Baringa

Reimagining the insurer in the age of AI

Foreword

Baringa's recent AI in Service and Operations event brought together leaders from across the industry, including London Market, Life and Pensions, Retail Health, and General Insurance for a rich conversation about the impact of AI across Insurance service and operations.

The discussion highlighted rapid adoption across attendees, and the huge upside potential AI is already having. We explored the foundational capabilities required to scale AI at enterprise level and how value is maximised when AI enhances human capability.

Overview

The insurance sector is moving through an intense period of technological change as advances in AI accelerate. Yet there is little agreement on how far these shifts will go. Research such as Anthropic's Economic Index points to a possible future in which insurers are reshaped at their core, with AI performing up to 95% of tasks. Financial markets are already reacting, with major AI model releases driving valuation swings across global brokers and insurers.

The industry is clearly transforming. But an exclusive focus on automation oversimplifies the complexity of modern insurance. It underplays the value AI delivers when it enhances human capability, sharpens judgement and strengthens decisions across the insurance value chain.

This report explores where innovation is emerging, how value is being created today and what lies ahead. It shows how insurers can unlock greater value through core platform transformation and seamless data flow across connected systems. It also highlights how existing solutions can empower colleagues, improve performance and deliver better customer outcomes.

The gap between AI ambition and operational reality

The most advanced AI tools now far exceed what many insurers have deployed. The obstacles are rarely about the technology itself. Instead, legacy systems, fragmented data and organisational constraints are slowing progress and preventing promising innovations from scaling.

A small group of insurers have delivered enterprise-wide digital transformation and are now compounding the advantages of AI-enabled capabilities. Most remain earlier in the journey. They have core system modernisation still underway, early rollouts of CoPilot licences, small sets of AI use cases with mixed impact, and investor messaging that signals the arrival of the AI era. The gap between ambition and realised value remains wide.

Closing this gap demands that insurers strengthen the structural foundations of their technology landscape. Successful organisations are moving to cloud-native, API-first and modular architectures that support rapid deployment instead of slow piloting. This shift enables data to move freely through systems, reduces friction and allows AI capabilities to scale across the business.

One insurer that has made this leap is eSure (now Ageas). Under Alan MacEwan's leadership, the business moved from fragmented journeys, disconnected channels and high customer effort to a market-leading service model. By embedding digital capabilities and AI on strong data foundations, eSure reduced friction across customer and colleague journeys and improved cost, quality, consistency, speed, experience, retention and commercial performance at the same time.

"Digital provides the foundation, AI drives acceleration and data enables precision. Put together, they support a service operation that is smaller, faster, more resilient, more accurate and more profitable."

Alan MacEwan
Chief Customer and Operations Officer
eSure (now Ageas)

What this looks like in practice

Digital as the core operating system

Leading insurers are building modern, digital-first technology stacks that deliver seamless experiences across every channel. This enables digital to become the primary service channel, lowering operating cost while improving customer outcomes.

Customer outcomes

- Higher adoption and repeat use of digital and mobile channels
- Reduced demand for voice-based servicing
- Digital journeys becoming the preferred route, strengthening sentiment and efficiency

Operational outcomes

- More policies handled per FTE
- Lower cost per policy as digital adoption rises

AI-augmented service and operations

With cloud-native, API-first ecosystems in place, insurers can deploy AI across the full value chain. AI can automate standard interactions, including FNOL, policy questions and renewal conversations, while augmenting advisers in moments requiring expertise, judgement or empathy. Advisors benefit from real-time context, guidance and automation, enabling them to focus on complex customer needs with greater consistency and quality.

AI also strengthens continuous improvement by auditing interactions at scale, capturing expertise and feeding insight back into recommendations and automation.

Examples include:

- **Customer-facing AI** that simplifies end-to-end journeys and captures structured insights to support more informed engagement.
- **Voice AI**, such as that developed by PolyAI, which enables policyholders to make claims, payments and account updates through natural language conversations. These systems have reduced cost per contact by 93% while increasing customer satisfaction by 15 points. They can direct customers to the appropriate channel, specialist or queue based on intent and complexity, or fully resolve requests end-to-end with safe escalation where required.
- **Advisor-augmentation tools**, which surface relevant context, guide advisers in real time and automate post-call documentation, insights and analytics.
- **Conversational intelligence platforms**, such as those from EdgeTier, sit above the core CCaaS layer and analyse customer interaction data across voice and digital channels to help operations and contact centre leaders understand what is driving demand, friction and avoidable contact. By reviewing 100% of conversations rather than relying on retrospective sampling, they can detect emerging trends earlier, strengthen quality oversight and deliver deeper root-cause analysis across customer journeys. They also provide decision support, helping teams assess the likely effect of a proposed change on metrics such as handling time, customer experience and cost-to-serve, so options can be compared more clearly before decisions are made.

