

# Reinventing Insurance Customer Relationships With 5G-Powered Enterprise Intelligence



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Lov Kher, Ph.D., managing principal and fellow at Verizon, discusses how advanced networks — powered by 5G and edge computing — will completely transform insurance relationships.

The next generation of searingly-fast 5G cellular networks opens the floodgates for insurance companies to see and understand their customers deeply and leverage artificial intelligence (AI) to deliver highly-personalized customer journeys. These advanced networks provide an opportunity for insurers to rise to the expectations that young consumers now have for all types of financial services. Insurers that gain visibility into customer behaviors and their evolving needs are able to curate communications, personalize products and pricing, reduce risks for policyholders and limit financial losses.

Compared to banking, investing or other financial services, insurance companies have few natural touches on their customers. Policyholders seldom contact their insurers — or even think about them — except in the event of a claim or when shopping for cheaper coverage. In the digital age, the warm relationship that insurance agents and brokers traditionally fostered with their clients has been pared down to the bare minimum: An annual premium auto-draft.

By contrast, other financial services keep constant contact with young customers while providing seamless journeys and hyper personalized offers through mobile apps. So, when it comes to insurance, why wouldn't millennials and Gen Zers expect carriers to leverage their data to deliver sophisticated interactions? Why shouldn't insurance companies similarly anticipate their needs and tailor their offerings?

As Enterprise Intelligence is adopted in time, insurers will begin to leverage new technologies — such as mobile public 5G, private 5G networks, network APIs, Internet of Things (IoT) sensors, Fixed Wireless Access (FWA) and Network as a Service — for insurance use cases that deepen customer relationships and support policyholders. "Enterprise Intelligence (EI) leverages the capabilities of advanced networks to innovate entirely new ways of doing business in near real-time," says Lov Kher, Ph.D., managing principal and fellow at Verizon.

Insurers will harness the transformative power of AI, generative AI and machine learning to remake contact centers. AI-powered bots, for example, can detect customer intent, suggest next-best actions and customize and curate a superior customer journey.

"Now is the time to provide customers with an immersive experience by adopting technologies such as an augmented 24x7 multilingual, near real-time, audio visual interaction with customers via emotionally intelligent digital humans to improve customers' experiences," says Kher. Like the all-knowing character Janet from the program "The Good Place," digital customer service avatars with generative AI



**More than 40% of insurers are still searching for the right automation partner**

— Arizent's "Fully Automated Enterprise 2023."

capabilities will be available on demand, giving policyholders of the future endless attention and hand holding that will far outclass today's simple websites and chat bots. Here's a look at some insurance use cases for EI:

- Integrated customer engagement channels with data stitching for a seamless experience when shopping for policies or managing claims
- Proactive communications ahead of major weather events such as hurricanes to help policyholders prepare
- Connected IoT water sensors to monitor plumbing systems and help prevent flood damage through proactive communications
- Sensors in cars or mobile apps to relay real-time data about risky driving behavior or automatically send assistance after a car crash
- Personalized premium pricing based on personal usage or risky behavior choices
- Insurance-as-a-Service built into automobiles so consumers pay for what they use
- Proactively initiated auto or homeowner claims
- Personalized check-ins with policyholders based on weather or emergency reports

**Connected homes, proactive insurance communications**

With increasing numbers of networked devices in homes, insurers can begin to act as partners with homeowners in proactively reducing risks — instead of only as payors after damage has occurred. Connected sensors are already allowing insurers to continually monitor heating and plumbing systems and to alert homeowners to potential problems before they turn into major financial losses.

"This is the year of the Internet of Things. 5G networks can enable connections to massive numbers of IoT sensors and devices, thereby providing usage and performance data from smart homes as well as automobiles," says Kher. "This stream of low-bit rate data can be analyzed in near real-time to provide the right insights for the decision makers to assess potential damage or help reduce risks."



**"The key benefits of Enterprise Intelligence for Insurance companies would include operations efficiency and reduction in processing time for any claims which results in better customer experience and that helps in retention of the customers."**

— Kher

Insurers can leverage data to improve customer communications and offer customized services tailored to the policyholder's needs. They'll be better able to personalize engagements, help policyholders avert losses, build trust and deepen relationships with customers throughout their lifetimes.

### **Data-informed customized pricing**

On a fundamental level, consumers today increasingly prefer to think in terms of the lifestyle they lead rather than the assets they own, which means they'll look for a different form of coverage. For example, young people often choose Ubers over the hassles of car ownership, including auto insurance. In the future, rather than locking in an annual insurance contract for a specific car, consumers will be able to pay for exactly the coverage they actually consume through an insurance-as-a-service model.

Standard 12-month fixed contracts will inevitably go the way of the dinosaurs in favor of personalized pricing, perhaps on a per-mile basis. "Insurance customers would like their rates to be adjusted based on the usage of the vehicle and their performance on the roads rather than half- or full-yearly renewal of the policies," says Kher.

With EI, insurers will be able to offer hyper personalized rates based on specific situations and even make complex adjustments in real-time — whether that means a discount when garaging a car or special pricing for safer driving behaviors. Already, some of the largest insurers are leading the way in factoring telematics into pricing, providing customers with options to pay according to usage or other factors.

Interestingly, auto manufacturers — with plenty of sensor data at their disposal — are experimenting with their own insurance products. Insurers need to remain competitive by investing in technologies that will allow them to innovate for the market of the future, including platforms that allow them to design customer experiences for the lifestyles that young consumers are choosing.

### **Superior claims experiences with edge computing**

Mobile Edge Computing (MEC) will speed and streamline policyholder experiences in claims processing. An insurer can deploy a number of edge devices at locations across the country, forming a distributed computing platform to speed the computing and analytics in their prime markets. Edge devices reduce the time for information to travel by enabling more localized computing and analytics to occur.

For example, in the event of a car crash, "a policyholder could immediately (or when safely possible) photograph the damage from various angles and upload the pictures on the insurer's website in the designated area. The local edge platform will do the analysis," says Kher. The local platform can quickly search the insurer's database for a particular manufacturer's makes and materials, and compare the policyholder's photos with standard baseline pictures.

In many cases, "the automated system can see the damage and clear the claim, and the insurer won't need to send an adjuster. The customer will get a notification that the claim has been approved and to expect a deposit in their bank account," says Kher. The insurer will only need to send an adjuster in cases when the crash pictures do not map with the information in the database.

As insurers adopt advanced networks and gain real-time visibility into their customer data and operations, they will become agile in creating more innovative new solutions and value propositions.

To learn more about how Verizon 5G and Edge solutions can help financial services transform and deepen customer relationships visit **Financial Services Solutions & Technology - Verizon**, contact [Mark.Bubar@verizon.com](mailto:Mark.Bubar@verizon.com), head of financial services marketing and strategy at Verizon or your Verizon client partner.

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