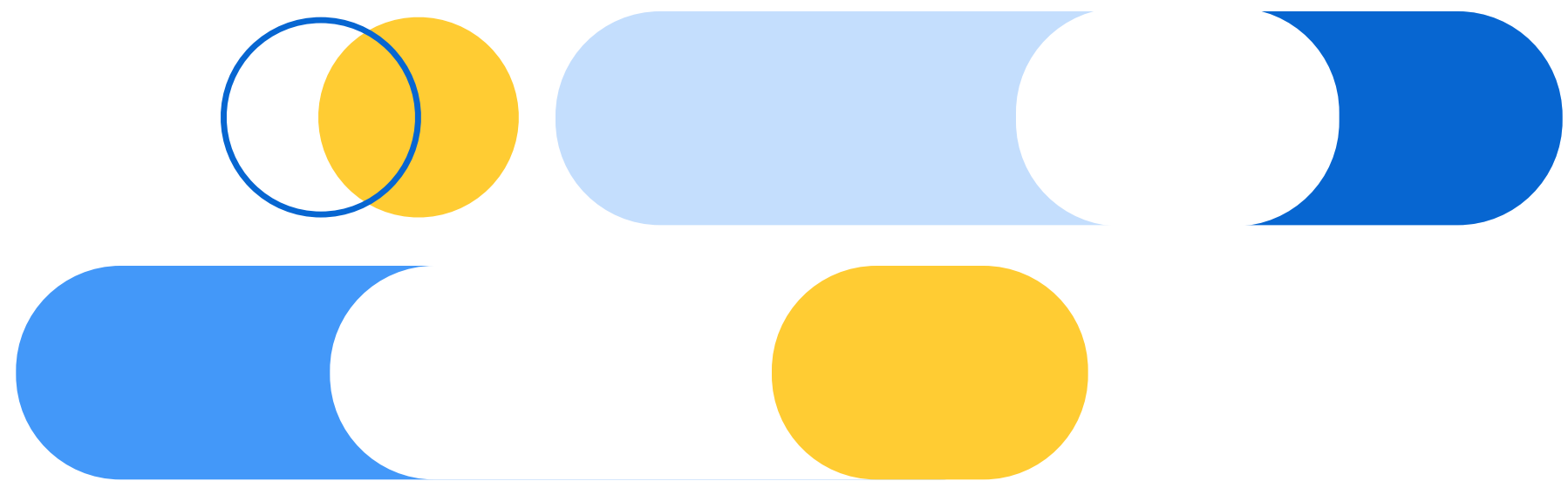# SAS

Your journey to a GenAI future:

An insurer's strategic path to success

Global research study reveals obstacles and opportunities when integrating GenAI technology

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Foreword

By Franklin J. Manchester, CPCU, Global Insurance Strategic Advisor at SAS

There's no doubt that generative AI (GenAI) is in the process of transforming the world we live in. Encompassing AI technologies like large language models (LLMs) and synthetic data generation, GenAI has expanded into organizations of every kind. Insurance leaders are seeing – and in many cases experiencing firsthand – the power it holds.

Insurers analyze risk exposure based on huge volumes of complex data, hold sensitive personal information about customers, and continually scrutinize their performance compared to their goals and market conditions. For insurers who seize the opportunity, GenAI can revolutionize their business.

Our findings in this report are based on new research that compiles survey results from 1,600 organizations across the globe from a wide range of sectors. To discover insurance firms' unique perspectives on GenAI, we're focusing here on the 236 respondents who are senior decision makers in GenAI strategy or data analytics in the insurance sector.

This report uncovers:

- How the insurance industry is implementing GenAI compared to other sectors.

- How much insurance leaders understand about GenAI, and how often they use it at work.

- How investment in GenAI stacks up against other sectors, and where it's being spent.

- Which issues worry insurers most when it comes to rolling out the technology, and the solutions they're considering.

- How you can proactively prepare for the challenges of implementing GenAI to ensure a strong ROI.

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GenAI in insurance today

89% of insurance leaders say they understand GenAI and its potential impacts on business processes.

68% are using some form of GenAI in their professional lives at least once a week or more, compared to **64%** across all sectors.

11% of insurance firms have implemented GenAI in their organizations, and an additional **49%** are using it but are still in the process of implementation. **Only 4% don't have plans to start using GenAI**.

61% of insurance organizations have a GenAI policy that dictates how employees can and cannot use it – the same as the average across all sectors.

