ReSourcePro

RESEARCH REPORT

The State of AI in P&C Insurance

A VIEW ACROSS THE ECOSYSTEM: RETAIL, MGA, AND CARRIER

Published: November 2024

Authors

Mark Breading

Senior Partner

Mark is well known for his perspectives on the future of the insurance industry and innovative uses of technology in insurance. His specialty areas include insurtech, transformational technologies, innovation, and distribution strategies. Previously, he was partner and chief research officer at Strategy Meets Action, a leading strategic advisory firm, and has consistently been ranked as one of the "Top 50 Global Influencers in InsurTech" by InsurTech News.

mark_breading@resourcepro.com

Meredith Barnes-Cook

Partner

Meredith is an award-winning insurance transformation strategist with almost four decades of industry operations and technology experience spanning all lines of business and the entire insurance value chain. She has led numerous digital, product, and organizational carrier transformations, along with the insurance go-to-market strategy at an AI customer experience SaaS startup.

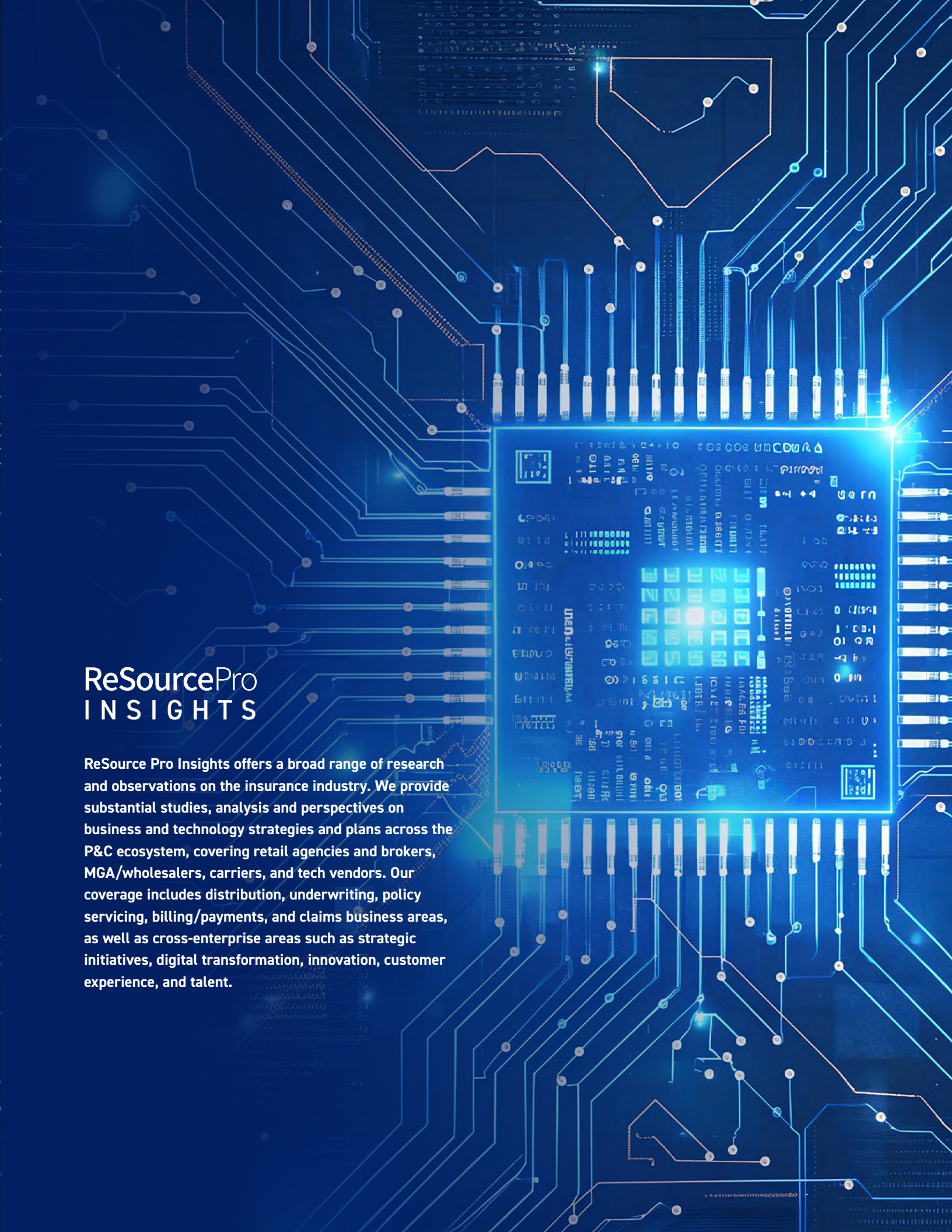
meredith@resourcepro.com

Heather Turner

Program Manager

Heather supports ReSource Pro's advisory and consulting engagements through rich written content, quantitative and qualitative primary research, and market and technology trend analysis. Prior to joining ReSource Pro, she was a managing editor at ALM Media.

heather_turner@resourcepro.com



ReSourcePro INSIGHTS

ReSource Pro Insights offers a broad range of research and observations on the insurance industry. We provide substantial studies, analysis and perspectives on business and technology strategies and plans across the P&C ecosystem, covering retail agencies and brokers, MGA/wholesalers, carriers, and tech vendors. Our coverage includes distribution, underwriting, policy servicing, billing/payments, and claims business areas, as well as cross-enterprise areas such as strategic initiatives, digital transformation, innovation, customer experience, and talent.

