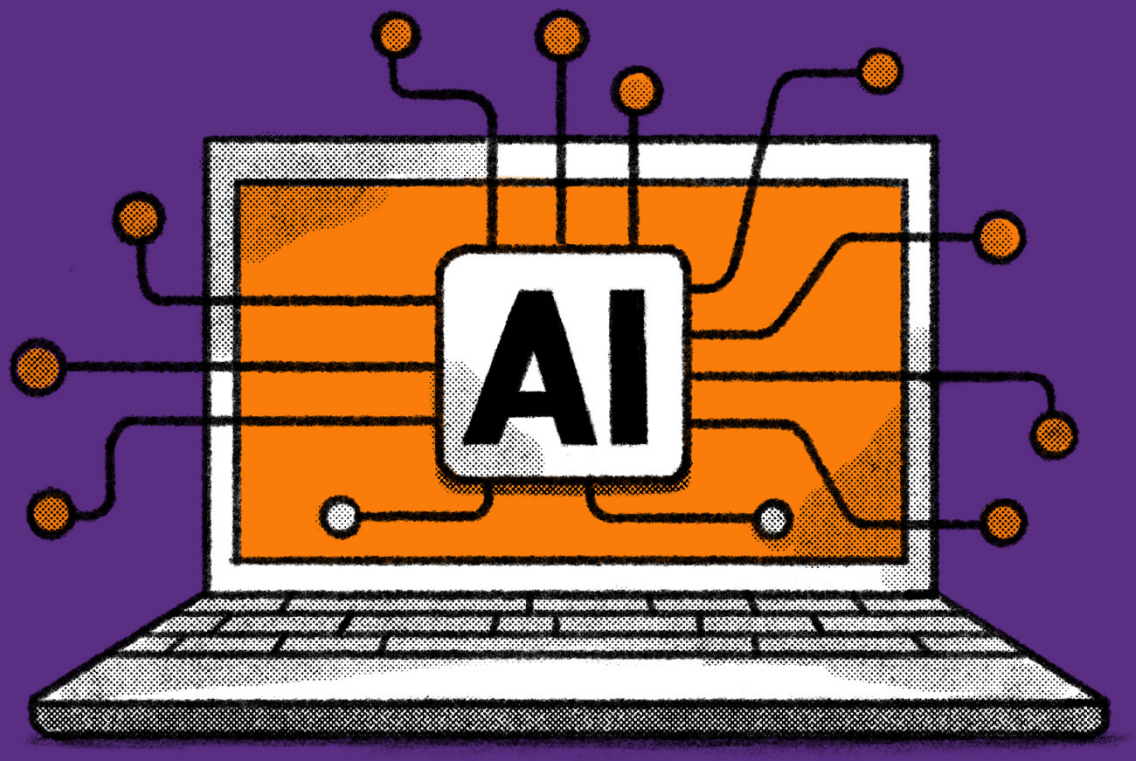
INSLY

A COMPREHENSIVE GUIDE

# AI IN INSURANCE




## Achieving ROI Through Practical Use Cases

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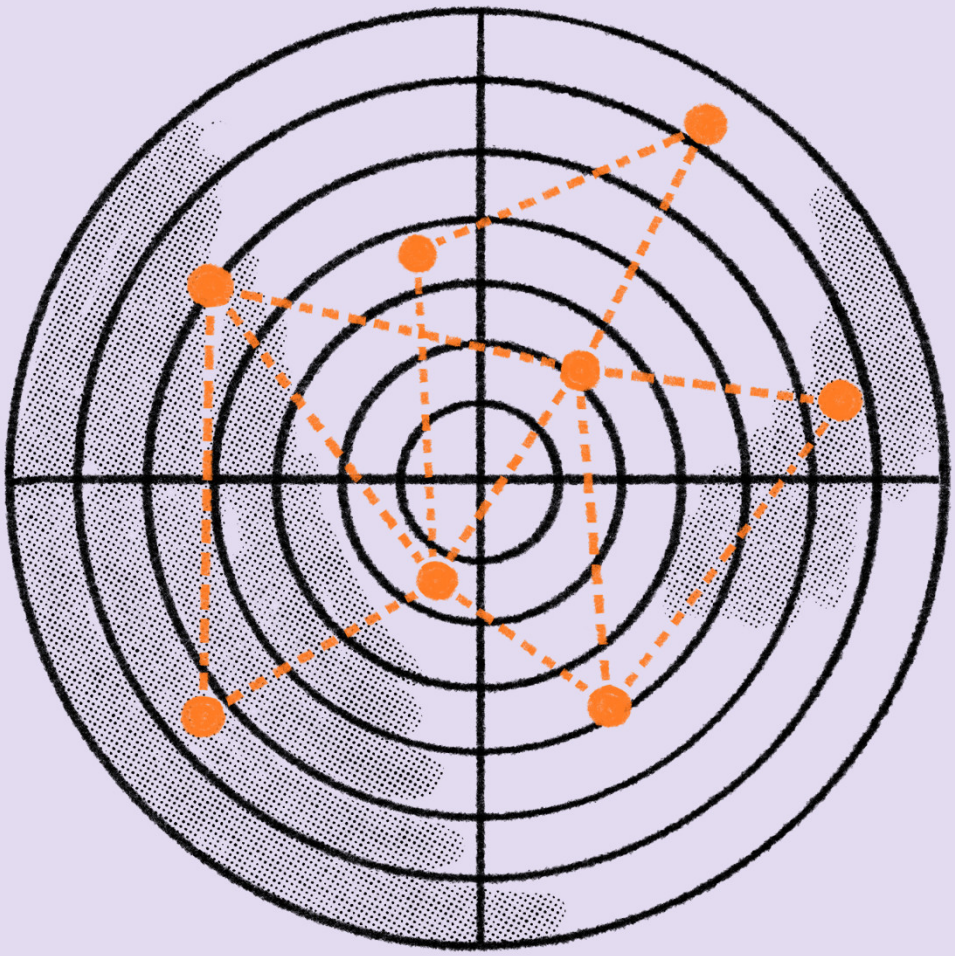


# The AI Landscape in Insurance

## Balancing the opportunity and challenge of AI

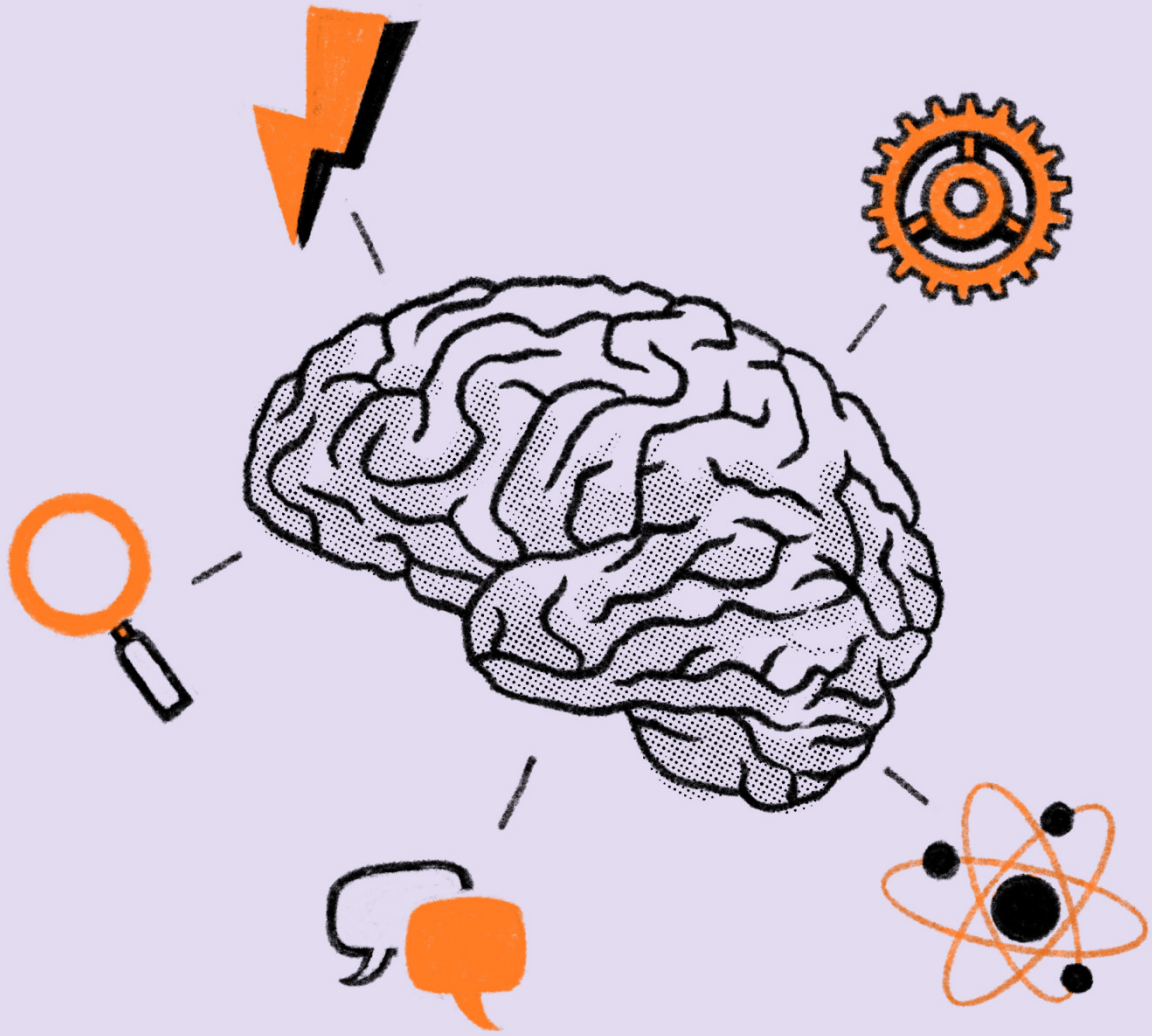
Since the launch of ChatGPT in 2022, AI investment has exploded in the insurance sector. But while some of the largest insurance brands and most innovative insurtechs have built viable use cases and implemented AI successfully, many companies are still unsure how to deliver ROI from the technology. In this report, we talk to innovators from across the insurance sector to explore the top use cases and how businesses can start to build an AI strategy.

