GenAI in Insurance

December 2024

Agenda

Let's get started

GenAI in Insurance – really?

What are people actually doing?

Breaking the crystal ball – what comes next?

Closing remarks / Q&A

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Let's ask the audience (Placeholder) – (SLIDO)

- Within Insurance, what is the area that you believe has the biggest opportunity to improve through GenAI?
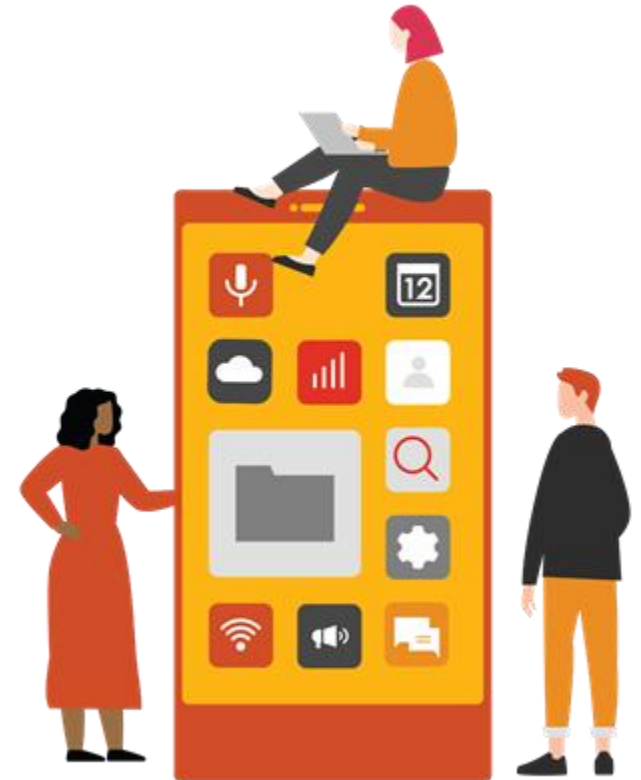
1

- Do you believe products will materially change as market players integrate GenAI?

2

- Where do you see your organization within the GenAI journey?
  – Planning
  – Proof of Concept
  – Implementing
  – Maturing
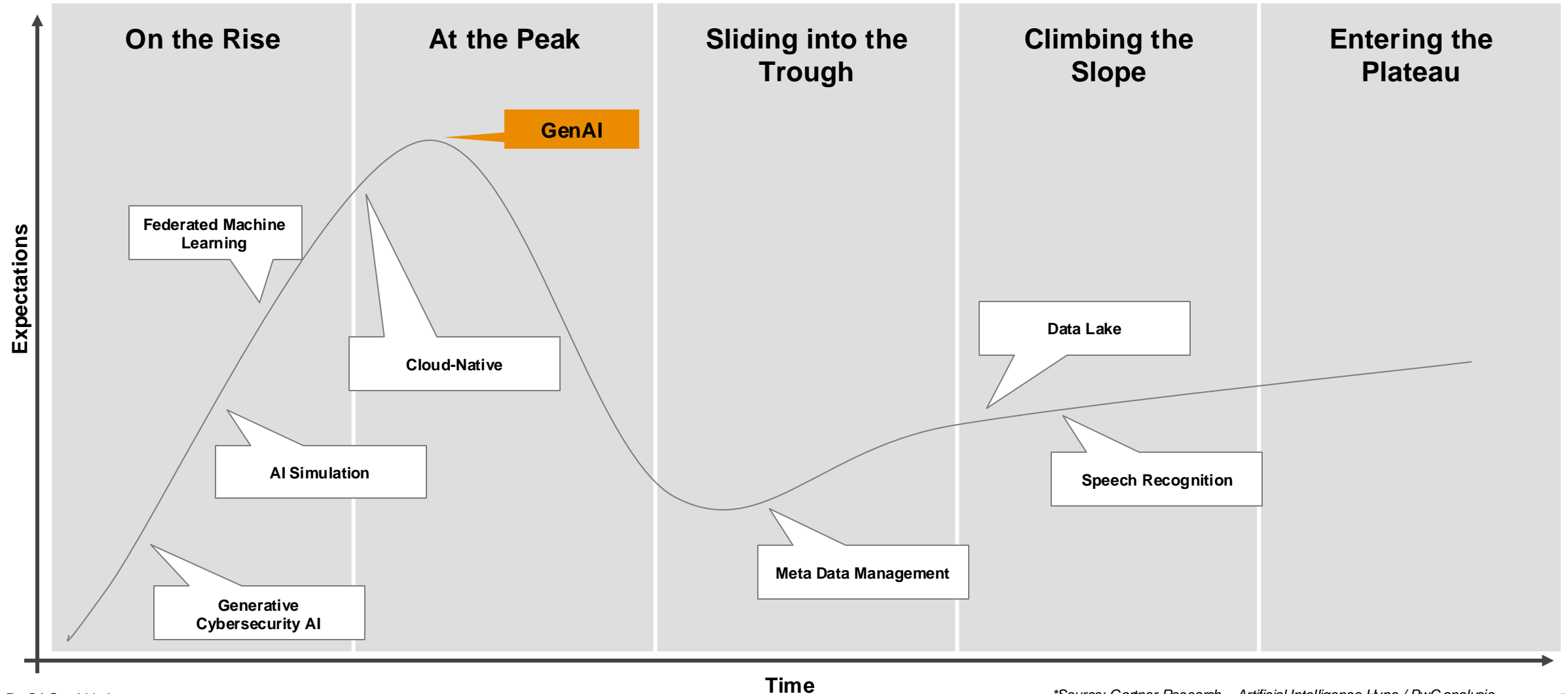
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GenAI has reached the peak of the hype cycle in a record time comparing to other technology innovations

