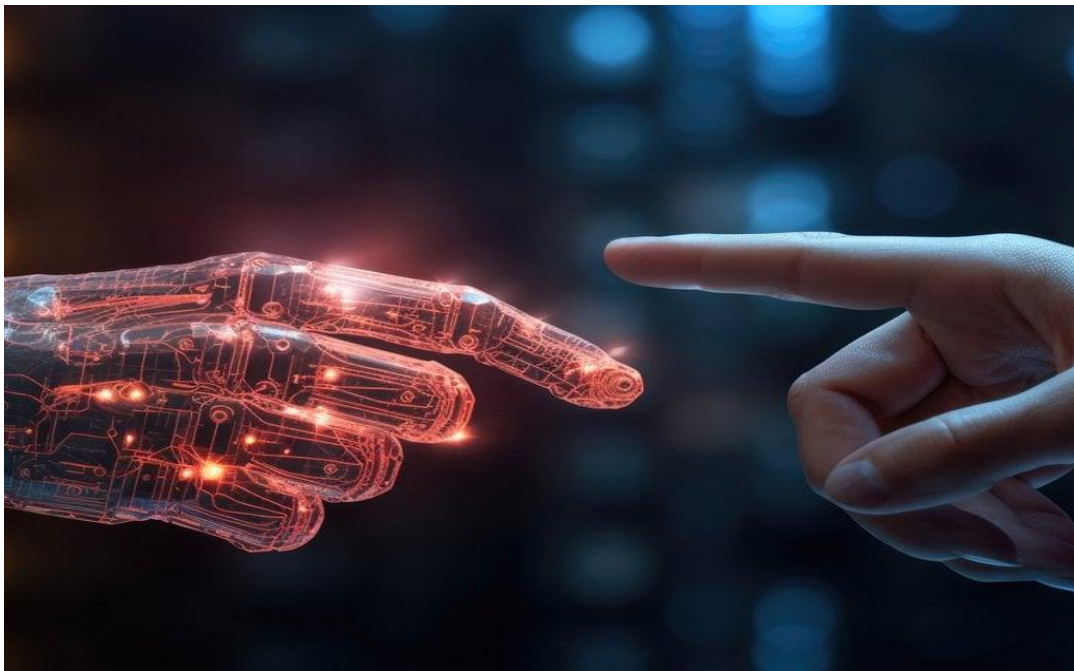Commentary

How AI is transforming the commercial insurance experience

By embracing AI technologies, insurers have the power to offer faster, more proficient and accurate processes.

By Prakash Vasant | October 27, 2023

AI-supported tools enable insurance agents to build stronger policyholder relationships that pave the way for sustained growth. (Credit: nilanka/Adobe Stock)

The **commercial insurance** landscape is rife with complexities. Every enterprise, large or small, requires insurance coverage. Yet, many businessowners find themselves overwhelmed by the intricacies of securing the right policies and navigating the labyrinth of policy terms. Beyond the initial purchase, managing policy changes and renewals can be equally demanding. This leaves both businessowners and insurance agents grappling with a cumbersome process.

Agents play a pivotal role in guiding clients through their insurance needs. They often find themselves inundated with numerous client queries. The result? Agents are perceived as mere information gatherers, rather than trusted advisors for policyholders and partners in fostering portfolio growth for insurers.

Fortunately, **the advent of artificial intelligence (AI)**, machine learning tools and large language models are transforming this landscape, granting commercial insurers real-time access to classification and risk-quality data, thereby modernizing underwriting processes and policy management, while offering a seamless, efficient, and improved experience for all stakeholders.

From the initial quoting stage to policy renewals, here are three ways insurers are harnessing AI to bolster the commercial insurance experience:

No. 1: Getting the policy quote-to-bind process right the first time

The journey to secure a suitable policy begins with classifying the venture, a critical step that sets the stage for the entire underwriting process, including the questions asked and pricing parameters. Unfortunately, this can often be an arduous and time-consuming process for businessowners, who are burdened with an avalanche of queries. Even more concerning, inaccurate information or incomplete underwriter research can lead to misclassification, causing premium leakage for the carrier and leaving the client with inadequate coverage.

This is where innovative AI solutions come into play. They enable insurers to automate those manual processes by tapping into internet information to understand policyholder exposures and classify them accurately. What once took hours or days can now be accomplished in seconds, effectively reducing the number of questions clients must answer. Furthermore, AI tools open the door to invaluable insights.

Take, for example, the challenges of lessor's risk only (LRO) for commercial rental properties. Previously, underwriters and agents had to make educated guesses to determine coverage. However, data platforms combining the power of generative AI, large language models, natural language processing, and machine learning now allow underwriters to access reliable tenant information in real-time with just a few clicks, delivering a comprehensive understanding of occupant risk factors. In a click, they gain clarity on all the lessors in a specific property.

No. 2: Ensuring accurate coverage throughout the policy lifecycle

Change is an inherent aspect of commerce. Information provided at the policy's inception may quickly become outdated. Most insurers, however, only revisit policies when renewal time approaches. This can lead to gaps in coverage. Cognitive technologies now offer insurers the ability to gain real-time insights into their clients' venture, ensuring the coverage remains accurate and up to date throughout the policy's term.

Imagine a restaurant client whose operations evolve after the policy is issued. When insurers leverage AI-powered data solutions, they can swiftly detect changes such as hours of operation, delivery services, or the addition of a dance floor.

Another example is a lawn maintenance provider who adds landscaping, tree trimming, or snow removal services — all of which can change the risk profile.

With fresh insights available instantly, insurers can collaborate with agents and policyholders to adjust and close coverage gaps, and better protect policyholders.

No. 3: Eliminating redundancies at renewal
When it comes to policy renewals, speed is of the essence. The ease and efficiency of renewal can often determine whether a policyholder decides to stay with an insurer. Businessowners also increasingly expect proactive guidance from insurers and agents to identify missing coverage and provide updated quotes without the need to answer the same questions they've already addressed.

The redundancy of questions can be a source of frustration for clients who are already hard-pressed for time in running their businesses.
Contemporary AI solutions are the antidote to repetitious workflows. The technology-enabled access to timely information drives the ability to systematically pinpoint and evaluate new or potential areas of exposure. Immediate visibility into risk factors streamlines the process, allowing insurers and agents to focus on critical questions relating to substantial changes in operations. Consequently, renewal processes that used to span weeks can now be completed in a single day. Similarly, the premium audit process can be much more data-driven and informative for insurers as they plan portfolio and market strategy.

In essence, the commercial insurance buying experience is ripe for disruption.

Businessowners aspire to focus on the success of their ventures rather than grappling with the intricacies of insurance coverage. By embracing AI technologies, insurers have the power to offer a faster, more proficient, and accurate process, building stronger agent and policyholder relationships that pave the way for sustained growth.

*Prakash Vasant is CEO of **NeuralMetrics**, a provider of AI-enabled risk-quality data and insights to commercial insurance organizations. These opinions are the author's own.*