Digitisation and automation aren't new to insurance, but rapid advances in generative AI, large language models (LLMs), optical character recognition (OCR), and machine learning have revolutionised what is possible across the insurance lifecycle. Insurers and MGAs are taking notice, with a McKinsey report finding that more than half of insurance leaders say gen AI could lead to productivity gains of 10 to 20%, premium growth of 1.5 to 3%, and improvement in technical results by 1.5 to 3%.

The last two years have been dominated by the race to find these kinds of gains from AI, but while there have been some successes, the challenges have also come into sharp focus; for example, a study by Boston Consulting Group found that 74% of companies struggle to achieve and scale value from AI. Insurance is a traditional, highly regulated sector that has already been slow to digitise how it operates. Incorporating AI in a way that delivers real ROI, keeps employees onside, and doesn't alienate customers requires a considered, strategic approach.

"Everyone's scrambling to figure out how to 'leverage AI' for their business, especially after reading articles that make it sound like *all* their competitors are already pros at it (spoiler: they aren't)," says Risto Rossar, CEO of Insly. "This leads to a fair bit of panic and, let's be honest, some questionable investments. But hey, it's a learning curve! A few of these AI experiments will probably pay off big and, fingers crossed, help reshape the industry in exciting ways."

In this report, we will explore some of the key areas where insurance companies have been adopting AI, the main barriers to maximising the potential of the technology, and the lessons on delivering ROI.



# AI, the real benefits for insurance

## Five ways AI delivers value

AI is more than hype for MGAs and insurers, which have been busy identifying and developing use cases across the insurance lifecycle. From product development through to claims, operations, finance, and beyond, AI is bringing real value for insurance companies and their customers in five key ways:

**Speed**: AI's ability to process, handle, and summarise huge volumes of data gives insurance companies the power to accelerate numerous business-critical operations, from testing and launching products to underwriting risks, assessing claims, or creating financial reports. The result is faster service for customers and faster business growth.