Although historically slow at adopting new technology, the insurance industry is racing ahead with GenAI. The majority of firms are in the process of testing out the technology and adoption rates are significantly ahead of the cross-sector average. Most insurers already have policies in place for how GenAI can be used in their organization, and almost all of those who haven't implemented the technology are planning to start soon.
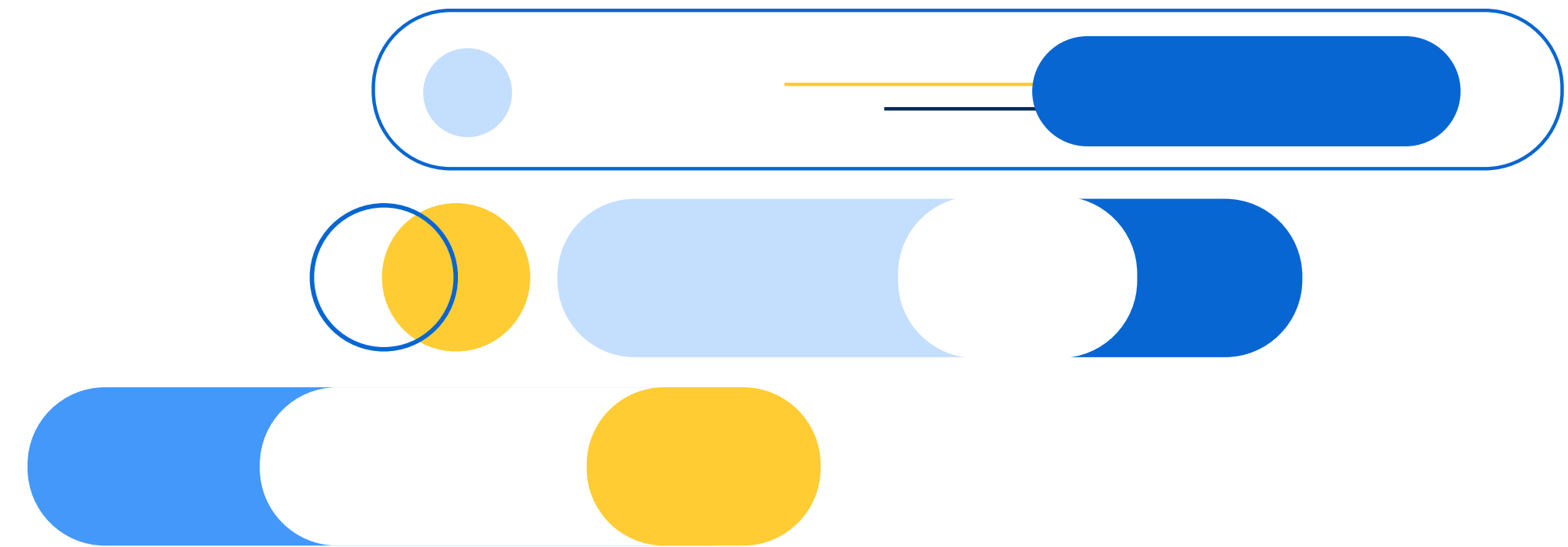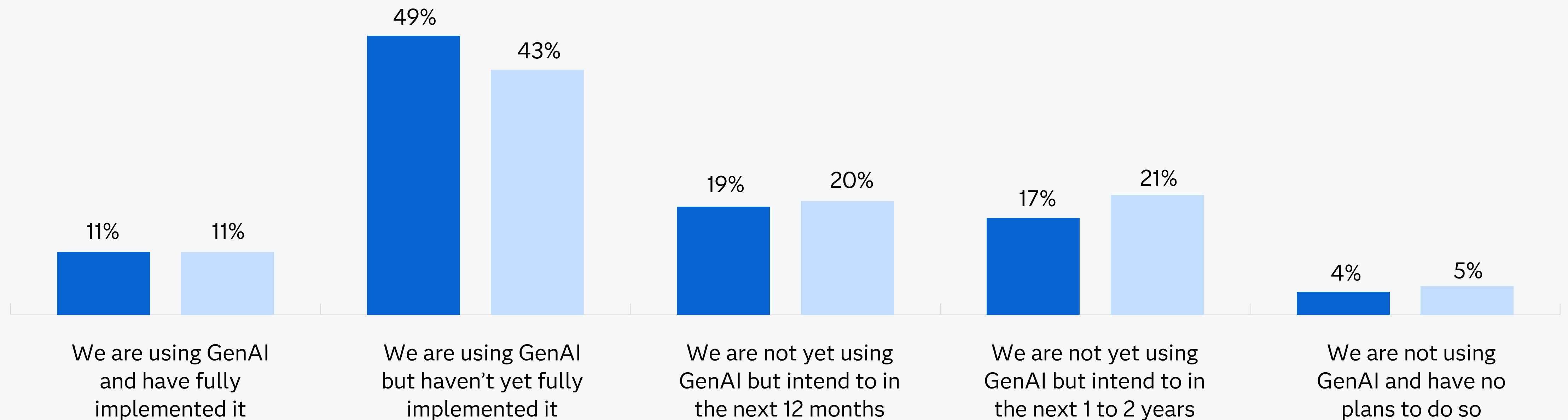
Only 4% of insurers have no plans to start using GenAI.

To what extent is your organization using GenAI?

Legend: ■ Insurance ■ All industries

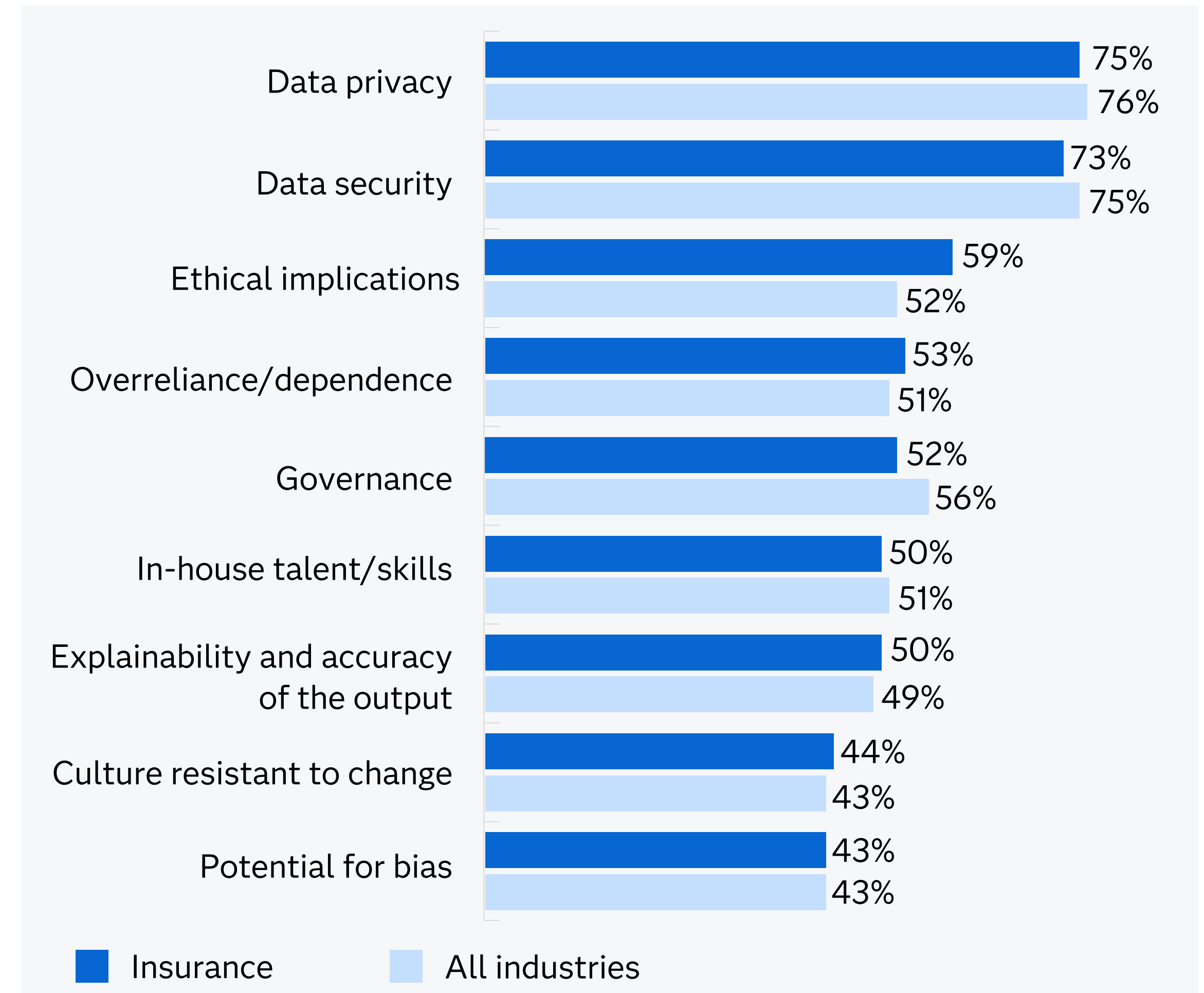| Category	Insurance	All industries
We are using GenAI and have fully implemented it	11%	11%
We are using GenAI but haven't yet fully implemented it	49%	43%
We are not yet using GenAI but intend to in the next 12 months	19%	20%
We are not yet using GenAI but intend to in the next 1 to 2 years	17%	21%
We are not using GenAI and have no plans to do so	4%	5%

03
Blockers and barriers: What insurance needs to overcome

With GenAI adoption continuing to expand, insurance leaders face many of the same challenges and concerns as their equivalents in other sectors.

