

Transforming the insurance value chain with AI

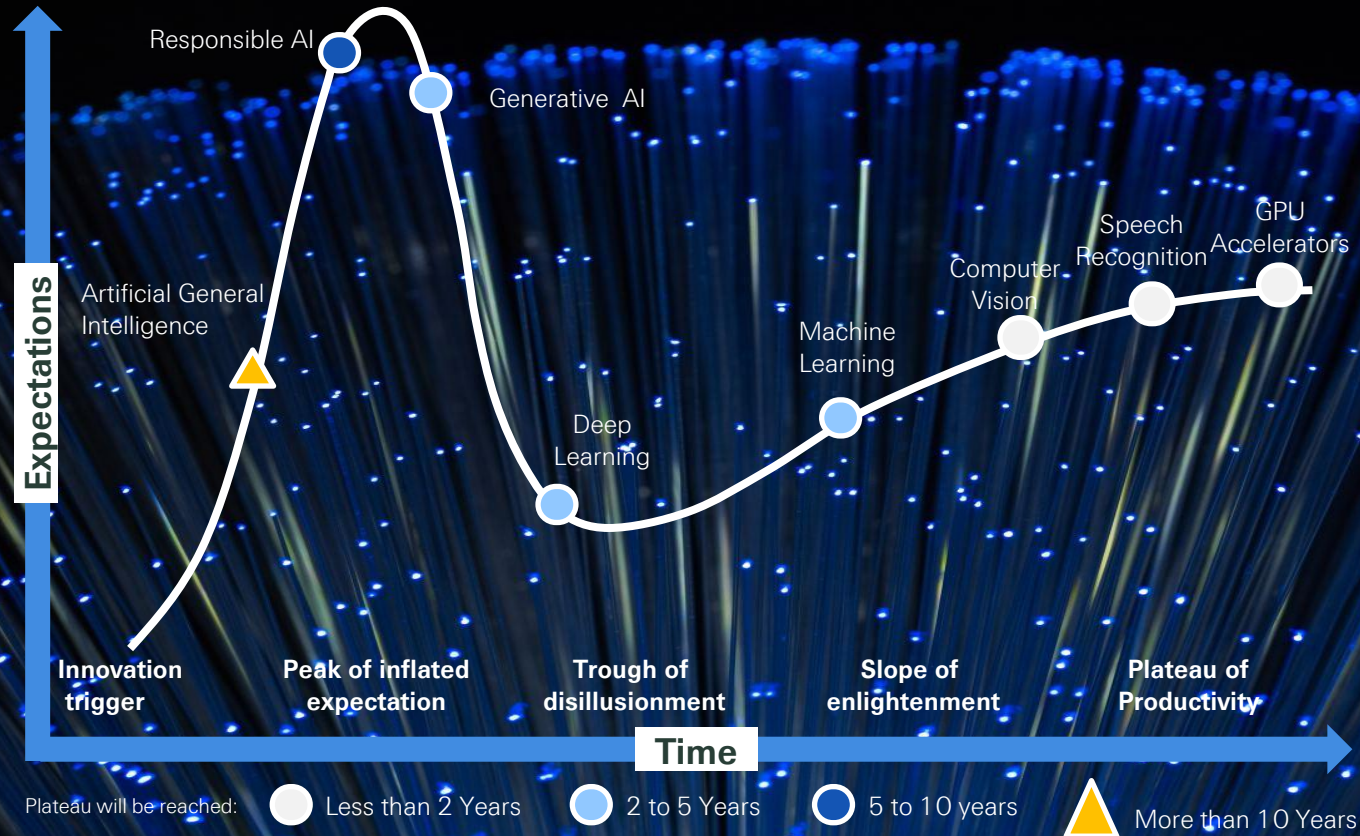
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Beware of the hype, impact will come at different speed & levels