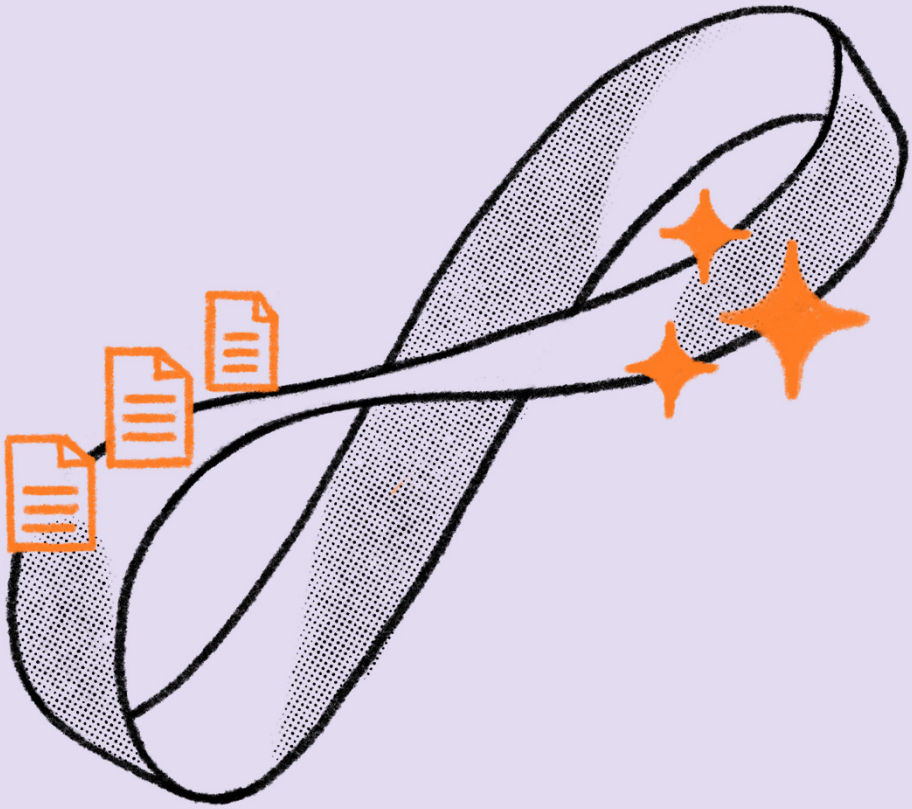
**Efficiency**: AI can streamline complex and repetitive tasks, such as data entry, writing reports, and drafting client communications, thereby freeing humans to focus on more complex and strategic work, such as developing new products and revenue streams, and building customer relationships.

**Innovation**: By spotting patterns in unstructured data, AI can help MGAs and insurance companies identify patterns and opportunities in the changing risk landscape and customer trends, to feed into new products, distribution strategies, cross-selling, and more.

**Customer experience**: When combined with a human-in-the-loop, AI brings huge advantages for the customer through more targeted, personalised communications, more convenient claims processes, and improved speed of response.

**Decision-making**: By providing greater visibility and deeper analysis of business performance, AI gives underwriters and business owners enhanced decision-making powers to aid profitability and growth.

"AI is evolving at a blistering pace, opening up a world of new possibilities in insurance automation," says Risto Rossar, Founder and CEO, Insly. "While landing on the right use cases and managing the implementation and change required isn't always easy, those companies that embrace its potential now will reap the rewards in the future."



# AI across the insurance lifecycle

Every area of the insurance lifecycle is being disrupted by AI in some way. Here we explore some of the most promising use cases where AI tools and technologies are transforming processes, supercharging efficiency, and aiding innovation and growth.

## Accelerating product innovation and speed to market

AI's ability to analyse large volumes of data faster than any human means it can spot patterns in sales and marketing figures, customer feedback, review sentiment, or social media commentary to feed into product development. Furthermore, the capacity of LLMs to aid with coding makes designing and building product prototypes much faster, speeding up product launch timelines considerably. As a result, companies can respond more rapidly and dynamically to market and customer trends, opening up new revenue streams for growth.

An example of where AI is already being used in product development is at Munich Re, which introduced a genAI CoPilot on its REALYTIX ZERO platform to streamline the development of insurance products for its clients. The CoPilot works like ChatGPT, so users simply instruct it using prompts, and it will implement these directly into the product. As a result, the product design process takes as little as a few hours or days.

## Making distribution more targeted and efficient

AI can help insurance companies become significantly more targeted and efficient in their distribution processes. Through rapid analysis of customer data, it can help identify the most effective channels to reach specific customer segments, as well as help tailor product positioning, marketing, and pricing based on customer needs and preferences. Finally, by analysing customer data, it can help identify cross-sell opportunities that may otherwise be missed.

"We have used ChatGPT to help build out customer personas and develop content and communications plans to connect with our target audience at the right time in the sales funnel," says Luke Glassford, Head of Marketing, Mode Insurance. "Another way we are currently using AI is to stay ahead of industry

trends by analysing market data, emerging risks and competitor activity, which allows us to adapt and update our offers and messaging to provide the most relevant and competitive insurance solutions."

Another use case is in facilitating efficiency savings in distribution processes, such as the transfer of information between brokers and underwriting teams at insurers or MGAs. For example, Insly's AI-powered tool FormFlow allows brokers to submit quote details to MGAs and insurers in any format and then transforms the data into a format that can be processed by quote and bind systems. This reduces the need for manual data entry and rekeying for both sides, saving time and potentially opening up profitable new partnerships.