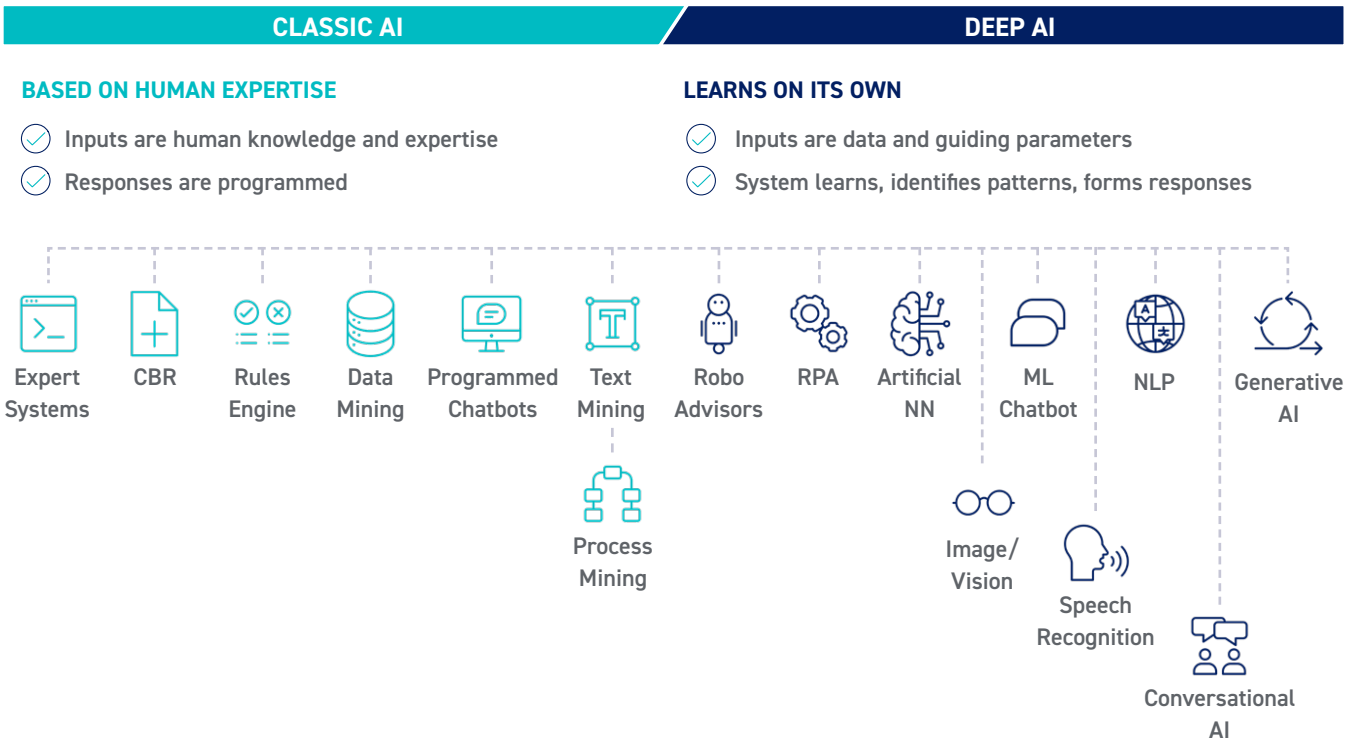
Table of contents

About this report: AI 101

This report is based on extensive research encompassing industry surveys, executive interviews, and client engagements with retail agencies, MGAs/wholesalers, and carriers, as well as with tech companies serving the industry. We have a series of AI reports available; however, this report is meant to provide a big-picture view of the implications of AI for the industry as a whole – both today and in the future.

Before we proceed further, let's first align on what constitutes artificial intelligence. AI is a technology that enables computers and machines to think "intelligently" and act like humans. There is "classic AI" and "deep AI." Classic AI is based on human expertise, with programmed responses established by human knowledge. Deep AI solutions, however, learn on their own. With data inputs and guiding parameters, the system learns, identifies patterns, and formulates a response. Figure 1 below outlines examples of both classic and deep AI solutions.

Figure 1. Scope of AI Technologies



You'll note that we have taken a broad view of what constitutes AI, as many solutions include multiple underlying technologies, making it difficult to assess the degree to which a solution is AI-enabled. We believe it is important for some individuals at your company to understand the specific technologies, but ultimately, most AI will be embedded in solutions provided by vendors. We have a full series of reports available that dive deeper into specific industry segments or topics, including generative AI and AI governance. Please contact the authors to learn more.