But there are some issues they are particularly affected by. When it comes to GenAI governance, insurers disproportionately struggle from technological limitations and a lack of transparency and accountability.
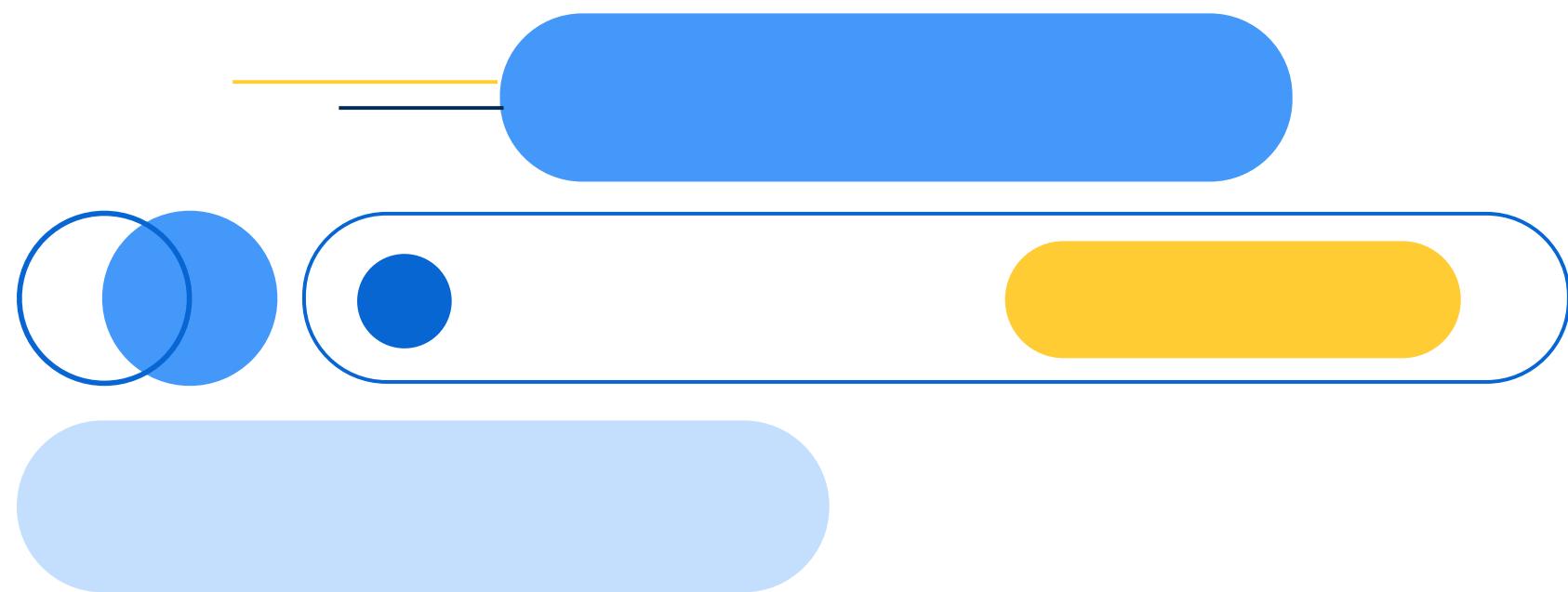
What are your concerns regarding the use of GenAI in your organization?

Concern	Insurance	All industries
Data privacy	75%	76%
Data security	73%	75%
Ethical implications	59%	52%
Overreliance/dependence	53%	51%
Governance	52%	56%
In-house talent/skills	50%	51%
Explainability and accuracy of the output	50%	49%
Culture resistant to change	44%	43%
Potential for bias	43%	43%

■ Insurance ☐ All industries

Results reflect the percentage of respondents who ranked these issues among their top five concerns.

Top challenges and concerns

Top concerns

Data privacy and data security are insurance leaders' two biggest concerns when it comes to using GenAI in their organization, the same as all other sectors.

Ethical unease

59% say ethical implications are one of their biggest worries about GenAI, making this the third largest concern for the insurance industry.

Insurers are more concerned about GenAI's ethical implications than other sectors. In comparison only **52%** of leaders across all industries say this is a key concern.

Implementation challenges

53% say that using both public and proprietary data sets effectively has been an obstacle to implementing GenAI, or they expect that it will be.

50% are struggling to implement GenAI due to the absence of appropriate tools – higher than any other sector except health care, at **53%**.

Governance troubles

52% of insurers list governance as one of their top concerns with GenAI usage, which is less than the **56%** cross-sector average.

When asked about their biggest challenge to implementing effective governance and monitoring, **37%** cite technological limitations. This is more than the cross-sector average of **34%**.

24% identify a lack of transparency and accountability as their biggest blocker to effective governance and monitoring.

Spotlight on privacy

Just **6%** of insurers who are considering using large language models have privacy risk measures in place. **43%** think they will develop their in-house capabilities for privacy risk detection to address this, while **38%** are inclined to buy a third-party solution.

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# Intelligent adoption: How the insurance industry is integrating GenAI

Our research shows that the insurance industry can see GenAI's extraordinary capabilities and are serious about capitalizing on it. They are overwhelmingly planning to invest in the next financial year, and almost everyone who is investing already has a dedicated budget in place.

But something that may pose difficulties for many insurers is that **effective budgeting for GenAI governance is lacking**. This is a big concern when thinking about the large number of models insurers implement across their organizations. These models will need to be effectively governed to continually perform well and satisfy business needs, customer expectations and regulatory requirements.