## Faster, more personalised, and accurate underwriting

Underwriting is perhaps the area where AI has the greatest potential to add value in insurance, given its role in analysing huge volumes of unstructured data, and the complexity of pricing risk in a way that is both attractive to the customer and profitable to the MGA or insurer. AI technologies promise to remove much of the legwork from the underwriting process, eliminating manual data entry, fragmented data sources, and incomplete or unstandardised risk assessments. AI tools can also help evaluate customer risk profiles in new ways, enabling more accurate and personalised pricing, for example, by scanning data sources, such as social media, financial, and public records, with the ability to make decisions in a matter of minutes in some cases.

London-based broker, Hiscox, recently announced it has collaborated with Google Cloud's Gemini large language model to assess risks, generate pricing, and draft emails to brokers, accelerating the underwriting process significantly. Meanwhile, AIG is harnessing generative AI to improve data quality in underwriting, with the Chairman and CEO, Peter Zaffino, claiming it has improved data collection and accuracy rates from around 75% to more than 90%. And QBE recently launched a Cyber Underwriting AI Assistant, which has driven a 65% reduction in review times by performing initial submission reviews.

Erik Wright, Founder and CEO of New Horizon Home Buyers, a multi-million-

dollar real estate company, has seen similar benefits from an AI tool it introduced in its insurance division.

“Last year, we implemented AI-powered risk assessment tools that cut our underwriting time from days to hours,” he says. “The technology analyses property condition reports, local crime statistics, and natural disaster probabilities to generate accurate risk profiles without manual review for straightforward cases.”

## Enabling claims convenience and customer service

Critical for customer service but also costly, claims have been a significant focus for insurance companies looking to improve processes and customer experience. Involving a high level of manual checking, research, and administration, there are numerous areas where AI can add enormous value in reducing claims processing time, improving accuracy, and identifying cases of fraud.

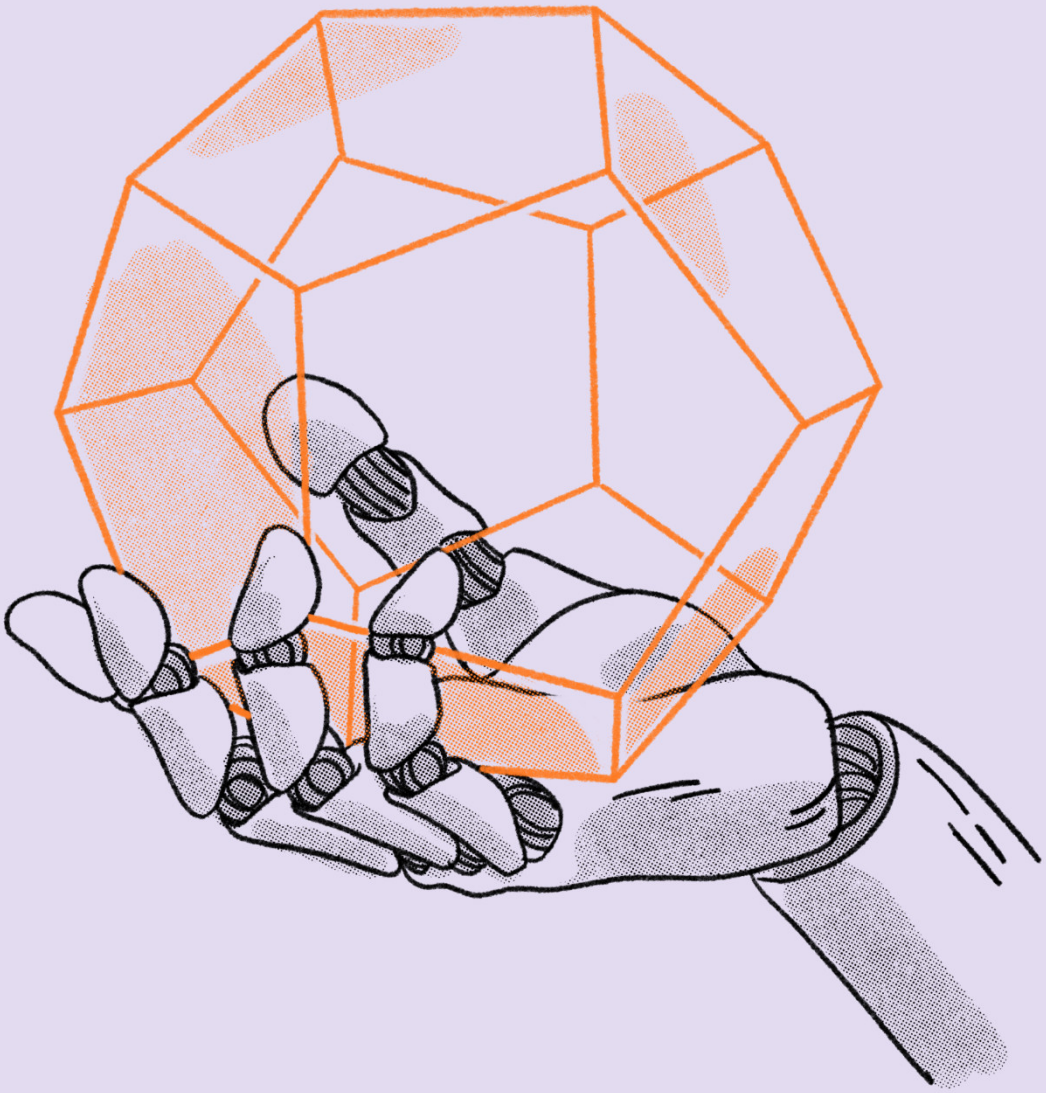
Leading insurance companies are now using AI across every element of the claims process, from chatbots to respond to FNOL requests, to summarising key information, carrying out searches and checks, and providing decision support, next steps, and drafting client communications. One example is Allianz’s Insurance Copilot, launched in February 2025, a generative AI tool, which it describes as an “extra colleague” to answer questions and carry out tasks across the claims cycle, thus reducing the workload for claims handlers, speeding up claims, and reducing claims leakage. Aviva now has a similar end-to-end AI claims system, which can automate claims from start to finish in certain cases, or loop in a human claims handler at any time.