State of AI across the P&C insurance industry

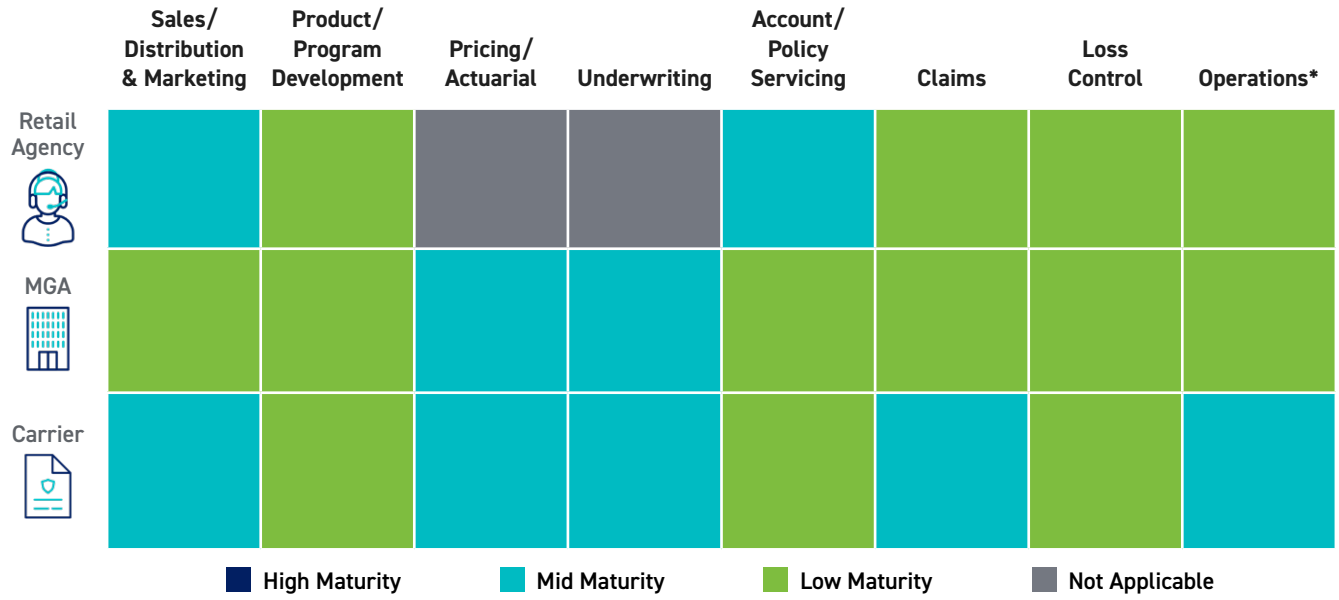
Generative AI, machine learning, automation, AI models – we've all heard the buzz about how AI will transform the future of insurance. But beyond the headlines and industry chatter, many in the property and casualty (P&C) insurance space are grappling with a more fundamental question: How is AI actually being deployed within retail agencies, MGAs, and insurance carriers, and to what degree is it driving meaningful change?

For starters, it's important to remember that AI isn't new. The insurance industry has been using AI for years in areas such as underwriting, claims processing, fraud detection, document processing, and more. What is new, however, is the scope and availability of solutions. The launch of publicly available generative AI tools such as ChatGPT made it seem as though AI was everywhere and all at once. But this isn't the whole story, especially not within the insurance industry.

> **"Everyone is talking about what we should do about AI, but we as an industry have been using AI for 15 years. It is just that GenAI brings new capabilities and awareness of the potential."**
>
> **– Carrier Chief Actuary**

At ReSource Pro, we have closely monitored how AI is impacting the P&C industry. Through surveys, executive interviews, and everyday conversations with small and large companies, we've gained valuable insights into current AI use cases and the opportunities and challenges AI brings.[1] As it stands today, the complexity and often fragmented nature of the insurance industry is preventing it from moving full steam ahead. That said, notable advancements are being made. In Figure 2 below, we assess AI adoption across P&C, looking at current activity (investments, pilots, and implementations) and executives' reported interest by function.

Figure 2. Current State of AI in P&C Insurance



1 In addition, ReSource Pro has been leveraging AI in our own capabilities to improve our service delivery to our customers.
*Operations include key agency functions such as accounting, document processing, business intelligence, and compliance.

The majority of companies are in the early stages of AI exploration, with low adoption across most functions. However, there are exceptions. Carriers have been using machine learning models for underwriting, pricing, claims severity, and reserving predictions for at least the past two decades. In subsequent years, this usage has expanded to include computer vision for aerial imagery. Furthermore, executives indicate they will continue investing in these areas, with claims having a heightened priority in the near term.

In the retail agency sector, the most progress has been made in agency marketing, sales, and servicing functions like policy checking. These are also the processes agency executives are prioritizing in the near term. Lastly, MGAs are focusing on underwriting and pricing as top priorities now and for the future.

Broadly speaking, the industry's approach to AI is diverging. While most companies are learning about and exploring potential AI use cases, many are choosing to pause AI initiatives to focus on other current strategic priorities, especially building out the digital foundation. Conversely, larger companies with the necessary infrastructure and resources are actively piloting and implementing AI solutions. Alongside our overview of the current state of AI adoption, we've identified the following key themes shaping AI today and setting the stage for future advancements:

Solving business challenges is the top priority

- While most insurance stakeholders are educating themselves on AI and its potential implications, they are still learning how and where AI should play a key role in solving pressing business challenges. Their approach emphasizes agility by incrementally solving, testing, and learning while avoiding large-scale, enterprise-wide designs before implementing any changes. Like other technologies, AI is viewed as a tool, not the end goal. As such, the P&C insurance industry is being pragmatic in its approach to AI, ensuring available solutions support its strategic initiatives and deliver valuable results sooner rather than later.