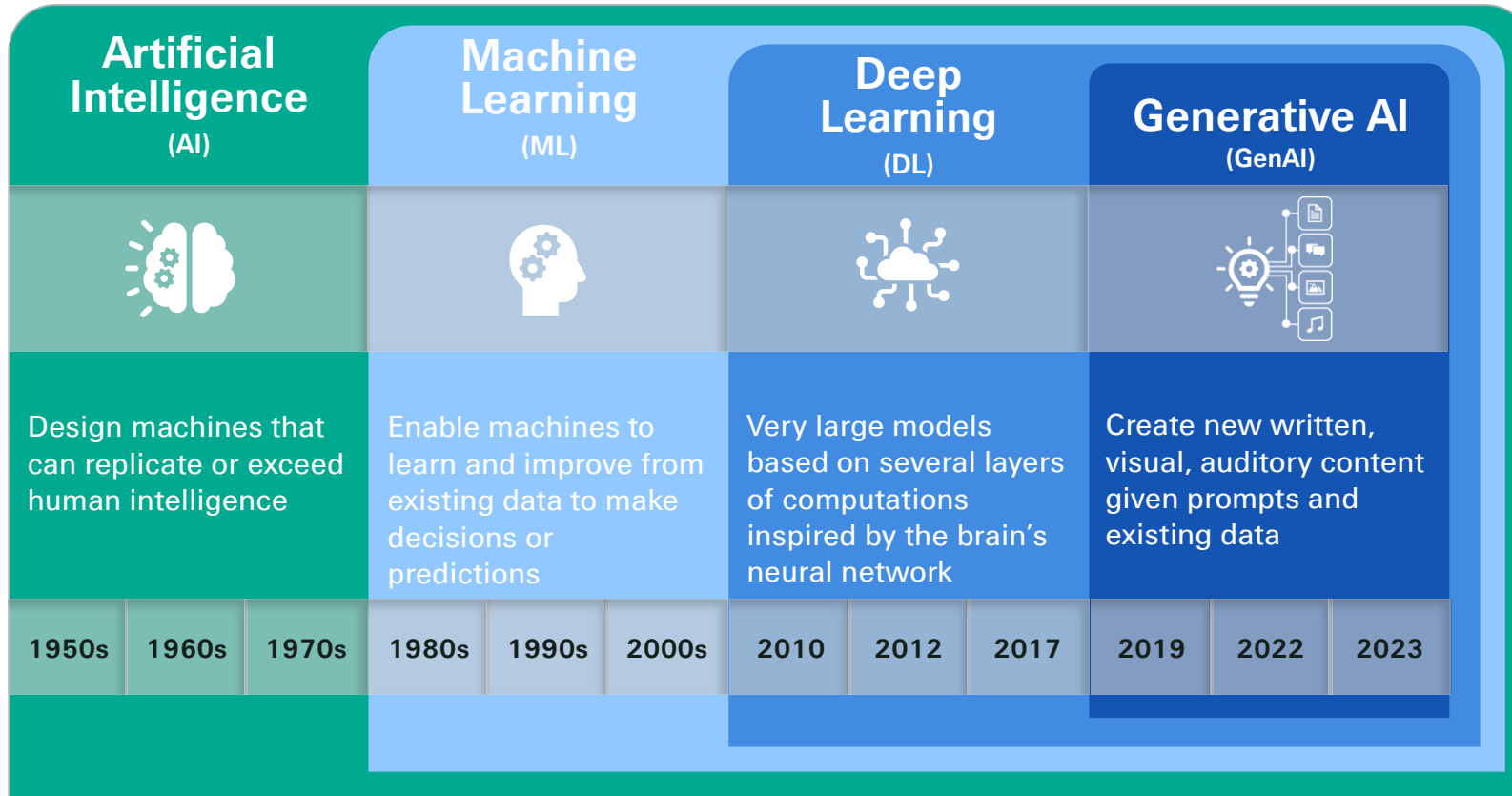
Gartner Hype Cycle for Artificial Intelligence 2024



Beyond the Hype: Why this AI revolution could be different

Beyond the GenAI phenomenon

Machine Learning/Deep Learning (ML/DL) solutions also play key roles in AI



Observations

- Currently, no general definition of AI that enjoys widespread consensus
- AI is not a new topic, but its prevalence started with the emergence of GenAI
- Different types of AI (GenAI vs ML/DL tools) are expected to be different risk profiles
- "AI washing" has become a much-discussed phenomenon / topic

Source: based on <https://www.officetimeline.com/blog/artificial-intelligence-ai-and-chatgpt-history-and-timelines> & Tron Susanna, Vagnoli Matteo: "Artificial Intelligence. Opportunity or Threat?"