“AI is... offering huge potential to enhance customer experience (CX),” says Eileen Potter, VP of Marketing, Insurance at Smart Communications. “With half of UK adults already interacting with AI-powered chatbots for customer service, automation is streamlining processes and freeing up human agents for complex queries. AI also enables insurers to personalise communication at scale and automate routine tasks, making operations more efficient and customer-centric.”

## Easing financial and operational complexity

Alongside more sector-specific use cases, some of the most meaningful gains from AI come from efficiencies in central functions or back-office, such as operations, marketing, or finance and accounting, which carry out numerous repetitive tasks on a weekly or monthly basis. For example, AI tools can help insurance professionals take notes in meetings, summarise, assimilate information, and produce reports or presentations.

Finance and accounting are particularly complex for insurance companies and MGAs, due to complex distribution and compliance requirements. Boston Consulting Group calculated that genAI can help insurance companies capture efficiency improvements of 10% to 20% across specialised processes, decision-making, and finance operations. A few examples of where it is adding value include automating repetitive tasks, predicting future performance, managing cash flow and financial risks, optimising investment portfolios, and creating presentations and reports for investor relations.



# Risk management: Overcoming key challenges

## Trust and keeping a human in the loop

Probably more than any other technology, AI raises huge trust issues, both amongst employees, consumers, and wider stakeholders. Will it, or can it, replace human expertise, and do we want it to? Can users be confident about the accuracy of outputs? And how can companies benefit from the efficiencies of AI without losing the personal touch?

“We have found that the main challenge for brokers is using AI without losing trust, as clients still want expert advice and guidance, not just automated responses,” says Luke Glassford, Head of Marketing at Mode Insurance. “The key is integrating AI where it adds value, such as improving processes and refining client communications, while ensuring human expertise remains at the core of everything we do.”

To avoid trust issues, companies need to ensure they consider potential issues early in the development process and maintain transparency about AI’s role at all times. Ensuring human team members remain part of the equation is also critical.

“Customers may hesitate to engage with automated systems, especially for sensitive issues like claims,” comments Eileen Potter, VP of Marketing, Insurance at Smart Communications. “Transparency is key; customers need to understand how AI impacts their claims and be assured that human oversight guarantees fairness and accuracy... Ignoring the trust gap isn’t an option. Without clear AI governance and customer-focused implementation, insurers risk customer attrition, regulatory scrutiny, and lost loyalty. The future belongs to those who integrate AI with radical transparency and human-centric digital experiences.”

Human involvement not only provides added comfort and security to customers, but it also ensures any accuracy or bias issues are picked up and adds a layer of human judgment that isn’t possible with AI.

“Trust is the biggest hurdle,” says Michael Benoit, Founder of California Contractor Bond & Insurance Services. “Contractors want fast approvals, but they do not want to feel like an algorithm is deciding their fate. A policy is a business's safety net. Blending AI with human review works best. It speeds things up but still

allows an expert to step in when needed. If AI can cut processing times by 40% while keeping human judgment in the loop, that is where the real value is."

