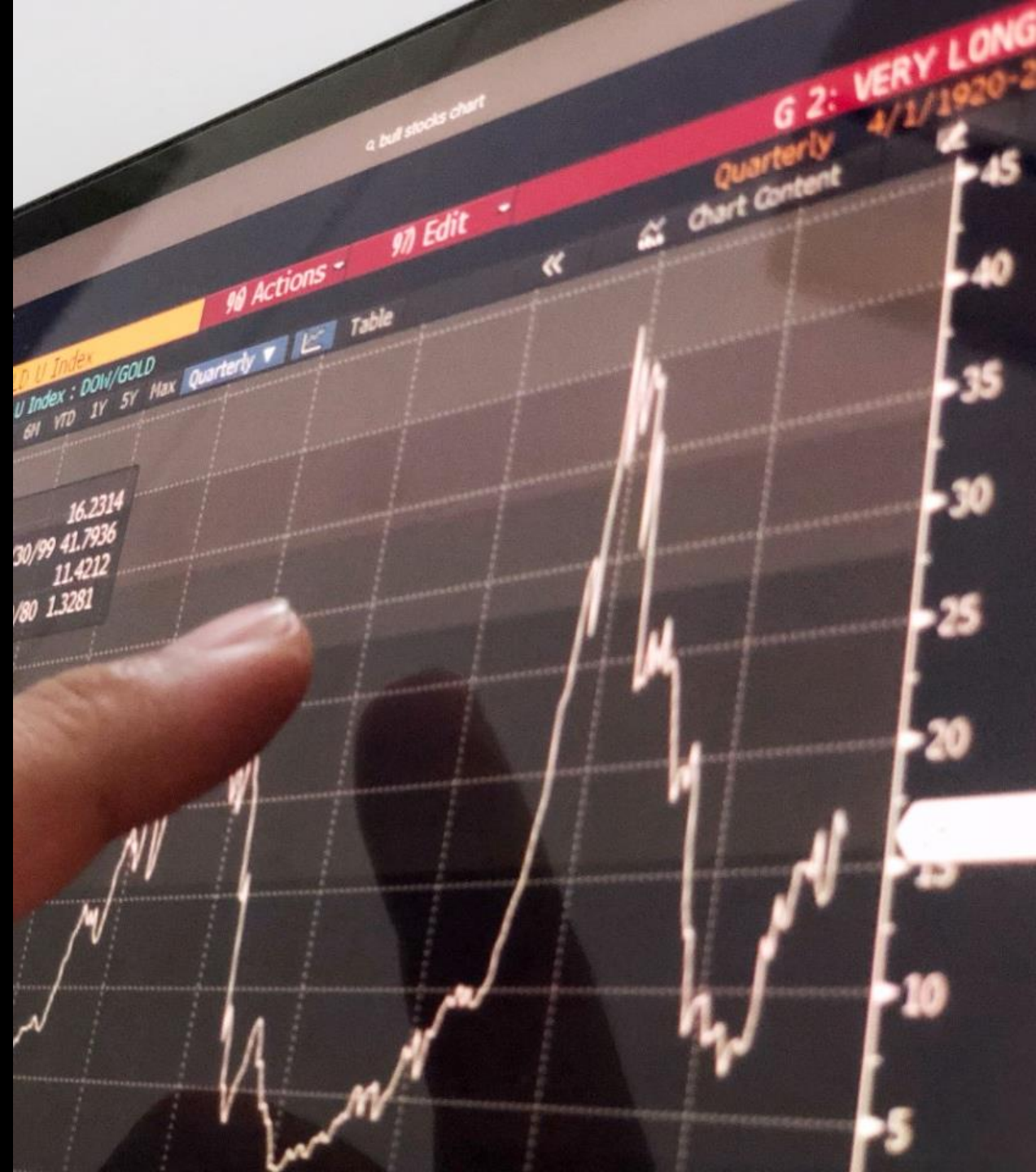# 2024 GenAI insurance trends

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The generative AI (GenAI) wave arrived in 2023 with questions of how and when the game changing possibilities it promised — efficiency gains, cost reductions, customer service enhancements — would manifest.