89%
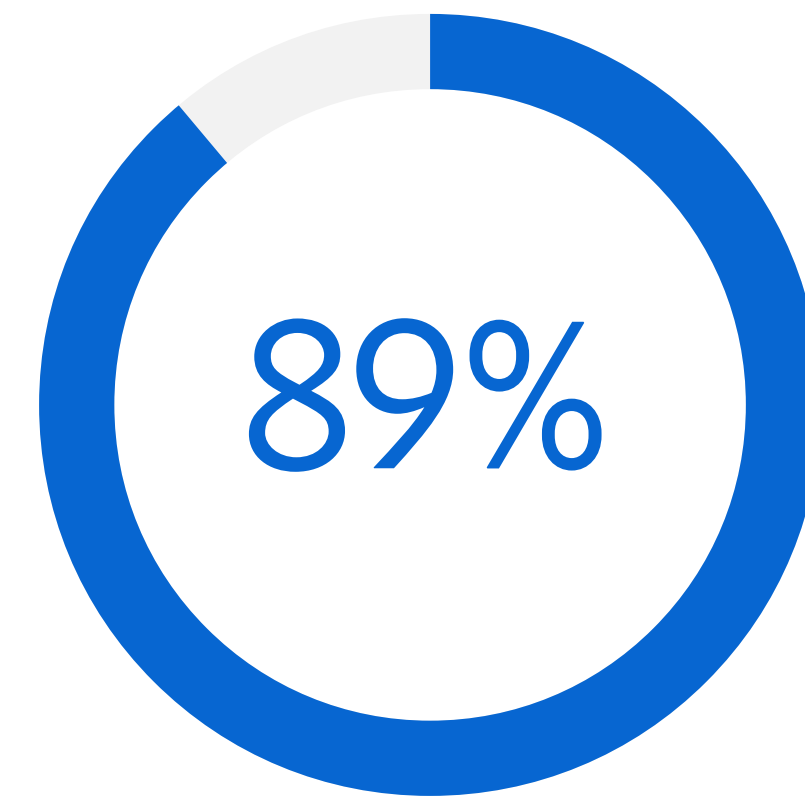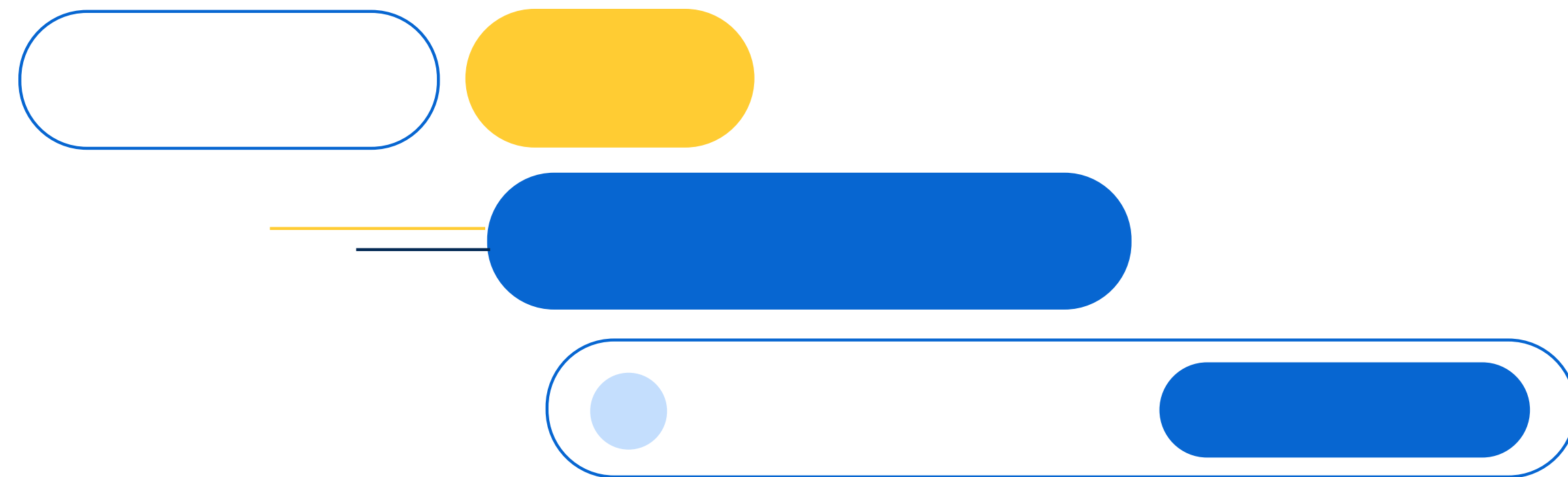
Number of insurance firms who plan to invest in GenAI in the next financial year.

Number of insurers investing who have a dedicated GenAI budget for next year.

92%
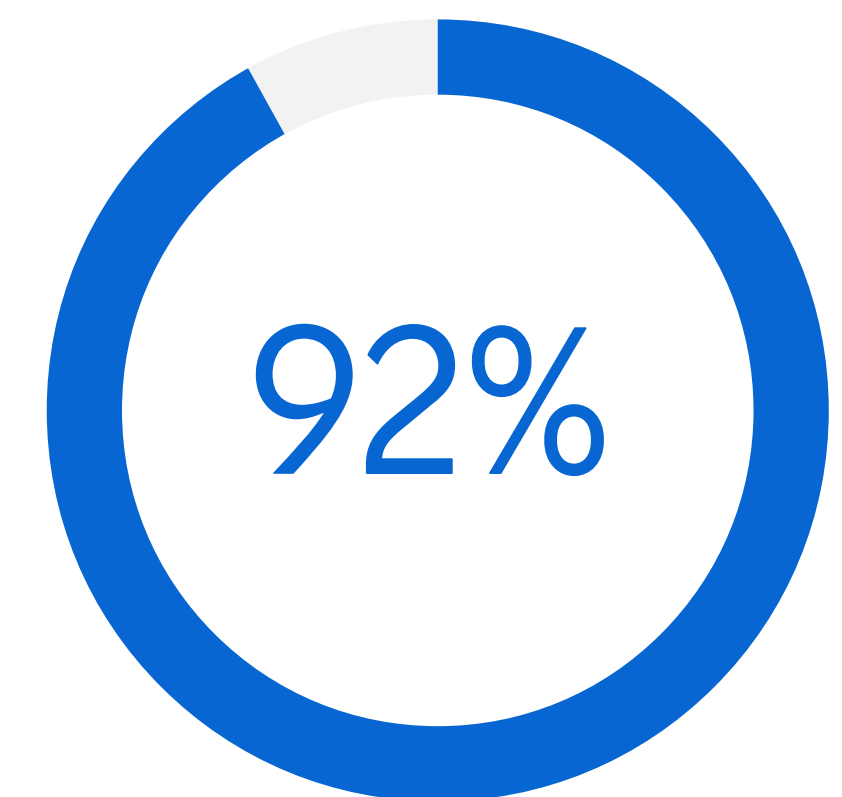
# Insurers lack effective budgeting for GenAI governance