"Accenture found in a survey in 2023 that 70% of insurance leaders are convinced that AI will enable them to enhance efficiency and decision-making, but the rates of adoption are low because of a lack of trust," says Reilly James Renwick, Chief Marketing Officer, Pragmatic Mortgage Lending. "Although AI aids automation, the trick to maximizing ROI is to balance AI with human judgment. Our experience teaches us that AI performs best when it's used as a tool for the team, not as a replacement for the team."

## Security and privacy concerns

As a technology fueled by data, data privacy and security are naturally amongst the biggest concerns for insurance companies adopting AI. Strict data privacy and security regulations, such as GDPR, are in place around the world, as well as AI-specific regulations and guidelines such as the EU AI Act and UK AI Cyber Security Code of Practice. Failure to abide by these will lead to fines and serious reputational damage.

"Compliance and data security remain major concerns," says Danny Ray, Founder of PinnacleQuote. "AI relies on vast amounts of data, and ensuring that information is used ethically and securely is a constant balancing act. Overcoming these barriers requires clear guidelines, transparency, and continuous oversight."

Insurance companies and MGAs are accustomed to operating within strict guidelines, so they must take an equally stringent approach with AI by implementing a data governance framework, advanced end-to-end security measures, and privacy by design.

Open, general-purpose tools such as ChatGPT are unsuitable for an insurance environment as companies have little control over how inputs are stored and used. Instead, any AI tools used should be closed, ensuring client data remains offline, doesn't leave their systems, and is siloed between clients.

When working with external suppliers, insurance firms should work with

established providers that have built their systems using reputable partners and have appropriate security accreditations, such as ISO/IEC 27001:2022, SOC2, and Cyber Essentials. The right partner can help provide assurance, so firms don't need to build a sophisticated security infrastructure from scratch.

## Change management: The human factor

Boston Consulting Group calculated that changing people and processes is 70% of the effort of implementing AI in insurance. The technology may be hugely powerful, but it is still just a tool; if people aren't bought into using it and the benefits, then AI adoption will ultimately fail.

"AI is rapidly becoming a critical tool in the insurance lifecycle, from underwriting to claims management," says Reilly James Renwick, Chief Marketing Officer at Pragmatic Mortgage Lending. "The obvious truth: AI can analyse vast amounts of data in seconds, but the challenge is how to integrate it seamlessly into human processes."

Clear leadership and strategy on AI is vital to avoid false starts and the risk of losing confidence across the business. Leadership must be clear about what they want to achieve and keep it simple initially, to gain buy-in for the technology before considering more complex use cases.

"Maximizing ROI with AI requires starting with processes that will deliver the quickest returns," says Jon Morgan, Venture Smarter. "For one client, automating data entry and claims sorting led to a 20% reduction in operational costs within just a few months. By focusing on simple tasks first, they were able to prove AI's value quickly, which made it easier to expand its use across the business."

Education, training, and communication are also vital so that employees buy into AI, and see how it can benefit them, rather than fearing how it may impact their role or future with the organisation.

"A common barrier to AI adoption is a lack of internal understanding and skills," continues Morgan. "I recently worked with an insurance client who was unsure how AI could streamline their claims process. They were concerned about the complexity of implementation and the learning curve for their team. After

providing tailored training and demonstrating specific use cases, such as automating claims triage, they felt more confident and were able to implement the technology without disrupting their workflow."

## Integration and data

AI is only as helpful as the underlying data it is trained on, and this remains a significant hurdle for many companies.

"The most significant barrier we've faced is data quality," says Erik Wright, Founder and CEO at New Horizon Home Buyers. "AI systems trained on standard homeowner policies struggled with investment property scenarios. We manually reviewed thousands of past claims to create training data relevant to our niche. Integration with legacy systems also proved challenging, requiring significant IT resources."

Again, MGAs and insurance companies can sidestep this issue by focusing on solving tightly defined, specific problems, where the lack of company-wide data doesn't hold back progress.

"Research confirms what we already know; while most companies report AI as a key focus, less than half believe they have complete, quality data enterprise-wide," says Meredith Barnes-Cook, Partner at ReSource Pro. "Iterative innovation, where carriers, agents, brokers, and MGAs focus on solving the root cause of high-impact problems... creates the opportunity to maximize, if not augment, narrower subsets of data with the accuracy needed to drive automation and, in turn, transformation."

Prioritising focused use cases also avoids potential issues integrating AI with legacy technology.

