

## 5 AI trends in insurance underwriting for 2024

By Prakash Vasant | January 17, 2024

The year 2023 witnessed the prominence of generative AI, with terms such as [ChatGPT and large language models](#) permeating the lexicon. In the insurance sector, generative AI not only expedited processes but also facilitated more precise risk assessments.

In 2024, generative AI remains at the forefront of [insurance technology innovation](#). However, while 2023 delved into the intricacies of the technology, the new year will witness a concerted effort within the industry to address [challenges such as data mischaracterization](#) and worse, misinformation. Just as importantly, data-sourcing transparency emerges as a paramount consideration to counter the threat of inaccurate data and instill confidence in the insights generated by AI.

Insurance organizations will continue evaluating workflows to [harness generative AI for improvements](#). Simultaneously, they must stay proactive in anticipating new regulations that advocate for the ethical use of AI.

**Drawing on market analysis and insights from conversations with insurers, this slideshow illustrates five AI trends poised to impact insurance — with a focus on underwriting operations — in the coming year.**

As the excitement around generative AI persists, insurance organizations are increasingly cognizant of the challenges it presents, from ensuring data accuracy to complying with evolving regulations. The integration of transparency into AI workflows emerges as a pivotal strategy to address these concerns and enhance overall operational efficiency.

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### **No. 1: Trust and Transparency: Reigning Supreme with Continued Emphasis on Speed and Accuracy**

"The answers are in the algorithm" is no longer an acceptable response. Instances of inaccuracies in ChatGPT's responses highlight the need for sufficient input context. Therefore, insurance organizations should require more and better visibility into the sources of information from which generative AI draws data — to ensure accuracy, thereby building trust and credibility in the information and insights for risk assessment. Balancing speed and accuracy is crucial, as customers expect prompt answers without compromising precision. Underwriters will seek more trustworthy sourcing and transparency for their data assets, including more collaboration with providers who can deliver comprehensive and timely access to risk insights and relevant sources for the data. *(Credit: Egor/Adobe Stock)*



## **No. 2: Focus on AI Building Blocks: Adapting to Emerging Regulations**

With AI regulations on the horizon, insurance organizations must lay the foundation for an adaptable AI system. Executive orders and legislation, such as the U.S. government's safeguards and the European Union's AI Act, emphasize the need for policies to prevent machine-based bias and protect sensitive data. Insurers will establish criteria to regularly review and evolve their AI policies, aligning them with the evolving regulatory landscape. *(Credit: Olaru Radian/Adobe Stock)*



### **No. 3: The Morphing Underwriter: Shifting Roles without Job Displacement**

AI transforms rather than eliminates jobs, leading underwriters away from redundant tasks toward a more sales- and service-focused role. As AI streamlines processes, underwriters can identify coverage gaps and risk mitigation opportunities, paving the way for cross-selling, upselling and guidance for both personal and commercial lines policyholders. Insurance organizations should integrate underwriters into their sales processes, leveraging generative AI to evaluate risks on an individual and real-time basis, moving beyond reliance on just historical data. *(Credit: Credit: pinkrabbit/Adobe Stock)*





#### **No. 4: AI Adoption Across All Insurer Sizes: Leveling the Playing Field**

Both large and growing insurers are integrating AI into their operations. Basic AI is becoming a necessity for even smaller insurers and MGAs, with straight-through processing nearing reality. Turnkey platforms, customizable for quick deployment, are now accessible to growing insurers and MGAs, ensuring cost-effective implementation. *(Credit: DRN Studio/Adobe Stock)*



#### **No 5: AI Enhancing Insurer-Agent/broker Relationships: Improving Transparency and Communication**

Insurance agents and brokers seek transparent pricing and improved communication. AI has already streamlined processes in various insurance sectors, enabling faster responses and enhanced risk information. For common risks, AI augments manual processes, expediting risk assessments. The accessibility of accurate information allows insurers and agents to focus on advisory roles rather than data collection. *(Credit: Surf Ink/Adobe Stock)*