On the Rise | At the Peak | Sliding into the Trough | Climbing the Slope | Entering the Plateau

Expectations — Time

GenAI

Federated Machine Learning

Cloud-Native

AI Simulation

Generative Cybersecurity AI

Meta Data Management

Data Lake

Speech Recognition

Mega firms are set to spend around $1 trillion in the coming years to support AI

GenAI Models	MAI-1	ChatGPT	Liama 3	Gemini
GenAI Model Providers	Microsoft	OpenAI	Meta	Google
Major Shareholders	BlackRock	State Street	Vanguard	Fidelity
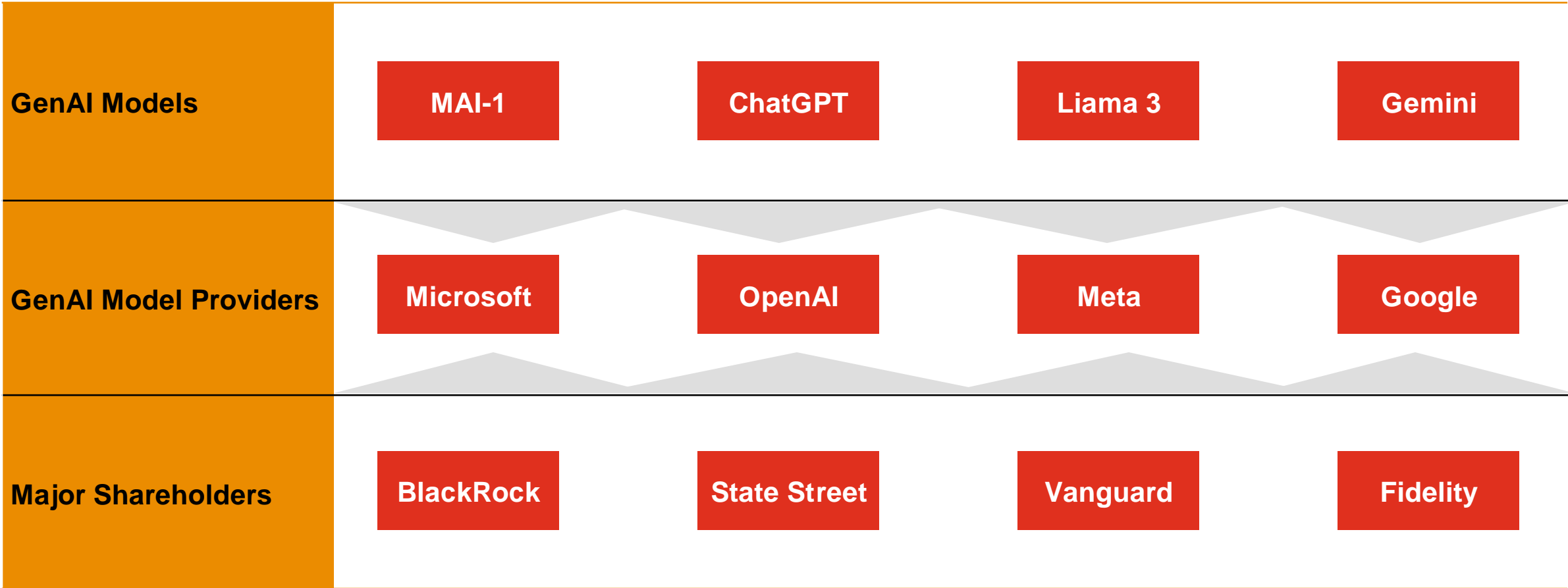
Source: Microsoft, OpenAI, Meta and Google Websites (2024); Multiple SEC filings