"The reality is that AI adoption comes with its own set of challenges," says Marcus Denning, Senior Lawyer at MK Law. "A recent study by Accenture revealed that 63% of insurance companies struggle with integrating AI with legacy systems. So, it's not just about the technology itself, but how well it fits within the established operational framework."

# Maximising ROI: Pointers for success

How can insurance companies and MGAs ensure their investments in AI deliver real value while minimising business risk?

## 1. Start small and simple

Minimise the risk of getting it wrong by starting with small, defined use cases, learning what works, what doesn't, and then scaling from there.

"Insurers need to start small, automate simple tasks like claims verification, then scale up once the foundational systems are in place," comments Marcus Denning, Senior Lawyer at MK Law. "This approach not only reduces implementation costs but also helps avoid regulatory pitfalls that could come with unregulated AI use. AI's true value is realised when it's incrementally adopted and carefully integrated."

## 2. Focus on fast returns

Alongside focusing on simple tasks, MGAs and insurers should look for the areas where AI has the greatest potential for fast impact. Concrete results aid in winning the trust and buy-in of the business and provide a positive platform to build.

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## 3. Start in the back office

Pitfalls can also be minimised by starting AI adoption with internal use cases, so it can be tested and perfected before the results are visible to customers.

"Our journey with AI started rocky when we tried using chatbots for customer service," explains Erik Wright, Founder and CEO of New Horizon Home Buyers.

“The technology wasn't ready for complex insurance questions, frustrating clients with inappropriate responses. We learned to start with focused, back-office AI applications before customer-facing ones. Our claims processing AI now flags potential fraud and accelerates straightforward claims, reducing settlement times by 40%.”

## 4. Keep a human in the loop

Issues with trust, accuracy, and judgment mean we aren’t at a point where AI can control entire end-to-end processes. Instead, companies should focus on using AI as a tool that augments the power of human team members.

“To maximise ROI, we've found that pairing AI with human experts yields better results than full automation,” says Wright. “Our underwriters now handle twice the volume by focusing only on exceptions flagged by the AI. The technology handles routine tasks while humans manage complex decisions and client relationships. AI doesn't replace insurance expertise—it amplifies it by eliminating time-consuming data analysis and highlighting what truly needs human judgment."

## 5. Agility

When looking at how to implement AI, companies should also avoid making assumptions about where it will have the most impact before doing in-depth research. Staying open-minded and agile about use cases is likely to be more fruitful in the long run.

“The path to maximizing the value of AI begins with agility, where a process is decomposed into its discrete steps to pinpoint where it breaks, whether it is a bottleneck, or gaps in quality,” says Meredith Barnes-Cook, Partner at ReSource Pro. “Next comes root cause problem-solving, which involves digging below the symptom to identify the underlying cause. The last pieces of the puzzle are gaining agreement on the cost of the problem if left unresolved, and identifying how to measure the impact of a future AI solution.’

## 6. Work with trusted partners, set clear objectives and KPIs

Building an AI tool from the ground up is time-consuming, complex, and probably unnecessary. There are a huge number of general and insurance-focused AI tools now available, so, wherever possible, prioritise off-the-shelf tools over starting from scratch in-house.

“With the root cause of the problem identified and the value of fixing it understood, the search for a right-fit AI solution can begin, considering both scope and cost,” continues Barnes-Cook. This, coupled with being prepared to measure the impact of introducing AI, puts carriers on a path to maximize their return on investment.”

## Time to leap into an AI future

Insurance is now at the forefront of technological innovation, and breakthroughs are happening all the time. While implementing AI might seem daunting, the tools available make it accessible to any MGA or insurer, who will soon reap the benefits of customer satisfaction, operational efficiency, and overall profitability.

# About Insly's FormFlow

Insly's FormFlow uses AI to remove a critical bottleneck in the relationship between MGAs, insurers, and their broker partners by capturing broker submissions in any format so they can be processed by quote and bind systems. This eliminates the need to re-key data, enabling MGAs and insurers to fulfil a higher volume of quotes, faster. Insly estimates that, when used alongside an automated underwriting system, Formflow can triple the proportion of quotes processed by MGAs and insurers.

If your business is still early in its digital and automation journey, the first step is to consider insurance software such as Insly. A modular system, covering the entire insurance lifecycle, Insly is easy to implement and delivers fast ROI through streamlined processes and providing a single source of truth for product and customer data. Highly scalable and flexible, it integrates seamlessly with third-party systems, providing the perfect foundation for your digital and automation journey.

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