

An Agent's Resource Guide to Chatbots

IIABA ACT Customer Experience Work Group

Chatbots (conversational AI) are the next major technology for customer service, sales and intelligent software working directly with your staff. A chatbot is software which understands what information you are looking for and gets it for you. It is easy to bite off too large an initial project when deciding to use chatbots for your business. The most critical item to understand in selecting a use for chatbots is the concept of "intents." Intents create the context in which the chatbot understands the questions and tasks it is asked to answer or perform. Your clients' and prospective clients' impression of your agency has a lot to do with what they see on your web and mobile sites. As the "digital first" future evolves, your chatbot will be part of how your brand is perceived. This guide will help you understand the questions to consider in working with your first chatbot experience. This includes discussions on what chatbots are and what they are not, as well as exploration of the benefits and the obstacles agencies face when considering implementation.

LIVE CHAT VS. CHATBOTS

LIVE CHAT

- Function on your agency website that allows users to connect with an available sales rep or other employee from your company

CHATBOT

- Computer programs that simulate human conversation, either via voice or text
- Can be customized and used in a variety of ways
- Helps create connections with clients and prospects on agency websites
- Allows communication via smart speakers and/or smart home devices
- Uses popular chat and messaging platforms like text messaging, Facebook Messenger, WhatsApp

In addition to having a conversation with a person (such as a sales rep or a support agent), people can interact with software that helps find answers fast. More importantly, it can influence a customer relationship by responding to requests faster while meeting expectations.

With the potential for delivering instant responses around the clock, chatbots can also free up customer support teams to apply their advisory skills to more complex queries.

Not only can chatbots cut operational costs by up to 30%, but 64% of internet users say 24-hour service is the best feature of chatbots. SmallBizGenius | Aug. 13, 2020

CURRENT USE IN DISTRIBUTION CHANNEL

The IA distribution is adopting chatbots to assist and streamline workflows and improve consumer/customer access to information and services. Insurance companies have led the way, primarily by using chatbots on their D2C (direct-to-consumer) sites. Technology vendors have likewise implemented a much larger percentage of implementations. Per a 2019 LexisNexis study, more than 80% of insurers have implemented AI solutions that include the use of chatbots. Of note, non-IA insurers have led the way in this innovation. Lemonade indicates their chatbots "Jim" and "Maya" are able to secure a policy for consumers in less than 90 seconds, eradicating high call volumes and long wait times. It is predicted that by 2025, the chatbot market will reach \$1.25 billion globally. (NAIC Chatbot Study, March 2020). For more insights, visit our Chatbot Guide page at independentagent.com/ACT.

CURRENT HURDLES FOR AGENT IMPLEMENTATION

There are a number of reasons why independent agent adoption lags behind insurance companies and technology vendors:

- Lack of understanding of the technology

- Agency leadership direction and resistance
- Lack of clarity for use and where to start
- Vendors offer service for direct-to-consumer versus selling to IA channel

AGENCY BENEFITS

- 24/7 service for common inquiries
- Instant answers; improves customer experience and builds agency brand
- Better lead generation and nurturing; converting site visitors to prospects and giving customized recommendations
- Reduces customer service costs by up to 30%
- Agency staff freed up for more sales and servicing
- Scalability (replaces the need for hiring additional staff)
- Reduces average response and resolution time
- Reduces E&O exposure by reducing possibility for human error
- Creates an automated record of inquiries with reportable analytics

AGENCY CONSIDERATIONS

STRATEGIC AND BEFORE PURCHASE

- Effect on agency's business direction
 - Respond to line of business questions
 - Internal-use tutorials can be created to educate internal staff
 - Replace or supplement FAQs
- Consumer/Customer expectations
 - Will this meet your core customers' needs?
- Understand misconceptions/limitations? (i.e., not simply "plug & play")
- E&O concerns; caution is needed with:
 - Possible inaccurate coverage recommendations
 - Making "absolute" statements via chatbot like "We can get you the lowest premium"
 - Potential security concerns such as security level of website and firewall
- Subject matter/knowledge base development
 - Less long-term staff needs vs. live chat and phone calls
- Understanding overall chatbot purchase and implementation process
- Possible "circular logic" resulting in being "in a loop," particularly after-hours.
- Measuring success
 - Ability to answer quick, direct questions and directing users to the correct resources

HIGH-LEVEL INVESTMENT CONSIDERATIONS

- Overall cost
- Time to develop
- Vendor selection
- Ongoing dedication to monitoring
- The use of analytics to monitor site visits compared to a basic “FAQ” page
- Initial use of staff to develop and correct workflow before external launch
- Response set must be of value to user
- Consider making initial purpose of bot narrow vs. broad
- Develop significant responses for generalized questions

TYPES OF CHATBOTS

GENERAL BOTS

- Can address very simple inquiries
- Used to direct to individual webpages
- Can answer high-level questions such as “What are your hours of operations?” or “Do you sell motorcycle insurance?”

SPECIFIC BOTS

- Usage should be more narrow than general
- Must be specific to be effective. Avoid broad, sweeping over-generalized intent such as “How can I help you?”
- Program for ability to respond to specific questions such as “What kind of car insurance do I need?” or “Renewal review” that takes user through a series of specifically focused questions
- Drive beyond just being a replacement for website navigation to avoid user frustration
- Focus on delivering responses to questions that are most readily available and fit the agency services

DEVELOPING A CHATBOT PLAN

STEP ONE: CREATE INTERNAL BOTS

- Determine questions most often asked to the staff normally handling the requests.
 - Consider inquiries that might be carrier-specific, line of business specific, etc.
- Keep a record of all questions asked of staff for specified time period to build initial database
- Determine when automated answers aren’t enough, and interaction should be shifted to support staff
- Build and test internally for months to gain staff acceptance and comfort level; allows errors to only be seen by staff
“Better to embarrass yourself to your employees than to your clients”
- Monitor questions daily and verify correct responses are given; adjust as needed to drive valuable responses

STEP TWO: DETERMINE CHATBOT PUBLIC LAUNCH

- Once comfort level is reached with content, bot can be launched for customer questions. Staff becomes believers with this approach and agency gains buy-in
- Continue to monitor daily to ensure correct responses are provided