It's obvious that GenAI is here to stay, and the GenAI discourse brings with it the experiences, battle scars and lessons learned from the broader AI wave that has swept through insurance in recent years. Carriers are already very familiar with the transformative potential of digital solutions and AI, and they're considering how the compounding innovation of GenAI can transform fundamental business functions and processes. The insurers out in front are establishing leading practices to address these questions by focusing on how to reinvent their processes in order to leverage GenAI's unique capabilities, driving tangible outcomes across the insurance value chain.

In PwC's 27th Annual Global CEO Survey, CEOs from all industries, including insurance, validated these perspectives. Indeed, 70% told us they believe GenAI will significantly change the way their companies create, deliver and capture value. To anticipate those changes, 31% of CEOs indicated that their companies have already changed their technology strategies because of GenAI.

And these CEOs were generally optimistic, with 58% indicating that GenAI will improve the quality of their company's products or services within the next 12 months, and 64% believing that generative AI will enable an efficiency increase of at least 5% for their employees' time at work during that same timeframe.

What's on insurers' agendas?

Considering GenAI's increasingly practical use cases, what does the coming year hold in store for insurers and what steps are leading carriers taking to effectively promote an AI-enabled future?

Trend 1

Business stakeholders, working with centralized AI "factories" and centers of excellence (CoEs) will be the engines for AI delivery

Many carriers reacted to GenAI in 2023 with disparate, limited-scale experimentation and proofs of concepts. They've begun 2024 with much clearer intent. They've budgeted thoughtfully and are mobilizing use cases and applying the lessons they've learned. They're ready to act but still have questions about the most effective ways to build an effective AI function.

PwC has had considerable success with disciplined AI "factories" that operate with established standards and at scale. These consist of working pods that unite cross-functional skill sets, including AI technical knowledge, user experience (UX) expertise, business- and process-specific acumen, and risk management. By steering factories through this type of innovation-friendly product management structure that engages appropriate skill sets, tools and methodologies to adopt new technologies, carriers can institutionalize scalable, repeatable and disciplined GenAI mobilization and delivery. We expect large carriers will adopt this model, while small and medium size insurers will use CoEs that bring together cross-functional AI stakeholders to align standards and drive partnership across the organization so as to maintain consistency and compliance with carrier, industry and regulatory standards..

Trend 2

GenAI investment will expand from enabling and supporting existing functions to completely reimagining the entire insurance value chain.

PwC projections found that, in the insurance industry in 2023, approximately half of GenAI's value (measured in percent of operating profit uplift) would be driven by common recurring use cases (marketing content generation, for instance). That value will increase in 2024 as carriers understand and prioritize initiatives with greater transformational potential.

That said, GenAI initiatives have started the year similarly to how they did at the end of 2023, with the biggest change being the number of carriers pursuing them. However, while many GenAI initiatives will continue to deliver contained use cases within specific value chain functions (things like quoting automation and marketing communications), carriers are increasingly looking for opportunities for GenAI to reimagine core functions, business processes and transformations to deliver business outcomes.

In other words, carriers are starting to move beyond establishing table stakes to identifying and pursuing opportunities to differentiate themselves from their competitors and operate at a lower unit cost by driving efficiencies across the value chain. Here are a few of the things they're considering:

- **Enabling touchless, same-day quoting.** This includes combining GenAI capabilities (ingestion of policy documents and census files; comparing policy provisions and quote generation) with business-led plan design standardization efforts in order to reduce quote turnaround time and reallocate quote specialists to higher-value cases.

- **Transforming internal knowledge management.** Some carriers are already replacing time-intensive, user-driven search for policy and procedure documents with GenAI-enabled, next action recommendations and chat-based search capability for prompted questions.