More than any other sector, insurers say they plan to invest in GenAI in the next year. But they're working on governance as they go. Only a low proportion of their budgets are dedicated to governance, and most governance frameworks are still in development.
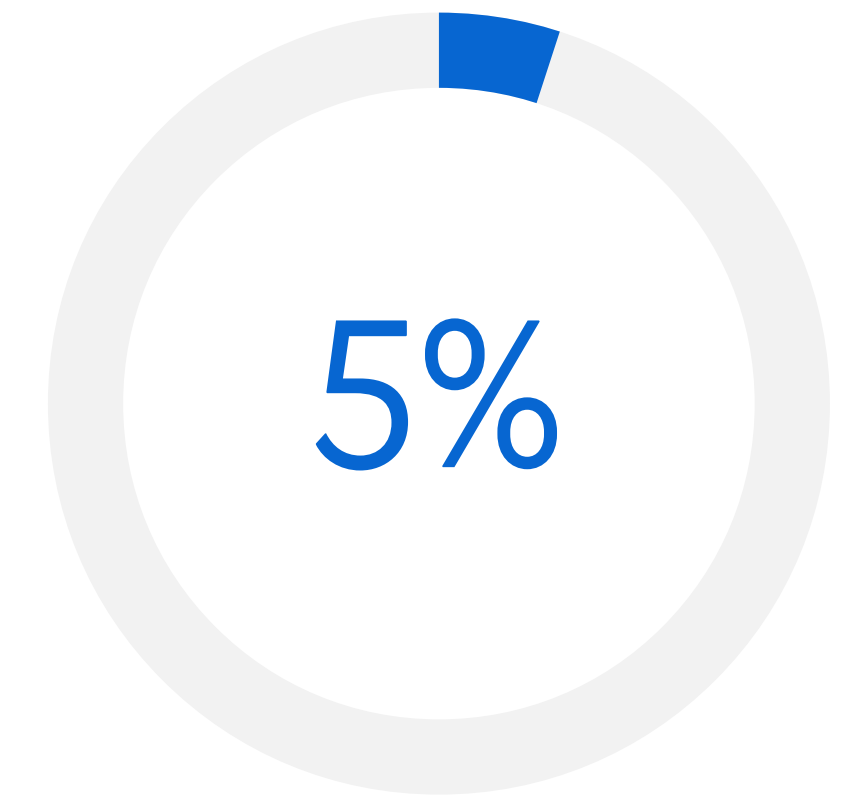
57%
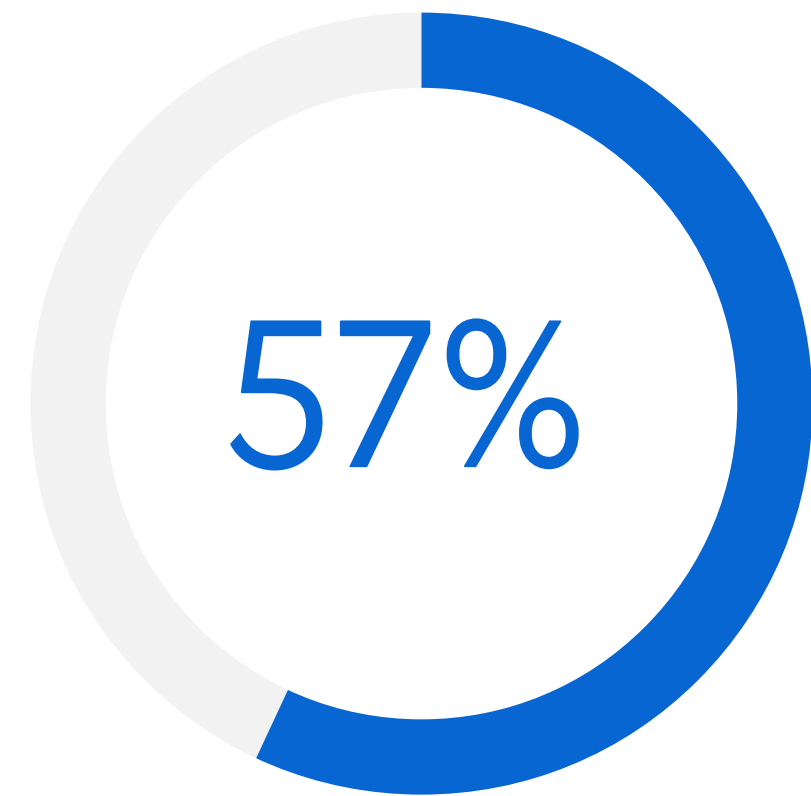
of insurers say their governance framework is in development while **27%** say their framework is ad hoc and informal.