Capacity building through enhanced productivity

28%

of CEOs (third only after Media and Banking CEOs) expect GenAI to **enhance performance and productivity** by freeing capacity to focus on higher-value unstructured tasks

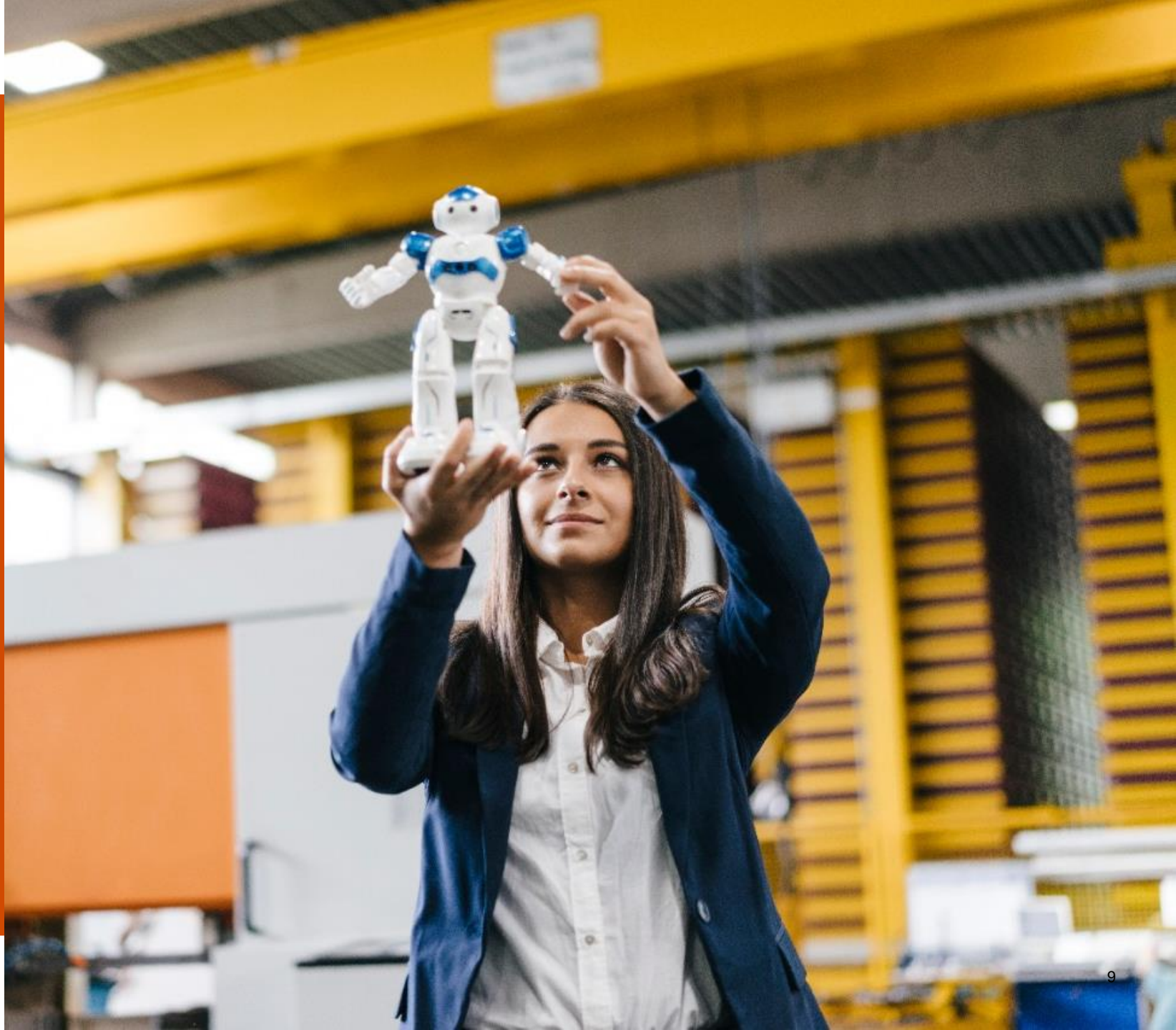**Significant changes in operations and value delivery**