This represents augmentation, not replacement. Humans stay in the loop, focusing on the high-impact moments that matter most.

Real-time data as the backbone

Insurers rely on accurate, timely data to run effective digital and AI-enabled operations. When data flows across systems without friction, organisations build enterprise-wide intelligence that improves operational management and commercial outcomes. Combining behavioural, contextual and interaction data allows insurers to personalise products, pricing and engagement at a far more granular level and move towards a “segment of one” model.

Industry practitioners often highlight that insurers hear only a fraction of what customers express, sometimes as little as 1%. Leading organisations are responding by adopting event-driven architectures that stream customer signals throughout their operations.

These signals help teams detect friction along journeys and intervene with targeted improvements.

Teams no longer depend on monthly dashboards or lagging complaint reports. Instead, they can query interaction data instantly to understand customer experiences, identify where challenges arise and determine which journeys require attention. AI can also surface patterns and insights proactively, showing where intervention is needed and enabling faster decisions.

These capabilities apply across the insurance value chain. They support renewal timing optimisation, personalised prompts in digital journeys, real-time quality oversight, summarised complaint routes, automated claim notifications and workflow optimisation.

What the future holds

Recent advances in agentic AI systems represent a significant shift in capability. The industry is now racing to understand how best to apply these technologies. In a truly agentic operation, AI does more than execute individual tasks. It coordinates activities across workflows, learns from outcomes and operates autonomously within defined boundaries. Humans guide decisions but are no longer required to push every task forward.

Demonstrations from PolyAI and Edgetier at Baringa's AI in Insurance Service and Operations event offer early insight into how this might operate in practice. These demonstrations showed AI systems that orchestrate processes end-to-end while keeping humans in the loop for oversight, judgement and exception management.

In insurance, this could transform core workflows. For example, a claims journey could identify liability signals at FNOL, trigger the right workflow, flag potential fraud indicators to the relevant teams and update the customer proactively. Human involvement would focus on judgement rather than process execution. In a renewal context, pricing could adjust dynamically in response to live customer behaviour without analysts running weekly reports and manually feeding updates into systems.

Looking ahead, insurers and their systems integration partners may simply be able to load existing policies, procedures and operational frameworks into agent development kits. These could then be deployed rapidly while staying aligned with governance and regulatory requirements.

This creates the possibility of replicating the analytical capacity of thousands of analysts working in parallel. It offers greater visibility, faster insight and a stronger ability to act on what customers are telling the business.

Where to start

It is important to carefully evaluate where to begin and what aspects to prioritise when adopting AI within the insurance value chain.

The commoditisation of foundation models reinforces a long-standing truth: high-quality proprietary data, sitting within a scalable and unified platform, is the basis for differentiated solutions. Many insurers remain constrained not by the potential of the technology but by incomplete infrastructure and data foundations. Success hinges on the speed and agility with which organisations can build, deploy, and iterate their solutions. The advantage lies not just in smarter models, but in the ability to rapidly evolve and adapt them.

Progress requires investment in foundational capabilities while pursuing targeted innovation with clear business benefit. The most effective near-term use cases are not the broadest or most ambitious. They are specific, grounded applications that solve real problems. These include earlier identification of vulnerable customer interactions, clearer visibility of claims friction, stronger quality oversight and improved understanding of avoidable contact.

This is where AI begins to deliver genuine value. It improves visibility, it accelerates action, and it strengthens an insurer's ability to respond to what the business already knows but cannot currently act on at scale.

How does Baringa work in this space?

We help clients understand the potential of AI in their organisation. A select group of partners are actively engaged in testing and developing foundational use cases across the insurance value chain, helping to shape practical applications of AI.

As unbiased advisors, we work with clients to unlock the benefits and then define and drive the path to AI in production.

We don't sell one-size-fits-all solutions. We get stuck into your challenges, shape tools that fit your teams, and deliver outcomes that create real value.

Meet our experts

Meet our AI & Insurance Experts. Is everyone telling you they're an AI expert? Our experts are the real thing. They work with clients every day to help them unlock value from AI.

If you're looking for expert answers to your AI questions, you're in the right place. Here's just a snapshot of the expertise we offer.

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