The distinction between automation and AI is becoming blurred

- Automation and AI are often discussed together, but they are notably different. The industry has been working to automate repetitive, low-level tasks for years. AI, however, is taking automation to the next level by making it more intelligent and adaptable. This results in smarter automation solutions that can learn, adjust, and improve over time. That said, as highlighted above, the underlying technology of a solution is less important than the results it delivers.

Roles and responsibilities will evolve

- As AI becomes more integrated into insurance operations, roles and responsibilities will undoubtedly be reshaped. Automating manual, repetitive tasks and bringing greater efficiency to time-consuming procedures such as policy checking and contract review will enable employees to prioritize services that deliver greater customer value. This shift will also require employers to invest in training and development to ensure employees can effectively leverage AI tools and grow their expertise in these high-value areas.

Human expertise is and will remain vitally important

- In some cases, AI enables end-to-end automation, but most AI solutions augment how we work rather than replace the need for human expertise. The insurance industry's high complexity and relationship-driven nature all but guarantee that deep industry knowledge and human oversight will continue to be needed. Employees drive customer acquisition, retention, and the overarching customer experience. AI will not replace this.

Customers will rely on industry partners to navigate AI-driven risks

- While our focus has been on AI's impact on insurance operations and employees, it's crucial to understand how AI will affect our customers and the risks they face. AI is transforming industries and lifestyles and introducing new exposures that policyholders may not fully understand. As these risks evolve, customers will rely on their agents and carriers to advise them on how to best protect themselves via insurance coverage and proactive risk management strategies.

AI governance is front and center

- With the broad availability and easy access to AI-based tools and solutions, senior leaders are focusing on how to prioritize investments and manage AI use within their enterprise. Considerations such as ethical and fair use, regulatory compliance, and model management are critical.

Lastly, successful AI adoption relies on a strong foundation of digital readiness within your organization. The remainder of the report will take a closer look at the real-world use cases and potential implications of AI across different segments of the P&C industry, including retail agencies, MGAs, and insurance carriers. We will then explore the critical importance of digital readiness, including practical steps you can take today. Finally, the report looks ahead to 2030, exploring how the industry will evolve over the next five years.

Retail agencies

In the ever-evolving landscape of retail agencies, the impact and potential of AI is becoming increasingly evident. From agency marketing and sales to account servicing and agency operations, AI-enabled tech solutions stand to revolutionize the way insurance agencies and brokerages operate. Executives who embrace AI stand to make significant gains in efficiency, productivity, decision-making, and more – those who don't risk being left behind. To be clear, AI will not replace the insurance agent but rather reshape how agencies operate and deliver value to their customers. Below, we explore four essential agency functions: agency marketing, sales, account servicing, and agency operations, as well as the respective AI use cases that are beginning to transform them.

Agency Marketing

With approximately 40,000 insurance agencies and brokerages nationwide, demand generation and lead generation are top priorities for agency marketing teams. These initiatives require clear strategies focused on increasing brand awareness and identifying/qualifying potential leads. AI-enabled tech solutions are poised to transform demand generation via customer segmentation, predictive analytics, tailored content, and more. Within lead generation, AI allows agents and brokers to capitalize on internal and third-party data sources to identify, evaluate, and prioritize new leads and upsell/cross-selling opportunities.

Sales

It's important to remember that retail agencies are, first and foremost, sales organizations. To succeed, they must generate new business and retain existing clients. Historically, the sales process has been long, complex, and fraught with many challenges, often due to its manual processes. However, AI solutions are beginning to automate and streamline sales workflows with use cases spanning customer data capture, coverage needs analysis, data pre-fill, and quote comparisons. In turn, agents and brokers can better obtain underwriting information, classify risks, assess coverage needs, compare competing quotes, and ultimately land more business.

Account Servicing

Once an agency writes a new account, the work has just begun. Customer service reps (CSRs) and account managers devote significant time to the day-to-day servicing of accounts. Tasks include contract review, issuing certificates of insurance, fielding coverage inquiries, processing policy changes, and assisting with claims. In each area, AI solutions help automate and streamline these processes. For example, generative and conversational AI tools can handle routine policy inquiries and requests, expediting agency response time. Other solutions can compare contractual insurance requirements to the insured's policies to identify potential coverage deficiencies. Similarly, GenAI solutions help automate policy checking, providing an initial review before having the CSR or AM assess identified discrepancies.

Agency Operations

The scope of agency operations is vast and often prone to manual processes and errors. However, AI solutions for document processing, accounting, compliance, business intelligence, and data integrity/cleansing are helping streamline these critical functions. For example, intelligent document processing (IDP) solutions can identify, classify, and route incoming documents, while data pre-fill solutions can extract necessary information and automatically populate applicable platforms. Within accounting, revenue automation and commission reconciliation tools are streamlining key workflows and reducing errors. Lastly, business intelligence tools are providing agency leaders with sales and retention analytics that enable them to more accurately predict future sales, prioritize new business opportunities, and identify churn risks.

