

Application of Insurtech in Enhancing Customer Experience

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Abstract: As digital expectations steadily reshape financial services, the insurance sector finds itself under growing pressure to rethink how it engages with customers. At the center of this shift sits InsurTech — the intersection of insurance operations and advanced technologies. Rather than approaching the topic from a purely operational standpoint, the present inquiry traces how specific technological interventions along the insurance value chain — from initial policy purchase through to claims settlement — alter what customers actually experience. Evidence drawn from both academic research and documented industry practice is used to examine four interrelated domains: artificial intelligence applications, big data analytics, blockchain infrastructure, and omnichannel distribution strategies. Across these areas, technology-enabled personalization, faster processing, and greater transparency appear to improve satisfaction — though the path is uneven. Privacy risks, algorithmic fairness concerns, and the persistent problem of digital exclusion all constrain what technology alone can accomplish. The evidence reviewed here suggests something that may seem counterintuitive: insurers that embed technology within a genuinely human-centered strategy tend to build more durable customer relationships than those chasing full automation. The work adds to ongoing conversations about digital transformation in financial services while offering grounded observations for practitioners trying to deploy technology in ways that do not erode trust.

Keywords: Insurtech; Customer Experience; Digital Transformation; Artificial Intelligence; Insurance Innovation; Personalization

1. Introduction

Among the financial products that consumers routinely face, insurance stands apart for its complexity. Policy documents deploy unfamiliar

terminology, pricing mechanisms remain opaque to the average buyer, and there is rarely any immediate way to verify whether the purchase was worthwhile. For generations, the industry bridged this gap through intermediaries — agents and brokers who could translate technical language into something comprehensible, cultivating trust one face-to-face meeting at a time. That model worked, and worked well, for decades. But its limitations have become harder to ignore as consumers bring expectations shaped by other digital sectors into their dealings with insurers.

People now move between e-commerce platforms, on-demand services, and mobile banking apps with minimal friction. When they encounter an insurance process that demands printed forms, phone calls, and multi-day waiting periods, the contrast jars. The disconnect between what customers have learned to expect and what traditional insurance operations deliver has grown wide enough that market entrants began to notice an opening.

Technology startups spotted this gap early. Some built lean operations around simplified interfaces, instant quoting, and transparent pricing. A number concentrated on narrow product categories — travel insurance, gadget coverage — where a purchase decision could realistically happen in minutes. Others went after particular customer niches with products designed around needs that established carriers had overlooked. What these newcomers proved, collectively, was that insurance did not have to be sold and serviced the way it always had been. The demonstration effect was powerful enough that incumbent carriers were forced to look hard at their own customer engagement models. The label "InsurTech" caught on as a convenient shorthand, though its meaning has since broadened well beyond the startup scene to encompass the wider digital transformation unfolding across the sector.

Meanwhile, customer experience has climbed the strategic agenda inside insurance companies. Premium growth in mature markets has flattened,

making retention and cross-selling the main levers for profitability. A satisfied customer renews, buys additional products, and tells others — the economics are straightforward. As digital customer acquisition costs keep climbing, the math favors investments that keep existing customers happy. Carriers that cannot deliver competent digital interactions risk watching their policyholders migrate toward competitors who have committed more resources to technology-driven service delivery.

The sections that follow work through the concrete mechanisms by which InsurTech applications reshape customer experience at different points along the insurance value chain. Four major technological domains receive attention: artificial intelligence and machine learning, big data analytics and personalization, blockchain and smart contracts, and omnichannel distribution platforms. For each, the discussion covers practical use cases, evidence of customer impact, and the implementation hurdles that accompany them.

The lens applied throughout is explicitly customer-centric. Rather than evaluating technology in terms of operational efficiency — which benefits the insurer directly but may not improve anything from the policyholder's perspective — the analysis asks how each innovation changes what the end user actually encounters: finding a policy, managing it over time, and, crucially, filing and resolving a claim. Efficiency gains are real, but they do not automatically translate into better experiences unless they are designed with user needs in view. In terms of geographic scope, the evidence base pulls from both developed and emerging insurance markets. Adoption rates and regulatory frameworks differ considerably across regions, and these contextual factors matter for how technology investments play out. The time horizon covers roughly the past several years, with a deliberate emphasis on the acceleration of digital adoption that accompanied — and followed — the global pandemic.

2. Technological Foundations of InsurTech

AI sits at the core of much of what now passes for InsurTech innovation. Machine learning algorithms trawl through enormous datasets, surfacing patterns that would escape even careful human review. Natural language processing gives computers the ability to parse

and produce human language — the engine behind customer-facing chatbots and behind-the-scenes document analysis. In property and auto claims, computer vision systems evaluate damage from photographs. Taken together, these capabilities automate work that once required human judgment, compressing timelines and cutting error rates in the process.