70%

of CEOs believe **GenAI will significantly change the way their company** creates, delivers and **captures value**
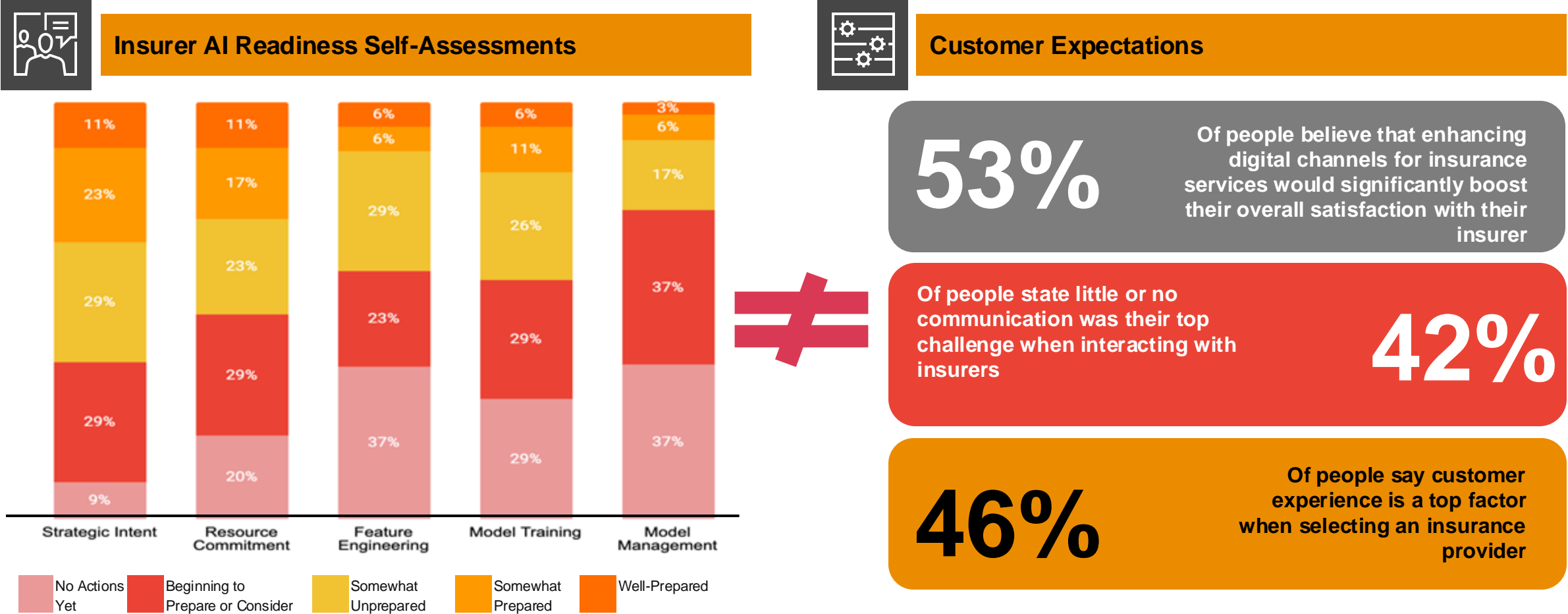
Lack of readiness of insurers to implement AI