Additional details and specific use cases on AI at retail agencies can be found in the research reports:

"The AI Advantage: Unlocking New Opportunities for Retail Agencies in Marketing and Sales"
"The AI Advantage: Unlocking New Opportunities for Retail Agencies in Servicing and Operations"

The potential implications of AI

While the scope of potential use cases is extensive, the majority of retail agencies are in the early stages of AI adoption, with mid-size and large agencies leading the way. These early adopters will help shape AI's direction as access expands in the coming years, most notably through partnerships and integrations. As AI finds its foothold within retail agencies, ReSource Pro anticipates the impact will be significant, most notably in the areas outlined in Figure 3 below.

Figure 3. How AI Will Impact Retail Agencies Over the Next Five Years

Enhance agent/ broker expertise	• AI-powered virtual assistants and co-pilots that support service staff • Customer experience is enriched via real-time data insights, prompts, and coaching
Personalized customer experience	• Actionable insights into customer behavior, communication preferences, risk profiles, etc. • Tailored messaging, product offerings, and services based on customer needs/preferences
Increase in 'smart' automation	• "Smart" (AI-powered) automation solutions learn over time; thus, becoming more accurate and efficient • Extend automation capabilities beyond "rule based" processes and into more complex tasks • Enable employees to focus on value-added services rather than transactional work
Ability to launch new business models	• Leverage robust data and analytics to identify potential market opportunities • Increase revenue by offering new value-added services

MGAs

Managing General Agents (MGAs) have long been at the forefront of insurance innovation, developing specialized products to address emerging risks and serving as niche experts for their carrier and agency partners. However, their use of technology varies widely. A small percentage of MGAs (especially insurtech MGAs) leverage advanced tech stacks, using their technological capabilities as a point of differentiation. Others operate more leanly, relying on manual processes, spreadsheets, or in-house systems for underwriting and quoting risks. While many MGAs have sophisticated data and analytics capabilities, whether manual or tech-enabled, most have not yet adopted AI. The majority are working toward greater digital readiness and prioritizing current strategic initiatives.

Regardless of an MGA's current state of digital readiness, AI has the potential to be transformative. It stands poised to automate time-consuming tasks, enhance decision-making, and develop more data-driven products that meet the evolving needs of MGAs' partners. The most significant impact is likely to be seen in the following areas: product development, underwriting, and pricing, each of which are explored in greater detail below.

Product Development

The demand for new and innovative insurance programs is on the rise, fueled by emerging risk exposures, rising premiums, and existing coverage gaps. And speed-to-market is often critical to remain competitive and capitalize on emerging market opportunities. AI can significantly enhance and expedite product development. Through the use of machine learning, MGAs can analyze vast amounts of data to identify and assess market opportunities and pinpoint areas where new products can bring value. For example, an MGA might use AI to analyze environmental, weather, and claims data to explore new solutions for climate-related risks.

In addition to identifying and analyzing market opportunities, AI can be instrumental in developing and testing new products. Before launching, MGAs first need to determine the applicable coverages, policy terms and conditions, and pricing. The new product then needs to be tested, considering factors such as potential claims costs, market demand, loss ratios, and profitability. Machine learning models can analyze and test countless different variables that more traditional models may miss, allowing MGAs to create and refine their products more quickly and accurately.

Underwriting and Pricing

Once an insurance product has launched, MGAs face the challenge of accurately underwriting and pricing each new risk to maintain profitability. AI significantly enhances risk assessment through data verification, enrichment, and analytics capabilities. Underwriters can quickly and reliably confirm the accuracy of submission info and integrate third-party data sources to build a comprehensive risk profile. These insights enable underwriters to make better-informed decisions on individual risks and adjust rates dynamically, thereby ensuring the product remains competitive and financially sound. Furthermore, AI-driven predictive modeling can enhance pricing accuracy by assessing historical and emerging risk patterns, helping MGAs adjust their pricing strategy as new data becomes available. By leveraging AI capabilities, MGAs can optimize risk selection and reduce the time and resources needed to underwrite submissions while maintaining high accuracy levels.

The potential implications of AI

With AI driving advancements in product development, underwriting, and pricing, MGAs are set to achieve greater innovation and efficiency over the next five years. As illustrated in Figure 4, AI's impact on MGAs is significant: more tailored insurance solutions, smarter underwriting, and optimized operations. These gains will enable them to respond faster to market shifts, introduce cutting-edge products, and enhance the customer experience.