- **Streamlining customer service.** Many carriers have been augmenting digital experiences with intuitive GenAI virtual assistants and chatbots, driving digital adoption of self-servicing capabilities through which customers can engage with their policy and benefits information. They're also boosting contact center capabilities through call transcription, identification of customer intent and recommended next actions to reduce call volumes, handling and customer wait times.

Trend 3

GenAI will broaden the horizons of digital transformation.

GenAI has the breadth of capabilities and scaling potential to significantly alter how carriers think about organizational change. We recommend you evaluate your planned and ongoing digital transformations and ask whether there are ways to accelerate these transformation efforts or drive them more efficiently by leveraging AI capabilities. For example, we've seen some carriers begin to explore how they can layer GenAI into their software development life cycle (SDLC) processes to automate and standardize user story and test script creation, while rerouting team effort to high-value delivery activities. More dramatically, other carriers are exploring how GenAI can augment or completely recontextualize major activities like data migration by deriving insights from structured and unstructured data (e.g., understanding the capabilities required to support a customer population), defining or building a target destination data structure and then delivering the code conversion.

This spirit of reinvention will not be limited to carriers. Technology vendors who serve insurers will begin to layer GenAI into their offerings, making it critical for carriers to understand the inner workings of those applications and insist on traceability and the ability to audit these models so as to ensure fair and lawful AI usage. This will present carriers with a key strategic question: When is it worth sharing data with a vendor to enhance platform efficiency versus protecting and controlling data in-house?
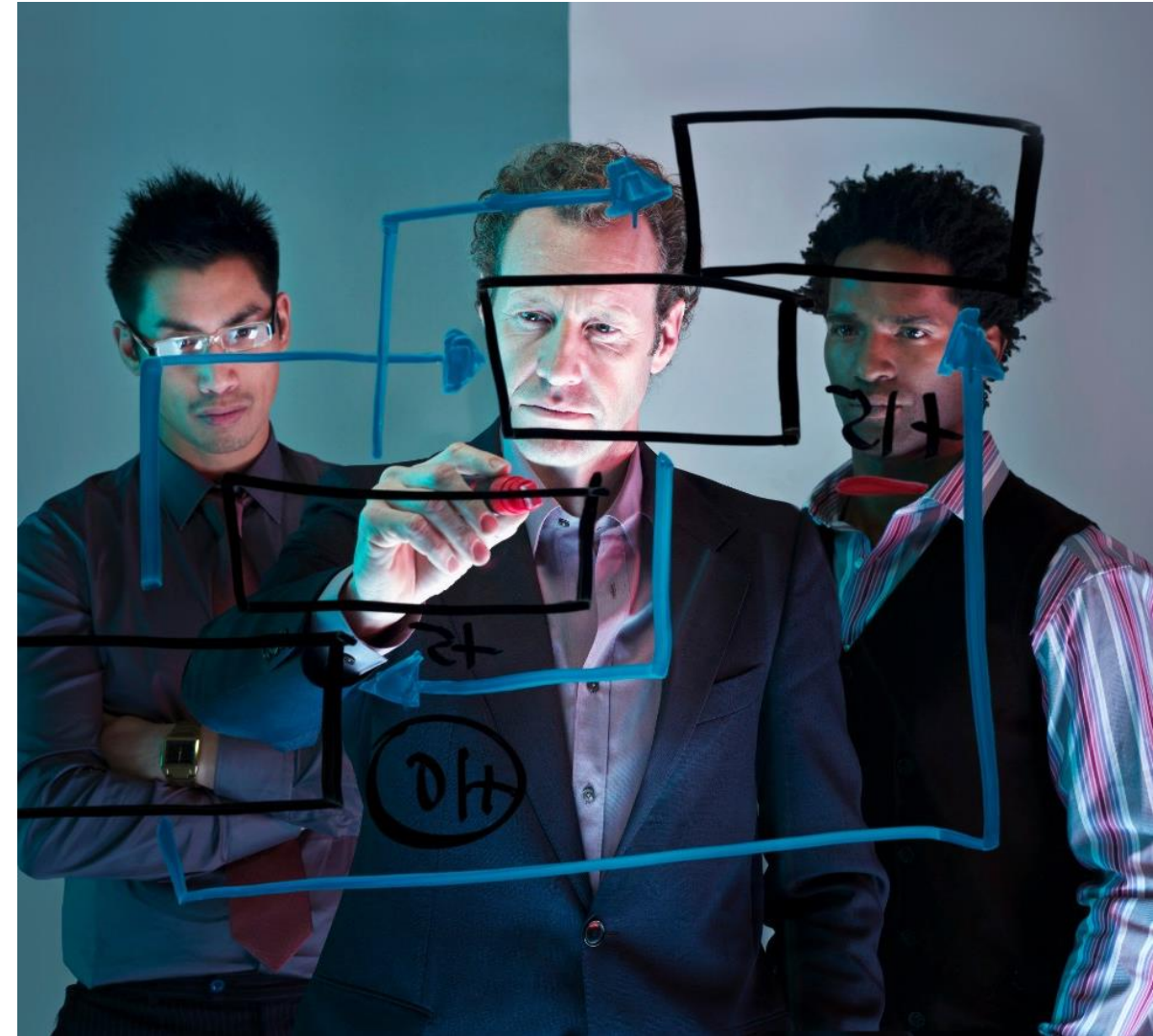
Trend 4

