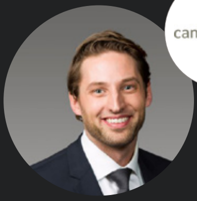
Reuters Events

AI IN INSURANCE: FROM STRATEGY TO EXECUTION – A STRUCTURED APPROACH TO IMPLEMENTING AI

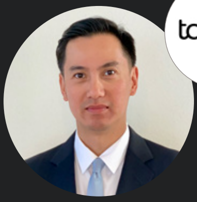
Exploring AI's transformative role in insurance through expert insights and practical strategies

CONTRIBUTORS

Manmeet Chhabra
Head of Banking, Financial Services & Insurance, Canada
Tata Consultancy Services



Brady Aarssen
VP Operations Strategy & Transformation
Canada Life



Vincent Ofrecio
Managing Partner, Insurance Advisory, Americas
Tata Consultancy Services

SESSION SUMMARY

At Reuters Events: The Future of Insurance Canada 2024, industry leaders Manmeet Chhabra (TCS), Brady Aarssen (Canada Life), and Vincent Ofrecio (TCS) explored the transformative potential of AI. The premise of the panel as moderated by Vince: As the technology powering AI continues to scale exponentially, how can insurers implement AI and realize incremental benefits?

These experts were clear: AI's primary role is to empower insurers in delivering meaningful products and services to market. Chhabra said that a structured approach to "Assist Augment Transform" can be helpful to insurance companies in gradually implementing AI capabilities into their operating model. When AI is assistive to processing and collaborative in decision making, the insurance experience can be transformed. From cognitive process automation to personalized interactions and predictive recommendations generating real time insights, AI will elevate the insurance value chain

Aarssen emphasized that thoughtful implementation will be more effective than rushed adoption. He drew parallels to tech industry evolution (i.e., early Yahoo vs early Google, eBay vs Amazon), to illustrate the balance between first-mover advantage and fast-follower adoption. This approach offers several benefits by allowing for a modular and scalable implementation, catering to diverse customer service needs.

Practical AI applications were showcased, including AI-powered broker co-pilots and tools for CRAs and wealth advisors. Chabbra and Ofrecio discussed how TCS recently used AI and automation to transform the clearance process for a leading global insurer headquartered in the US.

The business landscape continues to go through dramatic change with increased customer expectations, fierce competition, and relentless technological advancements. Doing nothing in response, Ofrecio said, may be the biggest risk for insurers. Upskilling staff and experimenting with AI is critical to building up an insurer's AI knowledge base. The panel also noted that 65% of future jobs for current post-secondary students haven't been identified yet, highlighting the shift from valuing memorization to prioritizing problem-solving abilities, customer-facing skills, and low-code/no-code development proficiency. Chhabra emphasized TCS' commitment to AI readiness, mentioning a 350% workforce upskilling initiative.

Looking ahead, the speakers envisioned AI enabling differentiation through improved customer experiences and product innovation. They predicted AI's integration with quantum computing and IoT, potentially revolutionizing underwriting with dynamic, real-time assessments. The concept of "segment of one" marketing was mentioned as a future possibility enabled by AI.

The experts projected that within five years, AI would become fundamental to insurance operations, transforming core processes and reimagining entire customer journeys, from car buying to claims processing. They advised companies to focus on effective execution and adaptability, suggesting that rigid five-year strategic plans are becoming obsolete in the face of rapid technological change.

In conclusion, the panel reiterated that while the pace of AI adoption may vary, its impact on the insurance value chain will be profound. It necessitates a rethinking of products, services, and underlying technologies, with the potential to create new capacities for innovation and customer service. As the industry evolves, the ability to effectively implement and leverage AI, alongside emerging technologies, will likely determine which companies thrive in the new, AI-driven insurance landscape.

KEY TAKEAWAYS

Evolving Skill Requirements in AI Era: As AI takes over memorization tasks, insurance professionals need to focus on developing problem-solving skills, customer-facing abilities, and low-code/no-code development capabilities.

AI as an Enabler of Differentiation: AI itself may not be a differentiator in insurance, but it enables differentiation by creating a capacity for improved customer experience, product design, and operational efficiency.

Inside-Out Approach to AI Implementation: AI implementation in insurance should focus on improving internal operations first, which will subsequently drive external outcomes and customer experiences.

Balanced Approach to AI Adoption: While there may not be a significant first-mover advantage in AI adoption, there is a potential penalty for lagging behind. Companies should aim for a structured and balanced approach to AI integration.

Assist-Augment-Transform Framework: AI implementation in insurance can be approached through a three-stage framework: assist (human-led), augment (collaboration), and transform (AI-led), with initial focus on assistive applications.

Building Trust Through Successful AI Pilots: Implementing successful AI pilots in non-critical areas can build trust and momentum for broader AI adoption within insurance organizations.