



AI Claims Transformation

Learning from A.I. investments to transform the core of the business

Who: Insurance Australia Group (IAG)

Where: Australia

When: 2014 - 2018

Overview

Industry:

Insurance
Claims Division

Company Size:

+ 10k employees
> \$14 billion of premium per annum

Themes:

Claims Processing
Customer Trust
Resource Allocation to A.I. experimentation

Core Activities:

Strategic Leadership
Strategic Risk
Portfolio Design
O.C.A.S.I.O

Further Reading:

[IAG Press Release](#)

Challenge

How can we effectively innovate our business model and strategically leverage the emergence of A.I. and a new class of competitors known as InsurTech?

IAG is Australia's largest insurer. In 2017, many things came together. The group was dealing with newly surfaced risk dynamics following the global financial crisis, falling profitability of asset management and the emergence of a new class of competitors known as InsurTech. For the CEO of the group it was clear, they needed to start leveraging A.I. in new ways to compete with the market and to set its business up to provide a better value and experience for its customers.

Solution

CHÔRA partnered with IAG to design innovation options and allocate innovation capital to a Strategic Innovation Portfolio. Through a 6 streams program, CHÔRA led the identification of strategic risks, insurance scenarios and provided a customised A.I. opportunity and knowledge map.

A new Innovation mechanism was established that leveraged an A.I. Portfolio to channel funds into strategic learning positions focused on experimenting with emergent A.I. technology. The dynamic management of the new A.I. Portfolio surfaced emerging models and promising early pathways for evolving customer propositions and streamlining core claims processes.

Results

- **Prime Customer experience:** The Portfolio enabled the company to reduce insurance claims processing times from over three weeks to just a few days.
- **Lower cost of claims:** New operational models and start-up partners were identified with which the cost of claims processing was reduced.
- **Long Term A.I. Investment vehicle:** 7 business cases for A.I. were progressed and one received co-investment by societal partners.

Program Contact

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"Many of the strategic shifts and A.I. use cases that we identified early on, became major trends for the industry just a couple of years later."

"The customer is notified of the potential total loss outcome via text message the following day, providing transparency upfront on the process. We've seen a significant uplift in customer advocacy as measured through total loss customer experience surveys."

Hannah Sakai, Director of Analytics IAG