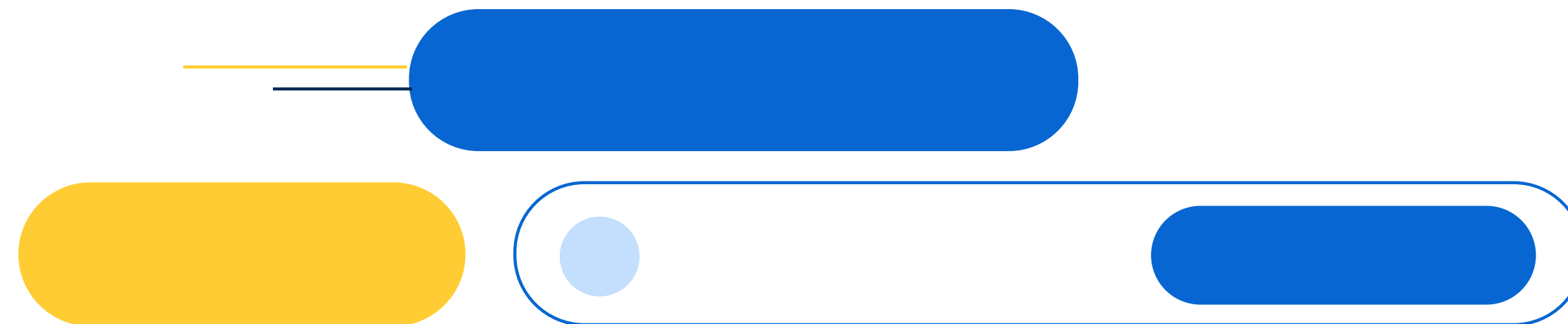
50%
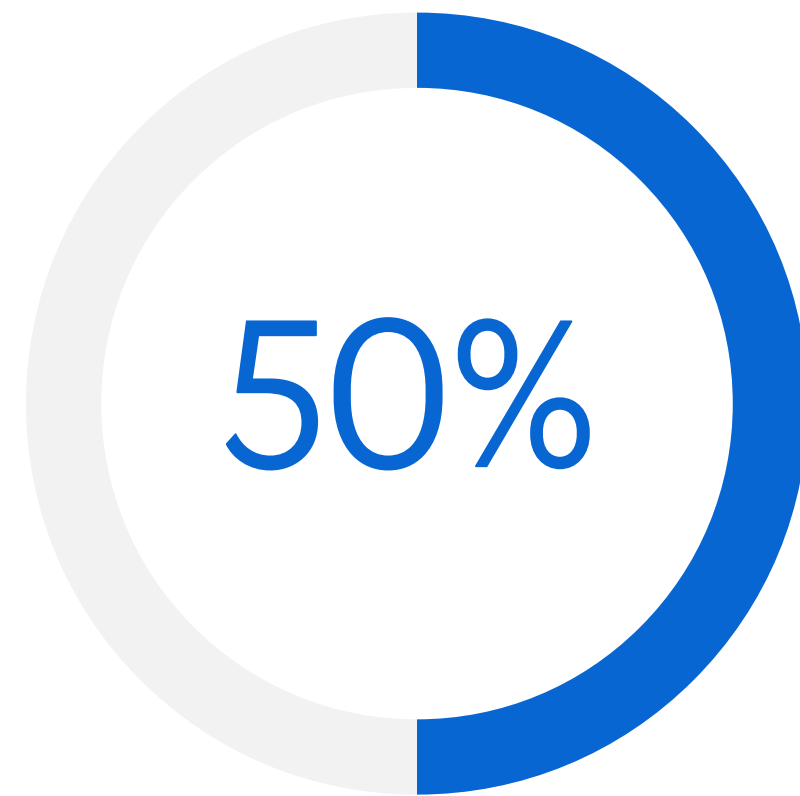
of insurance firms only have **1% to 10%** of their GenAI budget set aside for governance and monitoring.
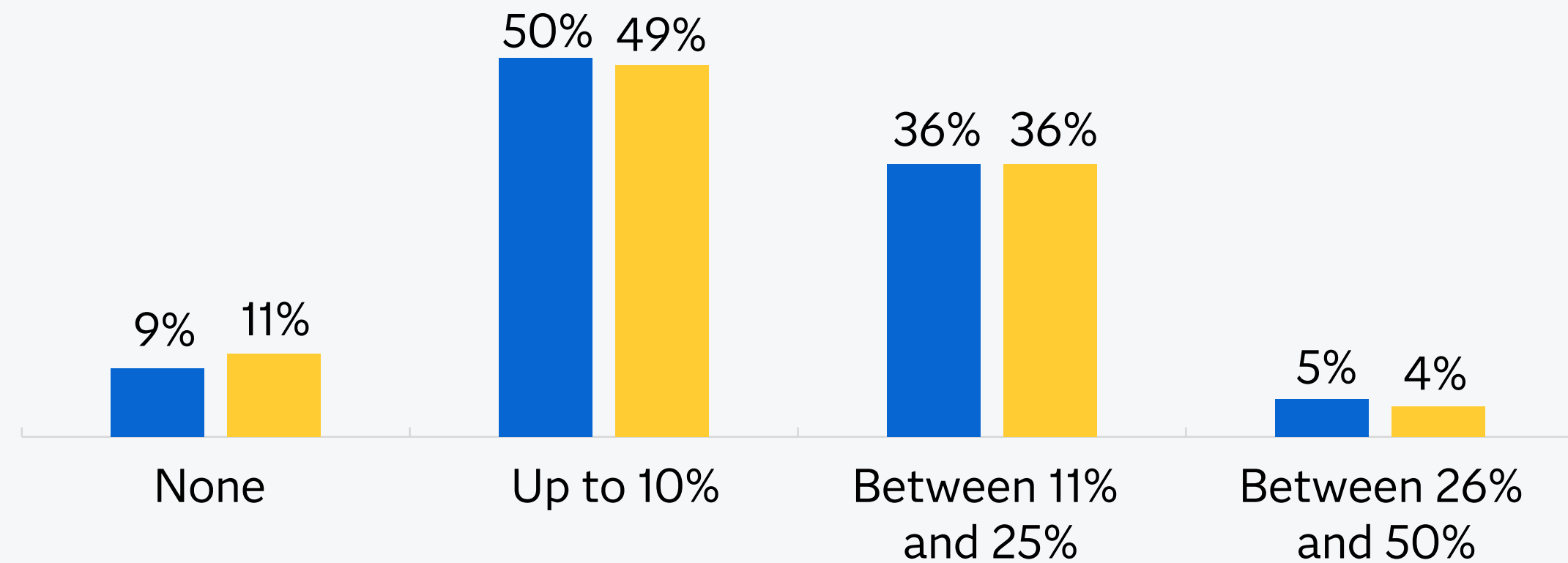
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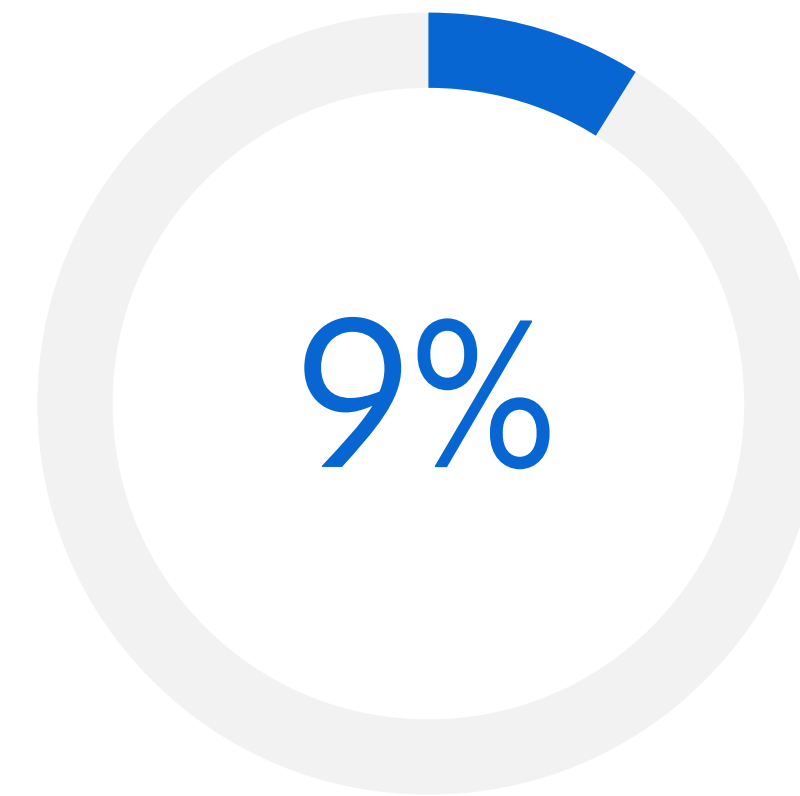
haven't dedicated any budget to governance and monitoring.