78%

of insurers are not prepared to properly implement AI, yet **66% of companies are still planning to implement**, even considering this lack of readiness

Despite CEOs' claims, under 20% of insurers are developing AI models resulting in misalignment with customer expectations

Insurer AI Readiness Self-Assessments

	Strategic Intent	Resource Commitment	Feature Engineering	Model Training	Model Management
Well-Prepared	11%	11%	6%	6%	3%
Somewhat Prepared	23%	17%	6%	11%	6%
Somewhat Unprepared	29%	23%	29%	26%	17%
Beginning to Prepare or Consider	29%	29%	23%	29%	37%
No Actions Yet	9%	20%	37%	29%	37%

Legend:
- No Actions Yet
- Beginning to Prepare or Consider
- Somewhat Unprepared
- Somewhat Prepared
- Well-Prepared

Source: Datos insights Survey of L/A/B and P/C Insurers, Q3, 2023

Customer Expectations

53% Of people believe that enhancing digital channels for insurance services would significantly boost their overall satisfaction with their insurer

42% Of people state little or no communication was their top challenge when interacting with insurers

46% Of people say customer experience is a top factor when selecting an insurance provider

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Source: KUBRA Insured Billing and Payment Report

Insurers have been experimenting with GenAI and are working towards operationalizing it across key areas

Operational Efficiency and Knowledge Management	Enhanced Customer Support and Engagement	Risk Assessment and Underwriting
Sun Life — Developed a GenAI chatbot, which helps employees find quick answers and assists with general daily tasks, improving overall efficiency and support (Newswire – *July 2024*)	**Scotiabank** — Scotiabank uses an AI enabled chatbot to respond to customer queries, providing speed and efficiency for their customers and contributing to an improved customer experience (Newswire – *May 29*)	**AIG** — Leverages GenAI to analyze patient data and demographics, identifying at-risk individuals for proactive, cost-effective healthcare interventions. (*Medium – February 2024*)
TD — Launched GenAI pilots to help colleagues find knowledge faster and accelerate software development, enhancing productivity and operational efficiency (*Newswire – May 2024*)	**Allianz Global Assistance** — Employs intelligent chatbots for client queries, ensuring efficient and effective customer interactions (*Allianz website – August 2023*)	**Allianz Global Assistance** — Uses AI in underwriting to assess and price risks accurately, enhancing their risk management capabilities (*Allianz website – August 2023*)
Manulife — Utilizes AI models to proactively suggest search terms and recommend the right content, aiding employees in finding the information they need efficiently (*Manulife Investor Day – June 2024*)	**CIBC** — Implemented a GenAI pilot to enable frontline team members to quickly access the information to answer client questions accurately, enhancing the client experience (*Newswire – July 2024*)	**Munich RE** — Munich Re has launched aiSelf™, an "innovative" coverage for users who implement self-developed Artificial Intelligence (AI) solutions in their own companies (*Reinsurance News – April 2023*)

GenAI superpower relies on its ability to consume large volume of data to create new content or expand on it

Net-new Creation

Creating entirely new content based on a user-provided prompt.
Examples:
- Creating images or videos for marketing purposes.
- Generating code from a description

Augmentation

Expanding on existing content to fill in gaps or create new synthetic datasets.
Examples:
- Auto-completion of text, presentation, and code
- Imputation of missing values with synthetic data

Transformation

Converting data into new formats-such as text translation and personalization.
Examples:
- Formatting code based on specific requirements
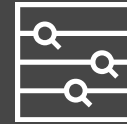- Personalized content based on customer preferences

Dialogue

Responding to questions to provide guidance and information.