Figure 4. How AI Will Impact MGAs Over the Next Five Years

More tailored insurance solutions	• Quickly develop new insurance products for emerging, micro, and underserved risks • Leverage customer insights to adjust coverage and respond to changing risks in real-time • More accurate personalized pricing based on a customer's true risk profile
Smarter underwriting and risk assessment	• Automatically supplement submission data with external sources • Increase underwriting accuracy and pricing adequacy via machine learning models
Optimized and agile operations	• Automatically review and prioritize submissions based on pre-defined criteria such as appetite alignment, winnability, and estimated profitability • Optimize workflows and submission assignments based on underwriter expertise, availability, and capacity

Carriers

Carriers are leading the pack in developing AI strategies, conducting pilots, and implementing AI solutions. Of the carriers that participated in ReSource Pro's AI in P&C Insurance in 2023 and Beyond survey, almost half are actively piloting and/or implementing use cases. These use cases span distribution, underwriting, pricing, inspections, loss control, claims, policy servicing, and more. This section will focus on the areas where we see the most development and application of AI-enabled solutions: distribution and submissions, underwriting and pricing, and claims management.

Distribution and Submissions

AI-powered solutions can automate critical components of the submission process, including acknowledgment or declination, data extraction, triaging, and assignment. Furthermore, intelligent triage and prioritization capabilities will enable carriers to move away from a "first-in, first-out" approach and instead prioritize submissions based on appetite compatibility, winnability, and projected profitability. AI can also extract and enrich critical data from submissions, providing immediate insights and recommendations (for example, automatically identifying class codes). These improvements will significantly impact distribution, enabling faster turnaround times, reducing back and forth with agents/brokers, and improving the overall customer experience.

Underwriting and Pricing

As one of the industry's first AI use cases, applications for underwriting and pricing are vast. Today, AI-powered data enrichment and verification solutions help streamline the underwriting process, allowing carriers to quickly validate and supplement key information. Additionally, solutions can enhance exposure analysis and risk scoring by analyzing complex datasets, identifying patterns, and predicting future risk trends. Furthermore, AI supports remote inspection tools, providing additional insights and data points to underwriters. Overall, these solutions can expedite the underwriting process while allowing carriers to better assess and price each risk. The combination of more precision and speed can enable underwriters to generate quotes more quickly, improving both submit-to-quote and quote-to-bind ratios.

Claims Management

AI is poised to make significant strides in claims management by improving efficiency, accuracy, and compliance throughout the claim lifecycle. For starters, AI can optimize triage and assignment, efficiently routing claims based on complexity, jurisdiction, and risk level, accelerating processing times, avoiding case management and investigation delays, and enhancing the customer experience. Additionally, AI solutions can streamline claims notifications, such as denial and reservation of rights letters, ensuring timely delivery and helping carriers adhere to compliance requirements. Other potential use cases include improved initial and continuous predictive reserving, claim handling recommendations, identifying claims likely to go to litigation, subrogation opportunities, and detecting fraud. This includes tapping into AI's ability to analyze unstructured data, including medical reports and litigation documents. AI's vast potential within claims will likely drive impactful improvements that will reduce claims costs and enhance the claims handling experience.

The potential implications of AI

As carriers embrace AI-driven tools, they can anticipate improvements in efficiency, productivity, decisioning, and innovation throughout the insurance value chain. However, over the next five years, the most transformation will likely be seen in areas where AI is reshaping processes and driving better outcomes. Figure 5 highlights these key areas, pinpointing how AI will accelerate submission processing, enhance underwriting precision, fuel product innovation, and drive greater claims automation.

Figure 5. How AI Will Impact Carriers Over the Next Five Years

Greater product innovation	• Identify untapped market opportunities • Quickly develop, test, and launch new insurance products • Offer products covering customers' AI exposures
Expedited submission processing	• Evaluate submission quality and assess the opportunity in real-time • Automatically extract and enrich key data from submission documents • Provide immediate feedback to agents or brokers about missing or incorrect info
Increase precision underwriting and dynamic pricing	• Comprehensive and personalized risk assessment • Automate underwriting of low-complexity risks • Adjust pricing in real-time based on customers' unique risk profiles
Automated (even autonomous) claims handling	• Expedite claims triage by automatically classifying and prioritizing claims based on type, complexity, and severity • Fully automate low complexity claims from FNOL to settlement • Provide 24/7 claims filing and support via AI Assistants

Building a foundation for digital readiness

In a competitive industry like insurance, speed-to-market is often crucial. However, companies must prioritize digital readiness as they explore, plan, and implement high-value AI use cases. Without a solid digital foundation, they risk limiting the full potential of AI initiatives. That is not to say that you should hold off on your AI exploration – there are use cases today that deliver immediate value. But the key to unlocking AI's full potential lies in addressing the foundational capabilities to drive implementation.

To set your organization up for success, start by evaluating your technology infrastructure, data quality, and internal processes to ensure they can support AI capabilities. Additionally, consider the following recommendations:

Create a data-centric culture

Building a data-centric culture is essential for any organization looking to leverage AI and data analytics solutions effectively. The foundation of this culture is accurate, reliable, timely, and secure data. Poor data quality can render even the most sophisticated AI tools useless, leading to flawed insights, misguided decisions, and unintended bias. Education must also be integral to a data-centric culture. From the top down, every employee must clearly understand how the organization handles and protects company and customer data, ensures its quality, and why these practices are critical.

Formalize a data governance strategy

Developing a comprehensive data governance strategy and program is foundational to successfully implementing AI strategies and initiatives. Key components include defining ethical and responsible use, ensuring legal and regulatory compliance, implementing operational controls and oversights, and fostering data literacy.

