

Meet “The New Electricity”

Artificial Intelligence Is Coming to Your Agency Sooner Than You Think

By: J. Bruce Cochrane

According to savvy insiders, there's no such thing as the tech industry anymore. Every business is now in the tech business, including independent insurance agents. Up until recently, we agents could rationalize that we are in the insurance business and treat technology merely as a necessary evil. The simple truth is that advancing technological capabilities are the cornerstone for all future improvements in business and society, regardless of industry. The fundamental precepts of life and business are in for an historical disruption as future advancements come about through the interchange of data and technology.

Agents will no longer be able to bury our heads in the sand on technology. Consumer expectations will rise and buyers will reward those who deliver on those expectations. Relationships that have been the backbone of our industry will be worthless without delivering on those heightened expectations. The sooner agents embrace this reality, the sooner we can transform to succeed in a whole new world going forward.

Front and center in this new world is artificial intelligence (AI), which will change our lives dramatically. Research scientists call AI “the new electricity,”

saying that just as electricity transformed industry after industry in the last century, we should expect that AI will do the same. The term AI is used to describe human-like reasoning and learning ability embedded within a machine. AI conjures up visions of Hal 9000 in *2001: A Space Odyssey* and George Jetson streaking around in his personal flying saucer. We are speeding into a realization of what was science fiction fantasy some 50 years ago.

Today, we're at an incredibly advanced state of human knowledge with the emerging avalanche of structured and unstructured data and the ability to execute millions of individual computations in a nanosecond. All this firepower has unleashed an explosion of technological advancements, one after another, like a nuclear chain reaction. These forces will transform our world in breathtaking ways that most of us struggle to comprehend.

There will be more change in the next five years than we experienced in the last 25 years. Some tech experts say that Moore's Law — the doubling of our computing capacity every two years — is well on its way to obsolescence. Going forward, expect the rate of change to occur at an increasingly faster pace.

For many, the idea of AI having an impact on our daily business world still sounds like science fiction, but the reality is that AI is more present today than most of us recognize. AI's applicability to everyday functionality is closer to reality than many of us are willing to accept.

On the Path to the Future

So just where are we on the path to machines being smarter than people? There are three fundamental stages of AI, commonly referred to as AI calibers:

1. **Artificial Narrow Intelligence (ANI)** — AI that specializes in *one* area
2. **Artificial General Intelligence (AGI)** — a computer that is as smart as a human *across the board*
3. **Artificial Superintelligence (ASI)** — “an intellect that is much smarter than the best human brains in practically every field, including scientific creativity, general wisdom and social skills.”

The best guess as to when we'll see smart-as-a-human stage caliber 2-AGI is by 2050. Caliber 3-ASI is predicted

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to occur quickly after that, perhaps as early as 2075, despite the quantum leap in technology that would represent. How is this possible? It's this same jet propulsion of technological capabilities that took us to the moon only 60 years after the Wright brothers made man's first machine powered flight in 1903; the same advancement curve that put five times the computing power it took to get to the moon in our hands forty years later in the form of a smartphone. The point when we reach ASI has been termed "technical singularity," the moment when our technology's intelligence exceeds our own, when computers will be able to self-teach, bringing with it both exhilarating possibilities and disturbing downside implications.

What AI Means for the Independent Agent

Let's jump back from the future to look at what all this means for independent agents today. It simply means that AI will be one more tool to magnify our value proposition to our customers. We made the progressive transitions to adding machines, faxes, personal computers, email and smartphones. With ANI, we have on the immediate horizon numerous specialized AI tools performing a series of single tasks, processing and performing enormous quantities of data computation/analyses at a rate our biological brains can't match.

Data science and data analytics have already become the great separators, allowing those who have the ability to capture, gather, analyze, draw actionable conclusions from and measure results with data to have a huge leg up on the competition. This is where AI comes in, providing the means to do the number

crunching and then apply our human knowledge capital to produce far better outcomes.

AI is really nothing more than "augmented intelligence," where humans are able to delegate routine tasks, freeing us to employ our superior cognitive capabilities at ever-increasing higher levels. Here's a simple and recognizable example. When baby boomers were in grade school, we were drilled on the multiplication tables so we could perform these simple calculations in our heads. Our mathematical capabilities didn't go much farther than algebra or trigonometry. Along came cheap hand-held calculators, rendering multiplication tables memorization obsolete. Students could use the calculator as a tool to reach a higher level of mathematical capability. Now, calculators have been replaced by tablets, harnessing computer power that was a fantasy a few decades ago. These transitions have enabled us to attain ever-increasing levels of knowledge and intellectual curiosity, underlying the explosion of advancements we are witnessing today.

This example illustrates a simple biological fact: there is a finite limit to our mental bandwidth. By delegating routine computations to our tools, we enable our brains' capacity to be used at higher levels of cognitive ability. Advanced technology tools have made humans smarter.

How will independent agents gain these tools and capabilities? Think resource sharing and on-demand services. IBM's Watson is today renting out time to a series of industries, insurance being just one, putting advanced capabilities within the reach of businesses that could never afford such capabili-

ties alone. One can envision an entire industry built around providing such on-demand services, which would hasten the adoption of the data economy among mainstream business, such as insurance agencies. Data is now a crucial raw material for business, and AI will be a major tool to harness the power and opportunities that data provides.

Think what AI could enable — just a few of the things many of us strive for today:

- Offloading nonrevenue producing tasks
- Staking out the role of consultative partner
- Driving business by the metrics
- Eliminating nonperforming business
- Breaking out of self-imposed barriers

By harnessing all the benefits that new technologies afford, agents can effectively rearticulate their ageless value proposition: local knowledge, relationships and consultative service. The future for the independent agent is exceedingly bright, but only if we fully embrace the promise and power of technology and make it a central tool to advance our ageless value proposition. ■

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