Examples:
- Human-like dialogue in response to user queries
- Multi agent conversations for complicated queries

Deep Retrieval

Searching for specific information within a given document or set of documents.

Examples:
- Meta data creation from data
- Finding specific info in a collection of documents

Summarization

Producing an abbreviated form of a given document, coded program, or other body of text.

Examples:
- Identifying customer sentiment from surveys
- Querying company info to summarize financials

Legend **High share of GenAI value creation**   **Lower share of GenAI value creation**

The key is to have a framework to connect the patterns to solve business challenges

Gen AI Patterns

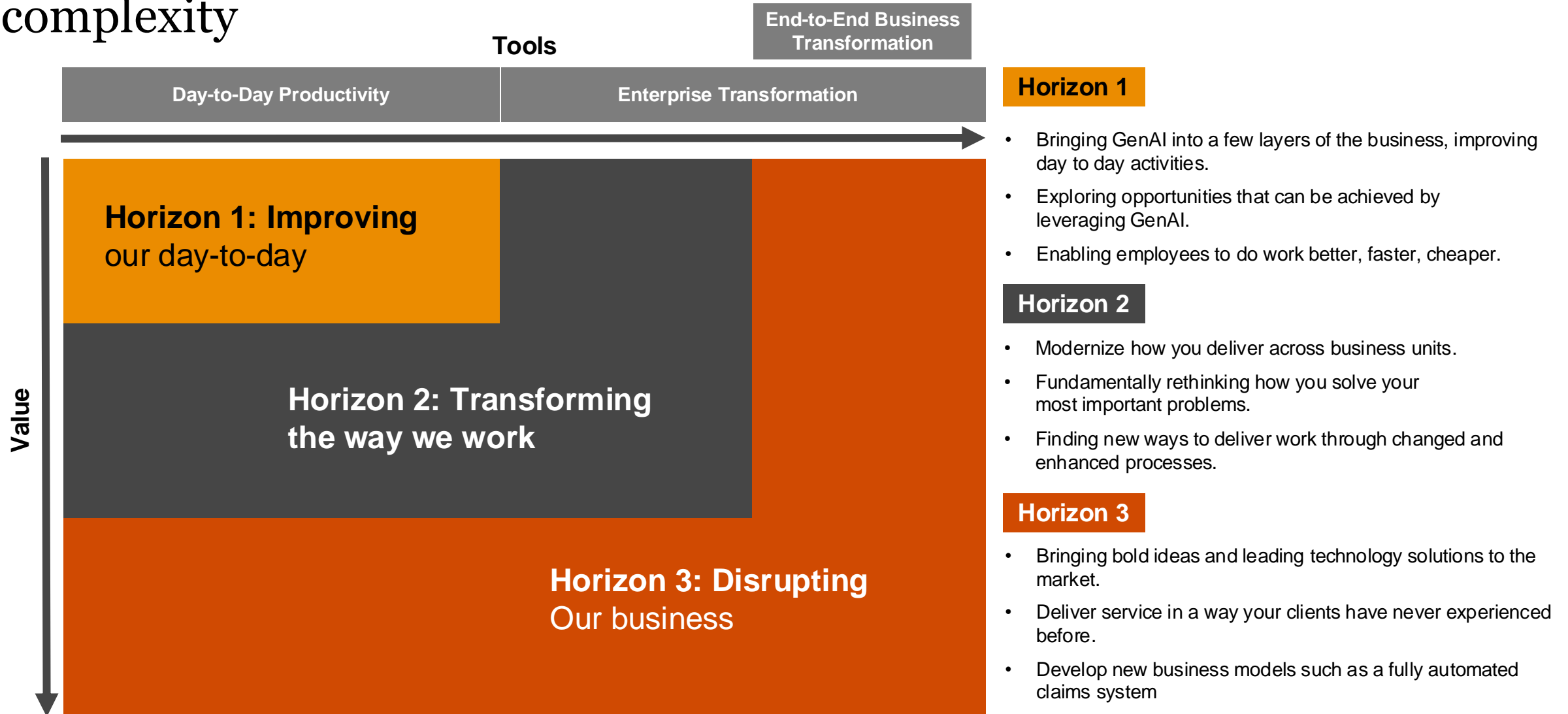**Broad Gen AI Use Cases**

Multi-Pattern

- **Claims Processing:** Extract, translate, and verify information from claims documents and policies to determine appropriate claim amounts
- **Customer Service**: Offer personalized support by analyzing customer interactions in real time at call center
- **Fraud Detection:** Analyze anomalies and generate additional examples to enhance the training dataset

Net-new Creation

- **Product Design:** Generate new product ideas and simulate their performance under different scenarios
- **Marketing:** Create personalized marketing content and campaigns targeting specific segments

Augmentation

- **Knowledge Management:** Retrieve detailed and specific information from large database, providing users with precise and easier to digest information
- **Policy Issuance**: Automate the creation and issuance of policy documents and in different languages, reducing manual errors and speeding up the process
- **Distribution Management:** Optimize channels by analyzing sales data and customer behavior to identify most effective strategies

Transformation

- **Translation documents:** Translate documents into a different languages (e.g. customer medical information or repatriation and evacuation information)
- **Product Recommendation:** Generate tailored product or plans based on customer provided information

You can think in horizons when integrating GenAI to your business, each horizon representing a different level of transformation & complexity

Tools

End-to-End Business Transformation	
Day-to-Day Productivity	**Enterprise Transformation**

Value

Horizon 1: Improving our day-to-day

Horizon 2: Transforming the way we work

Horizon 3: Disrupting Our business

Horizon 1

- Bringing GenAI into a few layers of the business, improving day to day activities.
