Summary of session 3: Preparing for a data-driven, AI enabled London market

Speakers:
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Chair: Jeremy Burgess, TIN

The session explored the role of AI in shaping a data-driven insurance market, focusing on challenges, practical implementations and strategies for successful adoption. The discussion highlighted the rapid evolution of AI tools, driven by increased computational power rather than fundamental changes in algorithms. While artificial general intelligence remains a distant prospect, specialised AI models are already surpassing human capabilities in processing vast amounts of data, improving underwriting, claims handling and fraud detection.

A central theme was the **importance of data quality, traceability and security** in AI implementation. Data must be standardised, easily accessible and its lineage clearly understood to ensure transparency, particularly in regulated environments like insurance. AI-driven decisions need to be explainable, requiring the adoption of 'white-box' models that provide auditable insights. Additionally, secure handling of sensitive data, particularly in cloud environments, is crucial to mitigate cybersecurity risks.

The session also examined the **business considerations for AI adoption**. Organisations must shift from a project mindset – where initiatives have fixed timelines and scopes – to a product mindset that acknowledges AI models require continuous improvement, feedback and maintenance. AI solutions, whether built in-house or purchased, demand ongoing investment, as data changes over time, leading to model drift. Effective AI adoption requires buy-in from business leaders and underwriters, ensuring they are committed to refining and validating AI outputs rather than viewing implementation as a one-time effort.

The discussion also tackled **challenges in execution**, noting that while AI can drive efficiency, many organisations overestimate its immediate impact. Initial AI proofs of concept often generate excitement but fail to translate into operational success due to unrealistic expectations, data inconsistencies and lack of business integration. Successful AI strategies require clear business objectives, small-scale experimentation and iterative learning. The most common AI adoption trend in insurance today is **automated document ingestion**, as insurers still rely heavily on unstructured data from emails and PDFs. AI tools that convert these into structured formats help streamline workflows without replacing existing systems.

Looking ahead, the panel emphasised that **AI adoption must be aligned with business goals, not driven by technology hype**. Insurers should prioritise where AI provides competitive differentiation (e.g., underwriting and risk assessment) while leveraging third-party tools for commodity tasks (e.g., document processing). Organisations should also balance short-term AI adoption with long-term flexibility, recognising that models and tools will evolve rapidly. Given the high costs of maintaining AI solutions, insurers must carefully evaluate their strategy – whether to build AI capabilities internally, rely on external vendors or adopt a hybrid approach.

The session concluded with discussions on **barriers to AI adoption**, including regulatory scrutiny, industry-wide fragmentation and resistance from underwriters concerned about job displacement. Additionally, the need for AI talent remains a significant challenge, as insurers compete for specialised skills. Participants agreed that AI adoption is inevitable, but its success depends on careful planning, continuous learning and aligning technology with tangible business outcomes.

Key Takeaways

1. **AI success depends on data quality, security, and explainability**
   AI adoption requires standardised, traceable, and secure data. AI-driven decisions in insurance must be explainable and auditable to meet regulatory requirements and ensure trust.
2. **Start with business goals, not technology**
   AI should not be implemented for its own sake. Insurers should identify high-impact use cases, such as reducing claims processing times or improving underwriting efficiency, and experiment with small-scale solutions before scaling.
3. **AI is a continuous investment, not a one-time project**
   AI models require ongoing monitoring, refinement, and business input to remain effective. Organisations must adopt a product mindset, ensuring AI strategies are flexible and adaptable to evolving technologies and regulatory landscapes.