Update legacy systems

Outdated legacy systems often lack the flexibility and integration capabilities required to support advanced AI technologies. Without modern infrastructure, AI solutions can become ineffective, as they rely on clean, real-time data to generate insights and drive decision-making. Legacy systems, with their fragmented data and rigid processes, can hinder this, leading to inefficiencies, inaccurate models, and higher implementation costs. Modernizing these systems not only enhances the performance of AI but also ensures scalability, agility, and better customer experiences.

Improve and optimize your processes

Optimizing processes means going beyond automating existing workflows; it involves critically assessing and re-engineering them as needed. Rather than assuming your current processes are adequate, consider whether they are efficient, if they add value, and if they can be streamlined or replaced altogether. For each process, determine the ideal approach. Should it be automated? Handled by human experts? Delegated to external partners? Or a combination of all three? By thoroughly examining and optimizing your current processes, you'll be in a better position to assess where AI can bring value to your organization.

Train and develop your employees

In today's rapidly evolving business and technological landscape, it's imperative that you invest in employee training and development. Your employee development strategy should be multi-faceted, addressing both current and future skills gaps in areas such as data literacy, data analytics, technology, customer experience, leadership, and more. Employees are your greatest asset – investing in their development not only ensures their success but also strengthens your organization's long-term competitiveness.

Establish scalable AI governance

It is never too early for organizations to create the foundation of an AI governance program. Areas warranting clear ownership include regulatory compliance and determining if a centralized, decentralized, or federated model is the best fit. Establishing an AI steering committee can drive out those operational decisions while providing interim strategic oversight of AI implementation plans, vendor selections, and subsequent transformation, ensuring that changes align with business goals and address operational needs. However, the steering committee should not be a mainstay and only be in place to set initial standards and guidelines – the goal would be to engrain AI strategies as part of your yearly business planning, supported by the selected governance model.

Embrace sustainable change management

Lastly, ensure you have a company culture that values innovation and transparency and puts corresponding practices in place. Executives must be intentional about their change management strategies, including defining their objectives and success metrics, ensuring alignment amongst all organizational leaders, having a communication plan in place, and offering training and support to employees. AI stands to revolutionize the way we work and will certainly be met with resistance along the way. Having a strategy for managing and implementing such changes will position you for greater success.

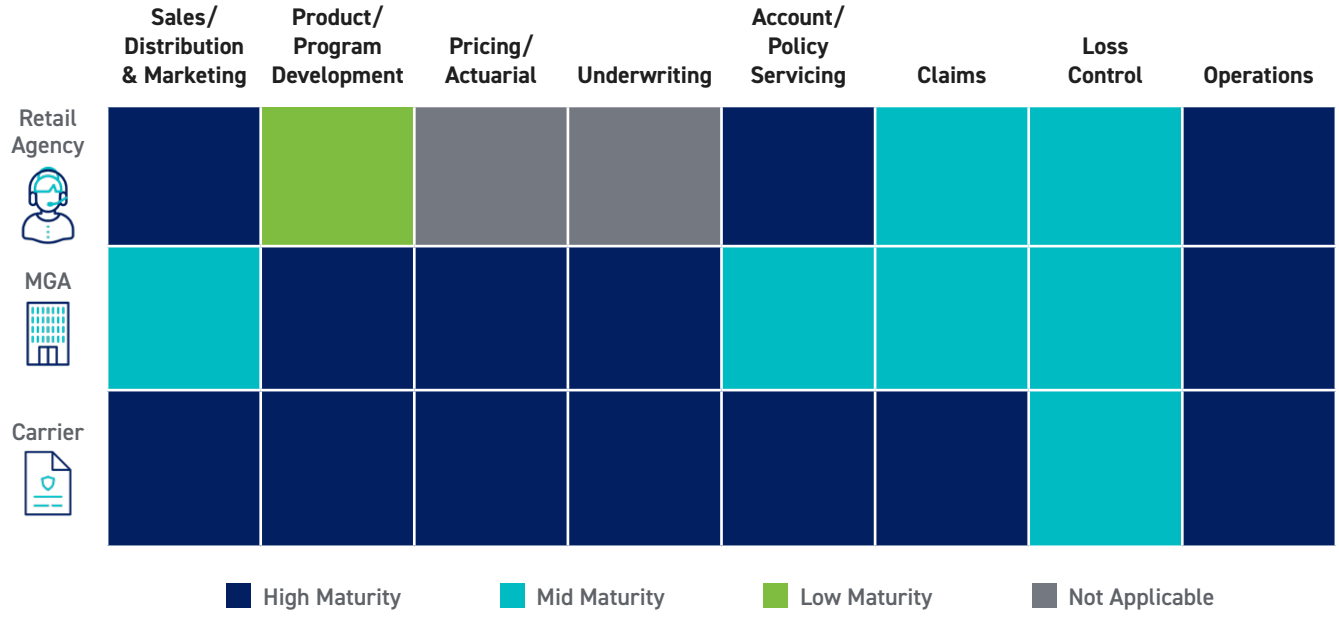
What does the future hold?