We expect GenAI to transform the insurance industry in three overlapping waves

1st Wave

Productivity Gains

augment generic knowledge tasks with out-of-the-box solutions



Productivity enhancements for generic knowledge work provided through vendors, for example

short-term

2nd Wave

Business Innovation

improve insurance specific knowledge tasks and automated document processing



Improved use of unstructured data and augmentation of expert knowledge work by linking LLMs to curated knowledge

mid-term

3rd Wave

Industry Disruption

projection of industry impact based on future tech development

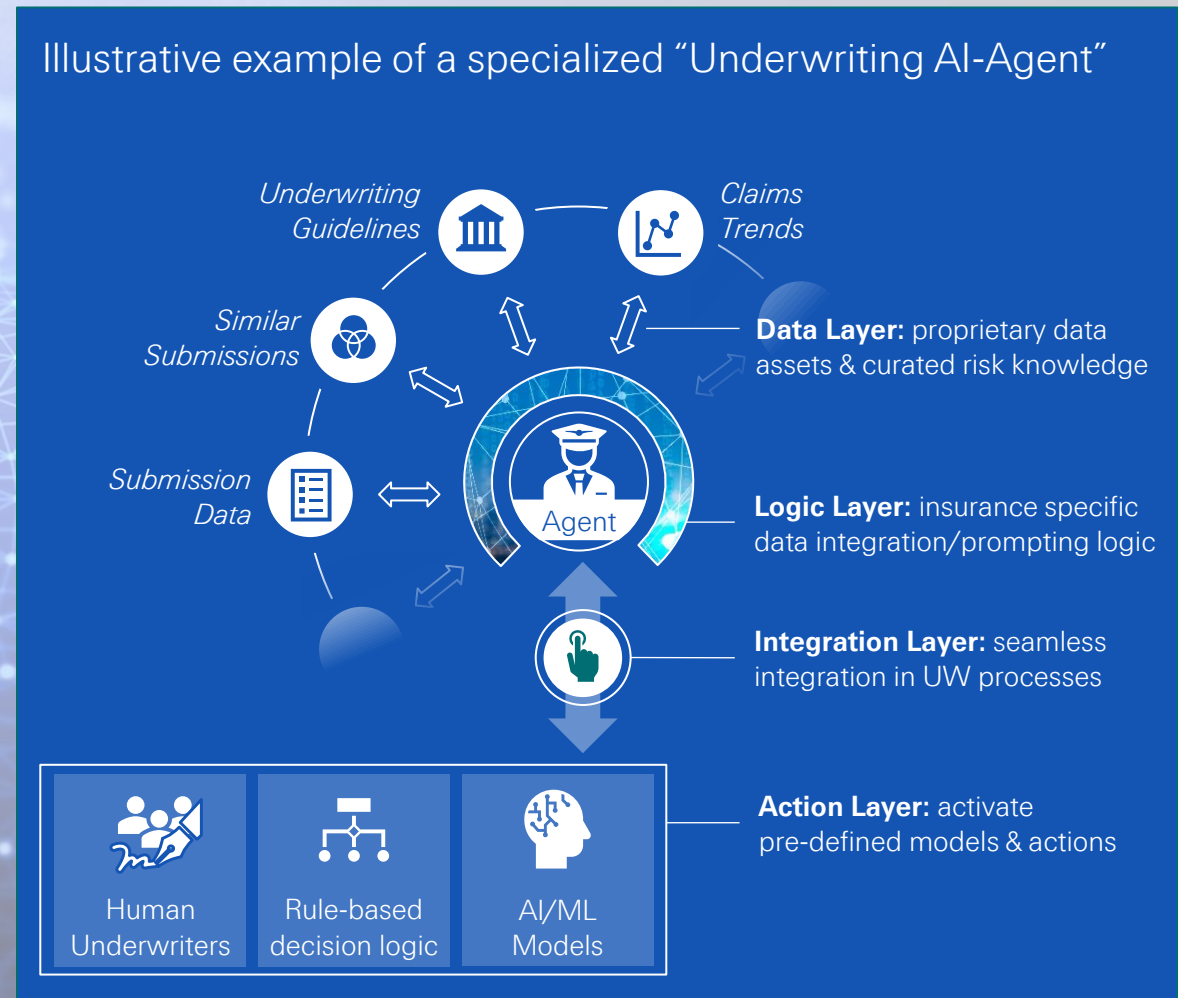
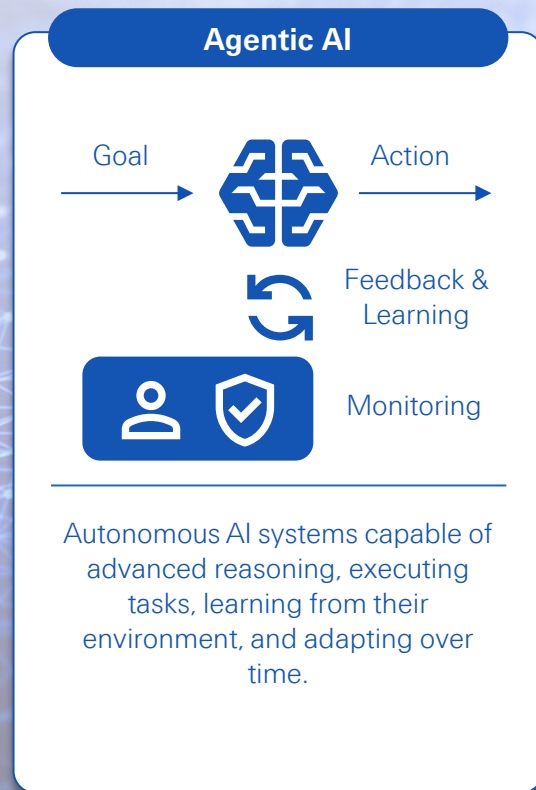