New GenAI-driven products and services will start offering carriers go-to market opportunities via nontraditional channels, outside the traditional benefits sales cycle.

Increasing maturity and command of GenAI promises to spur development of distinct, GenAI-driven insurance offerings that can be sold to or serviced for carriers, employers and third parties. In the group space, for example, these would include personalized recommendations (including via the GPT Store) for an ecosystem of insurance products, complementary services and benefits guides for employers and employees. Of note, carriers and third parties will be competing to win the same opportunities, so there's likely to be a first mover advantage.

Trend 5

Strengthening the foundations of sustainable, responsible AI use is increasingly important to all stakeholders.

The AI regulatory environment is evolving and carriers are acting before regulations have been fully defined. Carriers therefore will need to regularly evaluate their data management and monitoring practices to make sure their use of AI doesn't expose them to unintended regulatory and quality risks. Accordingly, we believe they'll treat more conservative initial guidance as a line in the sand on how they can use both established AI and GenAI.

As a case in point, the New York State Department of Financial Services' proposed insurance circular letter regarding "Use of Artificial Intelligence Systems and External Consumer Data and Information Sources in Insurance Underwriting and Pricing" emphasizes the state's expectations for insurers' use of emerging technologies like AI, including that all carriers using these technologies should be able to prove that any AI-driven underwriting or pricing guidelines are not unfairly or unlawfully discriminatory. The circular letter also recommends cross-functional management oversight representing key functions like "legal, compliance, risk management, product development, underwriting, actuarial, and data science, as appropriate." While this proposal is New York-specific, a carrier that doesn't currently compete there should understand the terms of the proposal in case it has the opportunity to serve companies or individuals in the state.

Prepare for the long road ahead

These predictions just scratch the surface of where and how GenAI will impact insurers in 2024. Carriers are at various stages of their GenAI transformations, with some defining strategic visions and others zeroing in on key capabilities and solution designs. Now that GenAI's capabilities are becoming clearer, insurers are starting to make corresponding investments in five key areas:

- Creating delivery engines attuned to the demands of insurance
- Reimagining core functions and business processes
- Reinventing digital transformation
- Enhancing distribution and new business opportunities
- Strengthening the foundations of responsible AI use

Regardless of where your organization currently is, understanding how GenAI can help you, anticipating where you want and need to go and choosing the right partners to help you get there will pay off in 2024 and beyond.

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