The data-heavy character of modern insurance operations rests on big data infrastructure. Cloud platforms supply storage and computational capacity that scales with demand, which matters in an industry where workload fluctuates unpredictably. Integration platforms stitch together information from internal legacy systems and external data sources, assembling something resembling a unified view of each customer. Analytics tools then convert this raw information into usable inputs for product design, marketing decisions, and risk selection. Insurers now have access to vastly more data — in greater variety and at higher velocity — than at any previous point, creating opportunities that organizations built for more constrained information environments are still learning to exploit.

On the customer-facing side, it is hard to overstate how thoroughly mobile technology has rewired expectations. Smartphones function as always-available portals into policy details, claims filing, and support channels. Apps push personalized alerts, handle digital payments, and capture photographic evidence at the scene of an incident. Telematics devices and wearable sensors feed real-time behavioral data back to insurers, enabling usage-based products that price risk dynamically. Because mobile devices are nearly ubiquitous, insurers now have the technical capacity to maintain ongoing relationships with policyholders rather than interacting only at renewal or when something goes wrong.

3. AI-Driven Improvements in Customer Interactions

3.1 Intelligent Customer Service and Support

Conversational AI now handles routine customer inquiries at any hour. A policyholder can check what their policy covers, request copies of documents, or update contact details through a messaging interface — no waiting on hold, no scheduling a callback. These tools have become noticeably better at interpreting natural-language

queries, which reduces the frustration that came with earlier, more brittle systems. When an inquiry exceeds what the automated system can handle, the transition to a human agent includes the relevant context — who the customer is, what they have already asked, where the conversation left off — so the handoff does not feel like starting from scratch.

Implementation quality varies substantially. A thoughtfully designed system maintains transparent escalation routes and is honest about its own limits. A poor deployment traps users in loops of irrelevant automated responses, and the resulting irritation shows up in satisfaction metrics. The research on consumer acceptance of insurance chatbots points to perceived usefulness and trust as the decisive factors [4]. Customers need a reason to believe the system will actually solve their problem, not simply add another barrier between them and a person who can help. Voice interfaces represent a newer frontier. Smart speakers and voice assistants let customers check policy details or initiate a claim hands-free. For people with mobility limitations, or anyone who finds tapping through forms on a small screen cumbersome, this matters. Voice also supports broader accessibility objectives, opening insurance services to segments of the population that struggle with conventional digital interfaces.

3.2 Personalized Product Recommendations

Recommendation engines draw on customer data — life events, asset ownership, location, prior purchasing patterns — to suggest insurance products tailored to individual circumstances. This differs from traditional cross-selling, which tends to rely on fixed product bundles and generic sales scripts. When a recommendation reflects someone's actual risk profile and life stage rather than a mass-market assumption, it tends to feel more relevant.

Usage-based insurance stands out as one of the clearest expressions of data-driven personalization. In auto insurance, telematics programs capture actual driving behavior: mileage, speed patterns, braking intensity, and time-of-day usage. Premiums adjust accordingly, with safer driving rewarded through lower rates — a built-in behavioral incentive. Health insurance programs apply a parallel logic, using wearable device data to encourage physical activity and healthier routines, typically offering premium discounts or similar rewards for

meeting fitness benchmarks. These arrangements reposition insurance from a passive financial backstop toward something resembling an active partnership around risk management.

Personalization has a darker side. When an insurer seems to know too much — about habits, movements, health status — the experience tips from helpful to invasive. Pricing algorithms introduce additional concerns: models may use data points that correlate with protected characteristics even when those characteristics are not explicitly coded into the system. Regulators in multiple jurisdictions have begun examining insurance pricing algorithms for fairness and anti-discrimination compliance. The tension is genuine: finer-grained risk classification offers efficiency and, in many cases, better prices for lower-risk customers, but it also raises questions about what society considers an acceptable use of personal information.

4. Operational Efficiencies and Customer Experience Outcomes

4.1 Streamlined Underwriting and Policy Issuance

The underwriting process used to mean filling out lengthy forms and then waiting — sometimes days, sometimes weeks — for an answer. Automated underwriting changes this by pulling data from external sources and applying decision rules algorithmically. For a large portion of applicants, the result is instant: a quote appears on screen, and the policy can be purchased within minutes. Cutting friction at the point of sale has a direct, measurable effect on the purchase experience and reduces the rate at which applicants abandon the process partway through.

Digital onboarding has undergone a similar transformation. Electronic signatures eliminate paper. Identity verification now happens through document scanning and facial recognition. Payment setup routes through integrated gateways. An entire policy can be issued without a single physical document or an in-person meeting — customers get speed and convenience, while insurers shed administrative costs and the logistical headache of paper management.