Impact highly depending on technology evolution with path towards independent reasoning and action taking

long-term

monitor affects on adjacent industries, e.g. health-care, pharma, automotive, legal services etc.

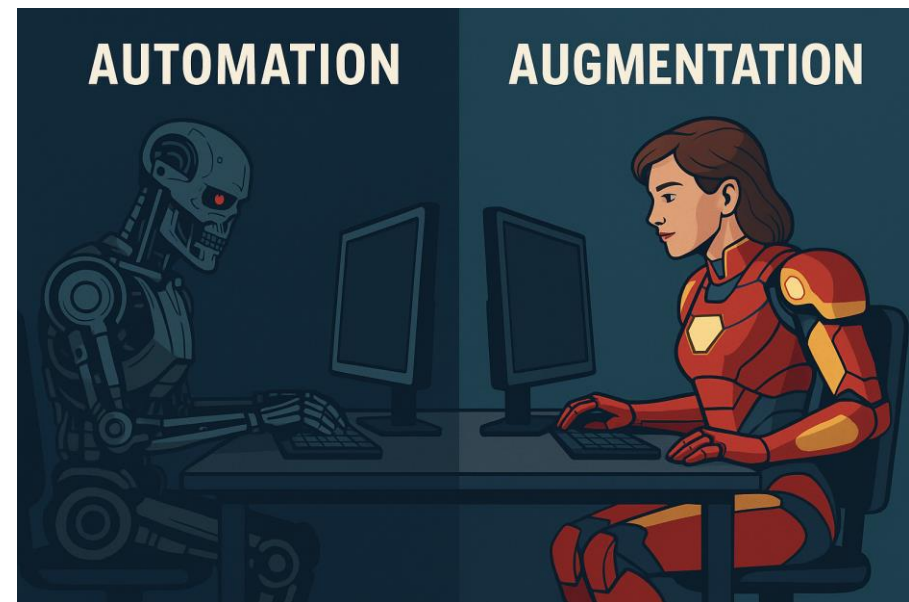
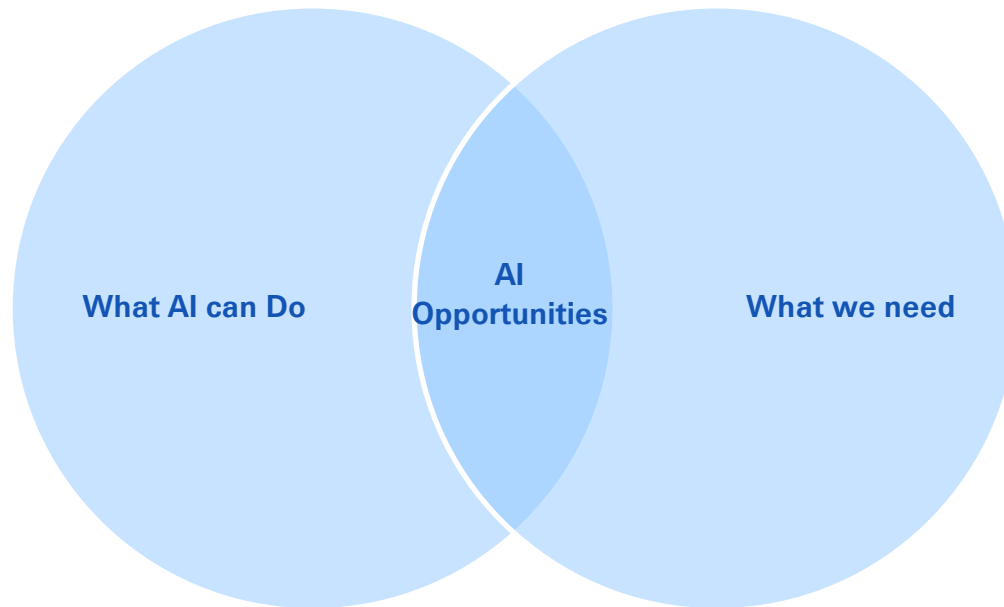
3rd Wave Outlook: Specialized copilots will transform into AI-agents which can autonomously complete tasks; complex orchestration of data and models required



