

The impact of artificial intelligence on the insurance industry

Harnessing generative AI to transform insurance



Unlocking the potential of generative AI in the insurance industry

Generative artificial intelligence (GenAI) has gained significant attention and is transforming industries. It can ingest vast amounts of information and determine the contextual relationship between words and data points. Large cloud vendors such as Microsoft, Google, and AWS offer private, secure versions that can better cater to different uses.

The insurance industry is eagerly looking to adopt GenAI to improve business processes and gain valuable insights. However, successful adoption depends on change management practices and data readiness. Insurance companies should focus on building internal tools to foster a productive culture of AI adoption and enhance efficiencies. This includes implementing data governance frameworks, creating analytics-ready data sets, and organizing data effectively across departments.

Currently, many insurance organizations still maintain records on paper that has not been scanned and may not have established protocols in place for data use and compliance. Ensuring proper data management frameworks are in place can provide compliance, improved decision-making capabilities, and better insights.

The adoption of AI requires companies to evaluate the benefits and challenges continuously. As technology evolves, industries must stay current with changes and re-evaluate strategies to achieve the desired results. Adopting AI requires a fundamental shift in business operations and culture, but the potential benefits to the insurance industry are vast.



This notion of analytics-ready data sets the foundation for effective AI adoption and usage because it enables organizations to leverage data in a more strategic way.

— **Jeanne Johnson**, Principal, Advisory, KPMG LLP



GenAI adoption

GenAI adoption in insurance can lead to valuable data insights for better decision-making in risk assessment and underwriting. Automation also frees up human resources for complex tasks. Uses include:

- **Fraud detection:** AI algorithms can be trained to detect patterns of fraud in insurance claims, helping companies identify fraudulent activities before they result in large financial losses.
- **Personalization for customers:** By leveraging customer data, insurers can use AI to develop personalized products and services that better meet individual customer needs.
- **Faster claims processing:** AI can automate routine customer inquiries and claims processing, allowing insurers to provide more efficient and faster service to their customers.
- **Legacy system solutions:** AI can be used to extract the logic and data from legacy systems while API-enabling them to feed into AI solutions.
- **Learning and Development (L&D):** With the use of AI, the future of L&D will likely involve constant reskilling, making learners more agile and responsive to industry and organizational change

GenAI in auditing

GenAI has a plethora of uses in audit, from knowledge management and productivity to process flows. It can parse vast amounts of information, create diagrams, and communicate with humans in many ways, making it a valuable tool for auditors.

However, as with any new technology, there are concerns and risks around GenAI. Trust in the technology and responsible practices should be taken into consideration, as GenAI is not a truth machine and requires proper training and usage.

It is crucial for audit firms to weigh the benefits and challenges of GenAI thoughtfully. Although it is free and accessible, innovative uses are emerging rapidly, meaning that constant evaluation is necessary to ensure efficient and effective use of the technology while avoiding any potential misuses.



I believe that those who do not adopt AI technology in the near future run the risk of becoming replaceable. On the other hand, organizations and individuals who embrace AI will not only maintain their competitiveness in the market but also have the chance to reap the benefits of this transformative technology.

— **Richard Entrup**, Managing Director,
Enterprise Innovation



Ethical concerns surrounding GenAI implementation

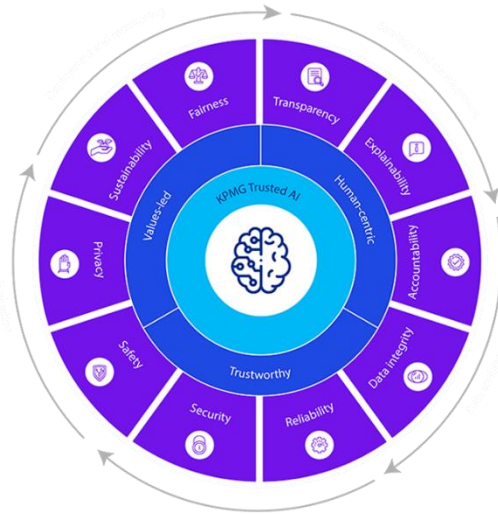
AI assistants have the potential to improve efficiency and productivity within daily tasks, streamlining processes across various systems such as Microsoft Office, ServiceNow, and Salesforce. However, ethical and responsible usage concerns persist around bias, accountability, and data integrity.

To alleviate these concerns, tools and proposed regulations are emerging, including trusted AI umbrellas. Recent developments, such as the use of deep fakes, are fueling legislative and regulatory debates focused on accountability around AI usage and providing consumer protection.

The future of AI in the insurance industry is a promising one, but there are crucial steps that businesses need to take before realizing the benefits. Establishing proper frameworks, planning for data usage, and internal adoption will be crucial to take full advantage of the technology's potential.

At KPMG, we've built a Trusted AI Framework based on 10 pillars to help ensure the safe, ethical, and fair deployment of AI in our own operations and made it available to our clients. Together, we can help make sure your insurer's AI deployment is not just technologically advanced but also rooted in good ethical and governance principles. Request the KPMG Trusted AI Framework by contacting one of the authors of this report.

KPMG can help your organization engage GenAI, whether it's a rapid GenAI assessment, foundational data readiness, or as consultants on piloting GenAI or leveraging it for value creation.



KPMG. Make the Difference.

Are you ready to unlock the potential of GenAI in the insurance industry?

At KPMG, we can guide you in integrating generative AI by establishing data governance, preparing analytics-ready datasets, and organizing cross-departmental data. Our assistance enables clients to unlock generative AI potential in fraud detection, personalization, quick claims processing, and legacy system solutions. In short, we make the difference.

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