Although the P&C insurance industry is still in the early stages of AI adoption, the rapid pace of technological advancement demands that industry stakeholders move beyond maintaining the status quo. To stay competitive, retail agencies, MGAs, and carriers must proactively embrace innovation and plan for how AI will reshape their operations. It is also important to understand how AI will change their customers and their risks. This section provides a forward-looking view of 2030, including a heat map illustrating anticipated areas of highest AI adoption across each segment. Additionally, we outline five predictions for how AI will redefine key functions and set new standards for efficiency, personalization, and risk management across the industry.

"As an [insurance organization], if you don't embrace AI, you will become irrelevant."

– Director of Operations at National Retail Agency

Figure 6. 2030 Outlook for AI in P&C Insurance



Over the next five years, ReSource Pro anticipates a significant increase in AI adoption across all segments of the P&C insurance industry. Currently, AI adoption remains relatively low (see Figure 2), but the next few years are poised to bring transformative change. Retail agencies are expected to prioritize AI investments in marketing, sales, and client servicing functions, enhancing their ability to personalize interactions and strengthen customer relationships. For MGAs, the focus will likely be on underwriting and program development, where AI can help tailor solutions and assess risks more precisely. Carriers, meanwhile, are projected to adopt AI broadly across the value chain, with underwriting and claims management expected to see the largest investments. Across all three segments, AI will streamline operations and free up teams to focus on high-value, complex tasks that require human insight and expertise. With this increase in AI adoption, the industry can also expect the following:

Dynamic insurance solutions

The future of insurance will continue to shift away from a one-size-fits-all approach to insurance coverage and toward dynamic, highly personalized solutions. With the integration of AI and data analytics, the industry will be able to tailor coverage limits, policy terms, and pricing based on real-time data and individual customer behaviors, offering more flexible and responsive solutions. These insights will also redefine how we cover difficult exposures such as hurricanes, floods, and wildfires.

Hyper-personalization of the customer experience

AI will empower carriers, MGAs, and retail agencies to create personalized customer journeys tailored to individual needs and preferences. AI will increase staff capacity to focus on higher-value services by automating routine tasks like payments and basic policy changes. This will lead to faster and more efficient service for simple requests while still providing personalized guidance for complex issues such as claims management and intricate coverage questions. This combined approach will enhance operational efficiency and improve the overall customer experience.

Intersection of AI and other key technologies

The future of the P&C insurance industry will be shaped by the intersection of AI and other key technologies such as the Internet of Things (IoT), embedded insurance, and blockchain. IoT devices such as telematics in vehicles, smart home systems, and wearables will provide carriers with real-time data that AI solutions can use to analyze risks, offer dynamic pricing, personalize coverage offerings, and enhance claims processing. Embedded insurance (insurance purchased in conjunction with a related non-insurance product or service during the same customer experience, i.e., trip cancellation coverage) will be powered by AI to offer on-demand, personalized coverage. Lastly, blockchain will enhance the security and transparency of key transactions, allowing AI to automate functions such as claims processing and fraud detection reliably. These technologies will notably impact efficiency, personalization, and security in insurance offerings.

More robust risk management

AI has the power to fundamentally transform risk management, empowering carriers, MGAs, and retail agencies to better support policyholders in preventing and mitigating losses. For example, predictive analytics solutions and IoT technologies can prompt preemptive actions. Sensors in buildings or vehicles can detect early warning signs of issues like water leaks and identify risky customer behavior such as speeding. These insights enable stakeholders to take preventative measures before a loss occurs. Additionally, AI can help mitigate risks by automating incident response, facilitating quicker responses, and advising customers in real-time on steps they can take to reduce a loss.

Private LLMs (large language models) are the future

You're likely most familiar with public LLMs such as ChatGPT and Google Gemini; however, some companies are choosing to develop private LLMs. These models are built, trained, and deployed using a company's internal infrastructure and proprietary data, allowing for greater data security and niche/industry-specific capabilities. Examples include Marsh's LenAI and Lemonade's AI Jim.

Conclusion

AI's transformative impact will extend across the entire P&C insurance value chain, reshaping operations, insights, decision-making, and customer interactions. By improving automation and augmenting decision-making with advanced insights, AI will undoubtedly redefine and elevate the role of insurance professionals. Additionally, new risks will emerge, prompting innovative coverages and product lines, while entire industries will transform, spawning new companies and industry verticals. For insurance leaders, the time to act is now. Sitting on the sidelines is not an option; those who fail to prioritize AI risk falling behind in a rapidly changing landscape. Taking proactive steps to adopt and integrate AI will be essential to staying competitive and helping customers manage tomorrow's risks.

ABOUT RESOURCE PRO

Focused exclusively on the insurance industry, ReSource Pro is a trusted strategic operations partner to insurance organizations seeking to increase their productivity and profitability. With a global team of more than 10,000 employees, ReSource Pro operates at the critical intersection of people, process, technology, and data to serve more than 1,800 clients across the carrier, broker, and MGA segments – consistently earning a +96% client retention rate for over a decade. It offers expert advisory services, proven business process management optimization and transformative data and technology solutions. It was recognized in 2024 by Inc. 5000 as one of the fastest growing companies in the US.

For more information

visit us: resourcepro.com
call us: 888.577.7552

Use of our reports