisioning platforms that close the gaps in their digital operations. to bring new products to market faster to maximize revenue and profitability. AI decisioning platforms enable this with a flexible system for sharing data, managing logic, and connecting MGAs and other systems in one place.

“Insurers with an agile approach to funding and planning digital projects and can deliver new capabilities quickly will certainly have an edge in the post-Covid environment. Being able to react and pivot very quickly is the key to surviving.”

— Martina Conlon
EVP, Novarica



INRULE'S AI DECISIONING PLATFORM FOR INSURERS

InRule is an AI decisioning platform that helps insurance companies move faster, better serve customers, and manage risk through low-code decision-making workflows, ML models, and integrations. Actuaries and line-of-business experts can take the reins, building complex decision logic themselves and deploying it in a safe, well-governed environment.

InRule allows insurance providers to drive digital transformation at their own pace. They can quickly deploy workflows in the platform that connect to legacy systems, requiring minimal development work and enabling many of the improvements mentioned above. If they prefer to modernize their entire underwriting system at once, InRule acts as a foundation for the new solution and greatly reduces the cost of development.

“It’s easy to author rules with InRule, and non-technical people can understand it. Because you can build rule by rule, a complex system is not overwhelming.”

—Project Manager, Aon



InRule goes beyond the mere execution of rules, providing a modern toolset for insurers managing sophisticated models and decision logic that doesn't strain resources or slow down business initiatives. Delight your customers, optimize each stage of their journey, and increase lifetime value across every product.

[LEARN MORE ABOUT THE PLATFORM](#)

[REQUEST A DEMO TO SEE IT IN ACTION](#)





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