5%

just **5%** describe their GenAI governance framework as well-established and comprehensive.

Cross-sector comparisons: How much of your GenAI budget is allocated to governance and monitoring?


% of budget allocated to GenAI governance / monitoring

- None: 9% / 11%
- Up to 10%: 50% / 49%
- Between 11% and 25%: 36% / 36%
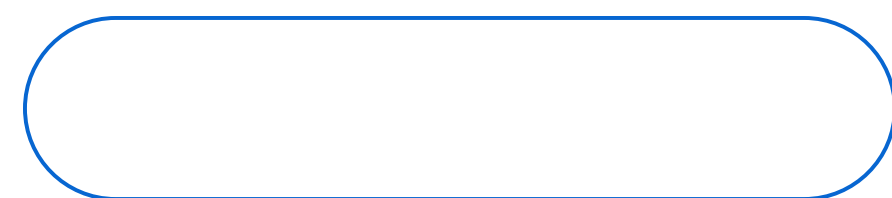- Between 26% and 50%: 5% / 4%

■ Insurance   ■ All industries
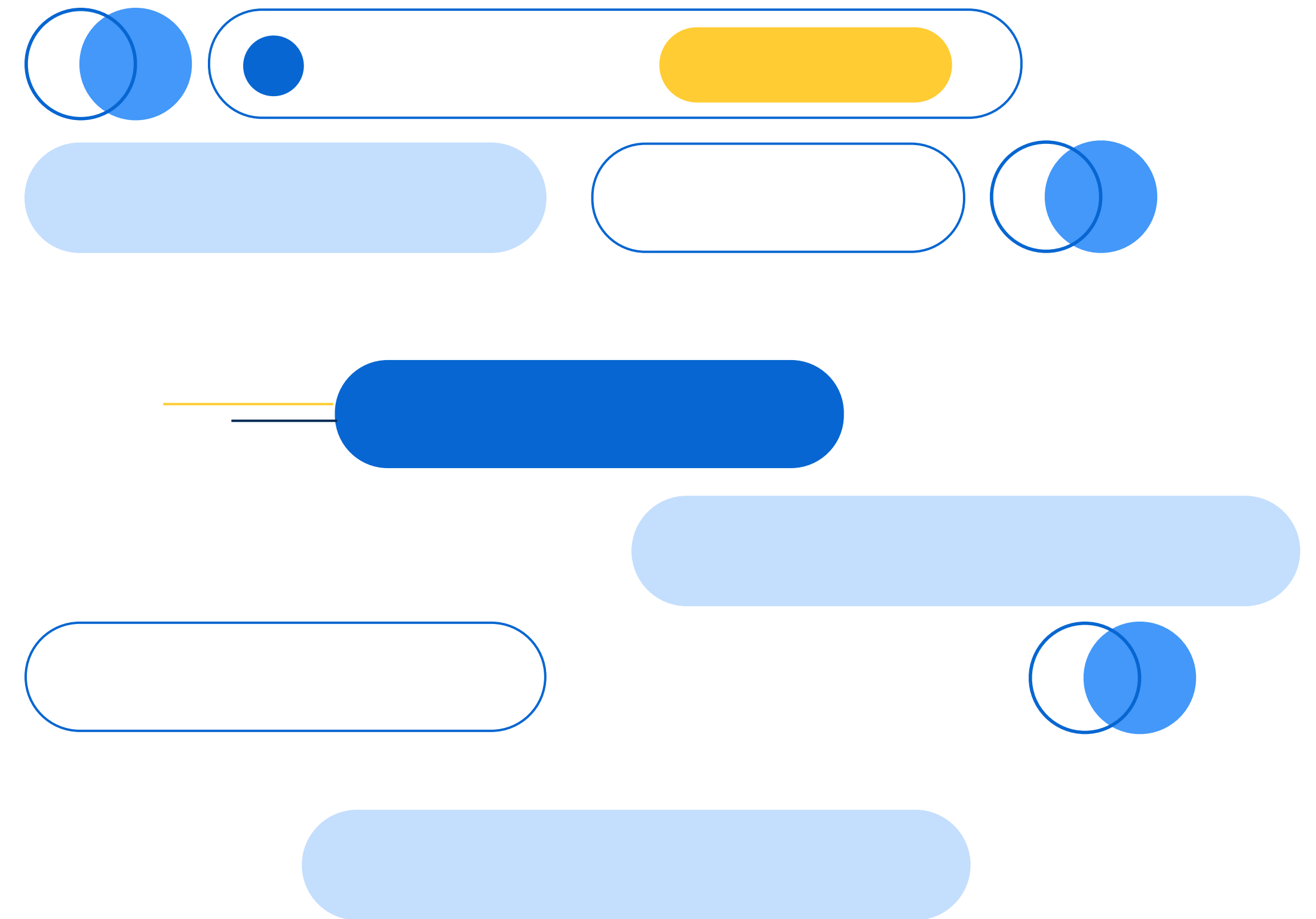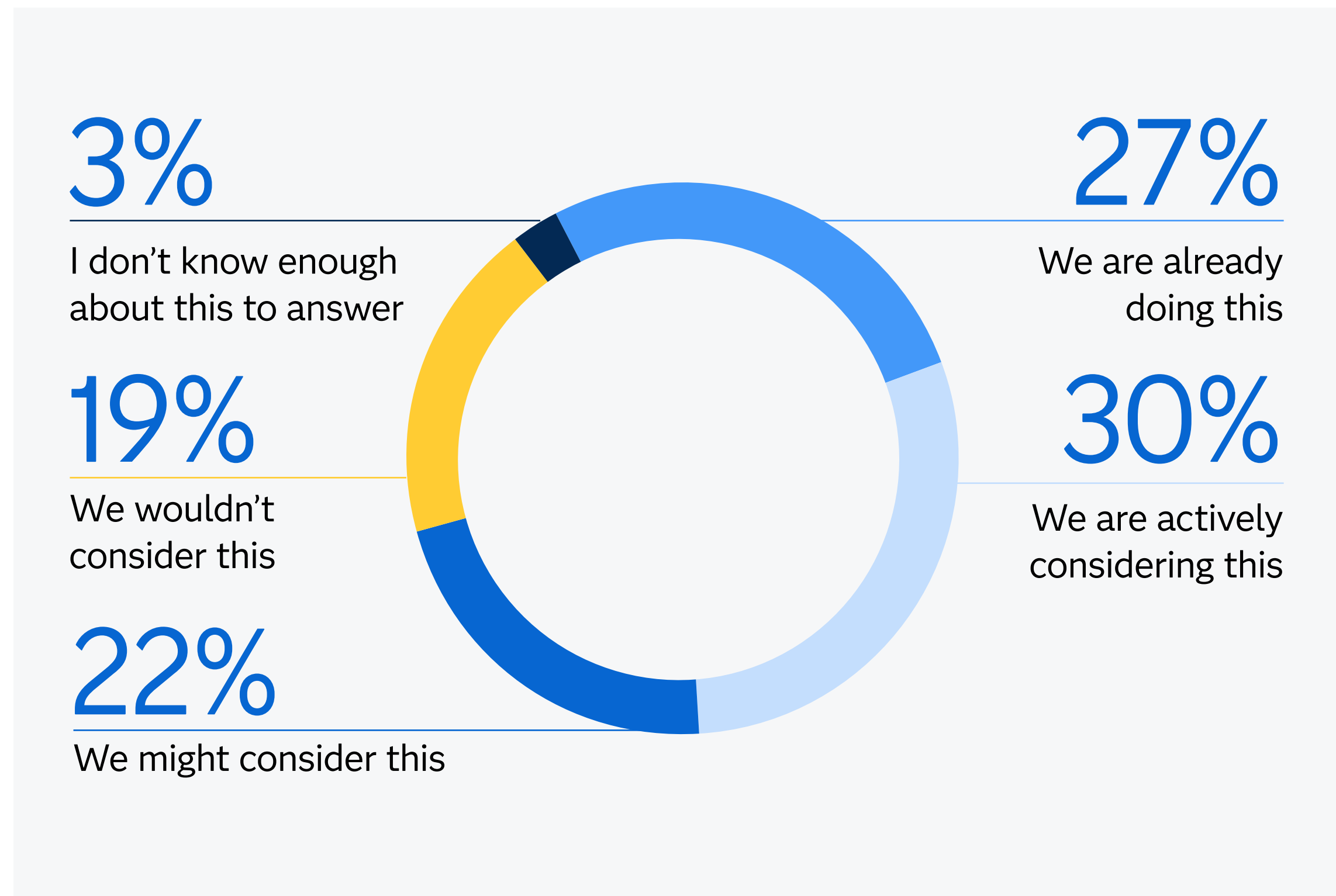
Synthetic data insurance use cases