GenAI creates tangible impact only when its implementation is anchored in specific business and user needs, not driven by technology itself

Business led initiatives with a human-centric culture, ensure GenAI impact

In Reinsurance efficiency gains can be short-lived, augmenting decision-making is the real value added



AI opportunities lies in at **the intersection of AI capabilities and business needs**. When opportunities are identified, an **accelerated delivery approach** is recommended: start small with a **quick prototype** (e.g., less than 10 days and \$10k), validate the results and scale only validate AI features that bring actual value.

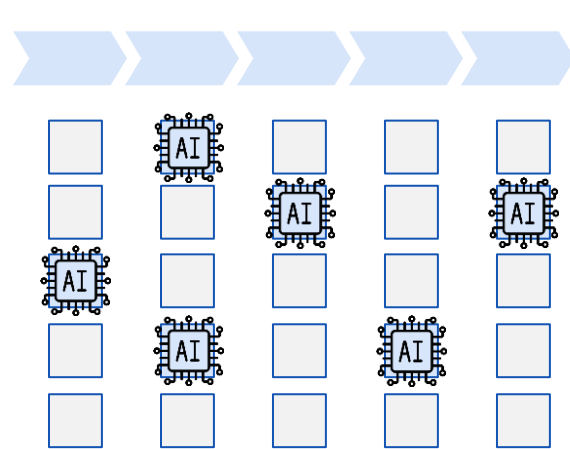
*“Just as **Iron Man’s suit** enhances human capabilities, GenAI amplifies underwriting expertise by unlocking insights beyond individual know-how – **not replacing them or automating** the underwriting process”*

HSG TrendMonitor Magazine, "GenAI Adoption, a paradigm shift from Terminator to Iron Man"

AI at Swiss Re – P&C Re

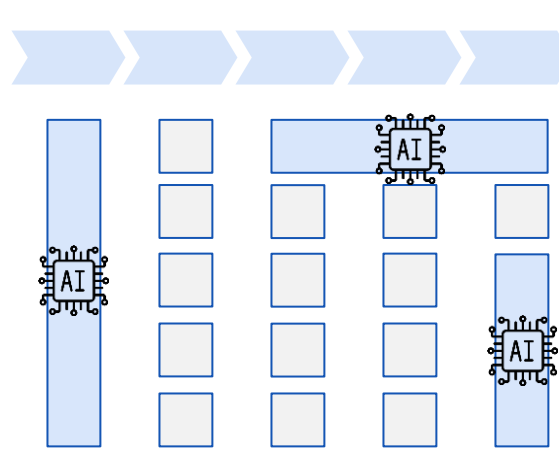
The envisioned GenAI journey: Evolving from task-level improvements to full-scale value chain transformation with incremental benefits & strategic growth at each stage