Not every risk can be scored by an algorithm. Complex commercial policies, high-value life insurance, and unusual risk profiles still need an

experienced underwriter's judgment. For most carriers, the pragmatic answer is a hybrid: automated triage handles the straightforward cases, and expert review kicks in for the exceptions. This model delivers speed where speed is possible while maintaining quality for the situations that genuinely require human attention. Even customers whose applications go to manual review benefit from a faster initial response.

4.2 Accelerated Claims Processing

A claim is the moment that tests everything an insurer has promised. How the company performs at this point shapes satisfaction and loyalty more than any other interaction. Technology has moved claims processing from a slow, document-heavy procedure toward something faster and more transparent. Customers now submit claims through mobile apps, uploading photos and descriptions at the scene of an incident. Automated first-notice-of-loss systems capture the key facts and launch the claims workflow without requiring anyone to place a phone call during what is often a stressful situation.

AI-driven damage assessment has shortened evaluation timelines for certain types of claims. Computer vision algorithms assess photographs of vehicle damage or property loss, producing repair cost estimates and validity determinations in seconds rather than the days a manual adjuster review would take. For claims that are straightforward, automated systems can approve and disburse payment without human involvement — settlement funds sometimes reach customers within hours. Speed of resolution has a powerful effect on how customers rate service quality.

Fraud detection, too, has advanced. Machine learning models flag claim patterns that statistically resemble fraudulent activity, analyzing variables such as claim timing, repair cost estimates relative to benchmarks, claimant history, and geographic clustering. Effective fraud screening benefits honest policyholders through lower premiums, since the industry loses substantial sums to fraudulent claims each year. The operational challenge is calibration: screening that is too aggressive delays legitimate claims and antagonizes customers who have done nothing wrong.

4.3 Transparency and Trust Building

Mechanisms

Blockchain technology opens possibilities for transparency that the traditional insurance infrastructure has struggled to provide. A distributed ledger can hold an immutable record of policy terms, premium payments, and claim transactions — verifiable by all relevant parties. Smart contracts extend this logic by triggering claim payouts automatically when predetermined conditions are satisfied, which reduces the scope for disputes over coverage determinations and settlement values. Parametric insurance products — those that pay out based on objective triggers like earthquake magnitude readings or measured rainfall levels — fit naturally with blockchain architecture because the triggering events come from independently verifiable data feeds and the payout can be processed without manual adjudication.

Transparency improvements are not limited to blockchain-based approaches. Digital platforms now provide customers real-time visibility into where their policy stands, how a claim is progressing, and what payments have been made. Interactive tools help people understand what their policy covers and — just as importantly — what it excludes, reducing unpleasant surprises at the moment of a claim. Embedded educational content helps customers make more informed choices about coverage levels and policy features. Greater clarity shrinks the information gap that has historically defined the insurer-customer relationship and begins to address the trust deficit that comes with it.

Trust in digital insurance settings is built differently than trust through personal relationships, but the foundations are similar. A customer who has never spoken to a human representative needs evidence that the company will actually pay when something happens. Insurers try to supply this through transparent communication, demonstrably fast claims resolution, and social proof — reviews and testimonials from other customers. The psychology remains what it has always been: people need to believe the insurer is competent, dependable, and acting in their interest.

5. Conclusion

The arrival of InsurTech has reshaped what customers experience when they interact with insurance companies — not at the margins, but across the full arc of the relationship. What started as disconnected technology experiments

has grown into a thorough rethinking of how insurers and customers connect. Routine inquiries and tailored product suggestions now run through AI systems. Risk assessment and product design draw on analytics operating at a scale and granularity that was not previously possible. Blockchain-based infrastructure introduces transparency mechanisms and automated claims settlement that were once theoretical. Omnichannel platforms aim to deliver a consistent experience regardless of how a customer chooses to engage.

That said, the transformation is uneven and incomplete. Data privacy remains a persistent source of friction, algorithmic bias is a genuine risk rather than a hypothetical concern, and large segments of the population still lack reliable access to digital insurance channels. Implementations that optimize for efficiency without attending to what customers actually need can make things worse — stripping away human support without providing a viable alternative. Deployment examples that appear most successful tend to share a common feature: they calibrate the boundary between automation and human involvement, using technology for the routine and reserving human judgment for situations that are complex, ambiguous, or emotionally charged.

What comes next points toward more integrated, more intelligent, more individualized insurance experiences. Generative AI will deepen what conversational interfaces and personalized content can do. Improvements in predictive analytics will shift some industry attention from risk assessment after the fact toward prevention and risk management before losses occur. Open insurance frameworks may give customers greater control over their own data, enabling portability across providers for better pricing and coverage terms. The carriers positioned to do well in this environment are likely to be those that see technology not as an objective in itself but as instrumentation for delivering something that actually matters to the people they insure: simpler processes, fairer pricing, and more responsive service when it counts.

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