- Exploring opportunities that can be achieved by leveraging GenAI.
- Enabling employees to do work better, faster, cheaper.

Horizon 2

- Modernize how you deliver across business units.
- Fundamentally rethinking how you solve your most important problems.
- Finding new ways to deliver work through changed and enhanced processes.

Horizon 3

- Bringing bold ideas and leading technology solutions to the market.
- Deliver service in a way your clients have never experienced before.
- Develop new business models such as a fully automated claims system

It is crucial to develop a holistic view of opportunities and challenges that businesses need to navigate when it comes to GenAI

New business models
Accelerating development of new revenue generating opportunities

Operations effectiveness
Improved efficiency and standardization of processes

Businesses need to navigate the balance between challenges and opportunity to realize its benefits responsibly.

Resource acceleration
Additional areas of product and service growth, increased efficiency

Enhanced experience
Improving ability to serve customers and personalize

New Risks
GenAI introduced new risks that are different from AI risks

New skill development
Critical thinking skills will become more valuable to mitigate misinterpretation

Privacy issues
Varying levels of protected information could be limiting with public models

Technology & access prerequisites
Need access to structured and unstructured internal data

Despite the new risks introduced by GenAI and the uncertainty surrounding regulations, institutions must take proactive steps

GenAI Benefits

Increased Revenue

GenAI can increase revenues by **15-20%** and reduce costs by **5-15%** for individual insurers

Productivity Gains

When combined with other technologies, could add **0.5-3.4% points** annually to productivity growth

New Risks

Novel Tech & Cyber Risk

GenAI can be exploited to create harmful content and inadvertently share sensitive information

Novel Consumer & Reputational Risk

GenAI can create misinformation, reproduce copyrighted material, and share intellectual property, damaging a company's reputation

Focusing on patterns instead of use cases and engaging key stakeholders are the main success factors in developing GenAI capabilities

Don't Get Lost in Use Case Purgatory

Engage Risk Teams Early in the Process

Focus on a Subset of Your Data

Build Partnership

Finally...

**It's an
AND
not an OR.**

Thank you

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