Task-Level Transformation



Applying GenAI to **automate or enhance specific tasks** within a larger workflow to boost productivity and efficiency

Process Optimization



Expanding GenAI integration to **streamline entire business processes**, enhancing efficiency and effectiveness

Value Chain Transformation



Reimagining and redesigning core business processes with GenAI at the center, driving holistic transformation across the entire value chain

short-term

mid-term

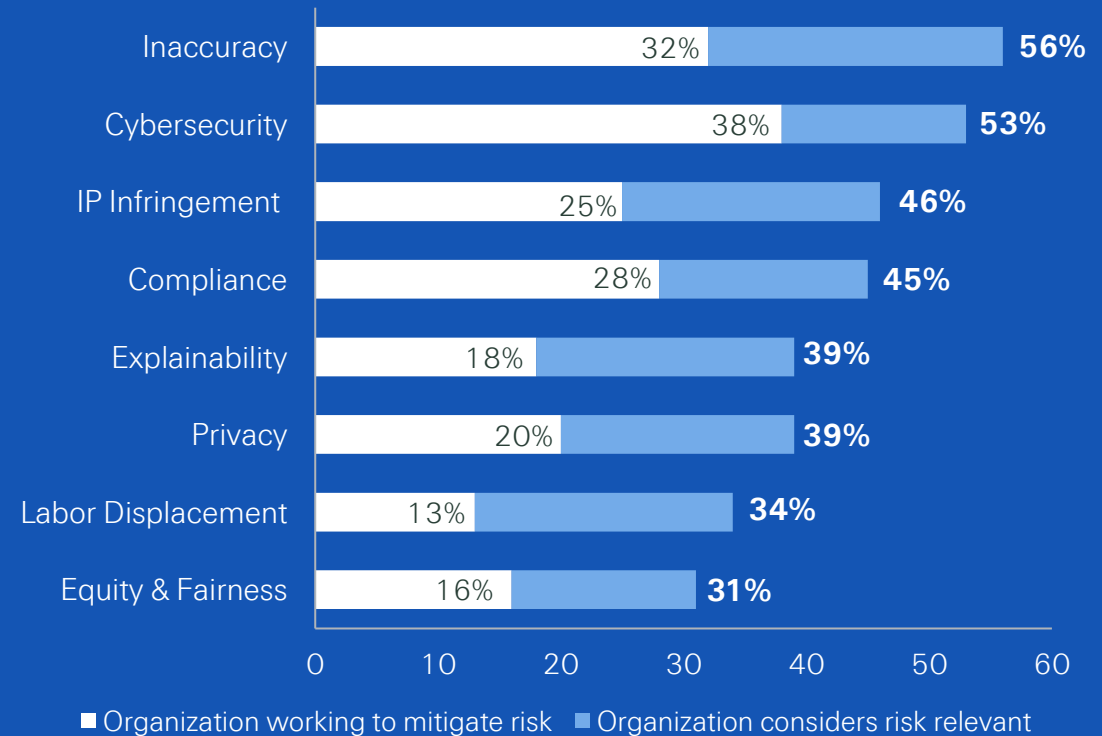
long-term

AI Risks

While current generation of Large Language Models still comes with caveats for real-world use, many risks can already be mitigated



Generative AI-related risks organizations consider relevant and working to mitigate



source: McKinsey

Conclusions



What kind of world/insurance do we want, or can we imagine?

- It's the right time to responsibly harvest full power of data and algorithms
- AI empowers human expertise by automating routine, low-value tasks (Terminator), while augmenting business experts decision-making (Iron Man)
- It's time to upskilling our people for them to adapt to the future of work
- It's time to upgrade our corporate governance and actuarial models and mitigate new Human / AI risks



Any
questions?