With AI requiring huge amounts of data to produce reliable results, and insurers needing to safeguard their customers' sensitive personal information, many are interested in the possibilities of synthetic data. Synthetic data is particularly helpful when there are shortages of appropriate data, gaps in the real world data, or privacy issues with sensitive data which could be linked to particular individuals. **79%** say they would consider addressing data challenges using synthetic data or are already doing so.
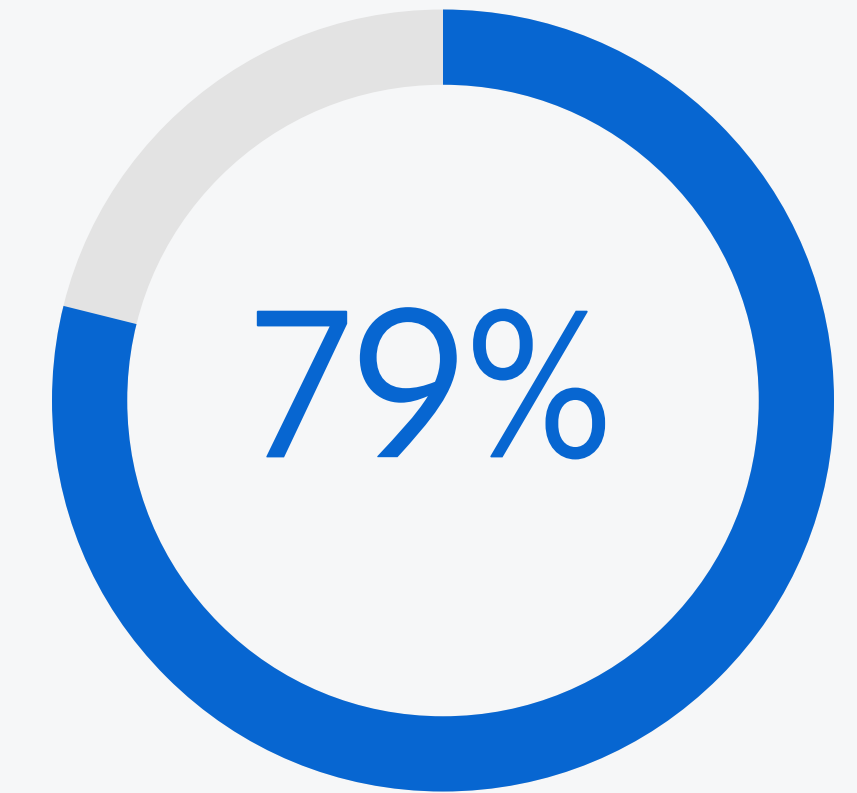
Synthetic data is generated by algorithms or rules rather than collected from the real world. Because it mimics the characteristics of the real-world data that it's trained on, synthetic data can help insurers preserve privacy and overcome the time, cost and complexity of collecting and managing real-world data. Synthetic data can even help insurers fight bias.

79%

How open would you be to addressing some data challenges by generating synthetic data?

3%

I don't know enough about this to answer

19%

We wouldn't consider this

22%

We might consider this

27%

We are already doing this

30%

We are actively considering this

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The future of GenAI in insurance

The insurance industry is embracing a GenAI future, with high rates of personal and organizational usage, and the vast majority making space in their budgets. To capitalize on GenAI's opportunities and ensure they're operating responsibly, insurance leaders will benefit from focusing on training and preparing for regulations.

Currently, insurers say their firms lack sufficient training on GenAI governance, and on GenAI monitoring – which includes everything an organization does to check the results the technology is producing, and how effectively and efficiently it's achieving its purpose. Most describe their training on these two things as "minimal". And when it comes to traditional AI, training levels are only slightly better.

According to the survey, **68%** of insurers use GenAI tools in their professional lives at least once a week or more. But with minimal training – and governance expenditures at **10%** or less of total spend – insurance leaders should consider whether this is adequate given the risks involved.

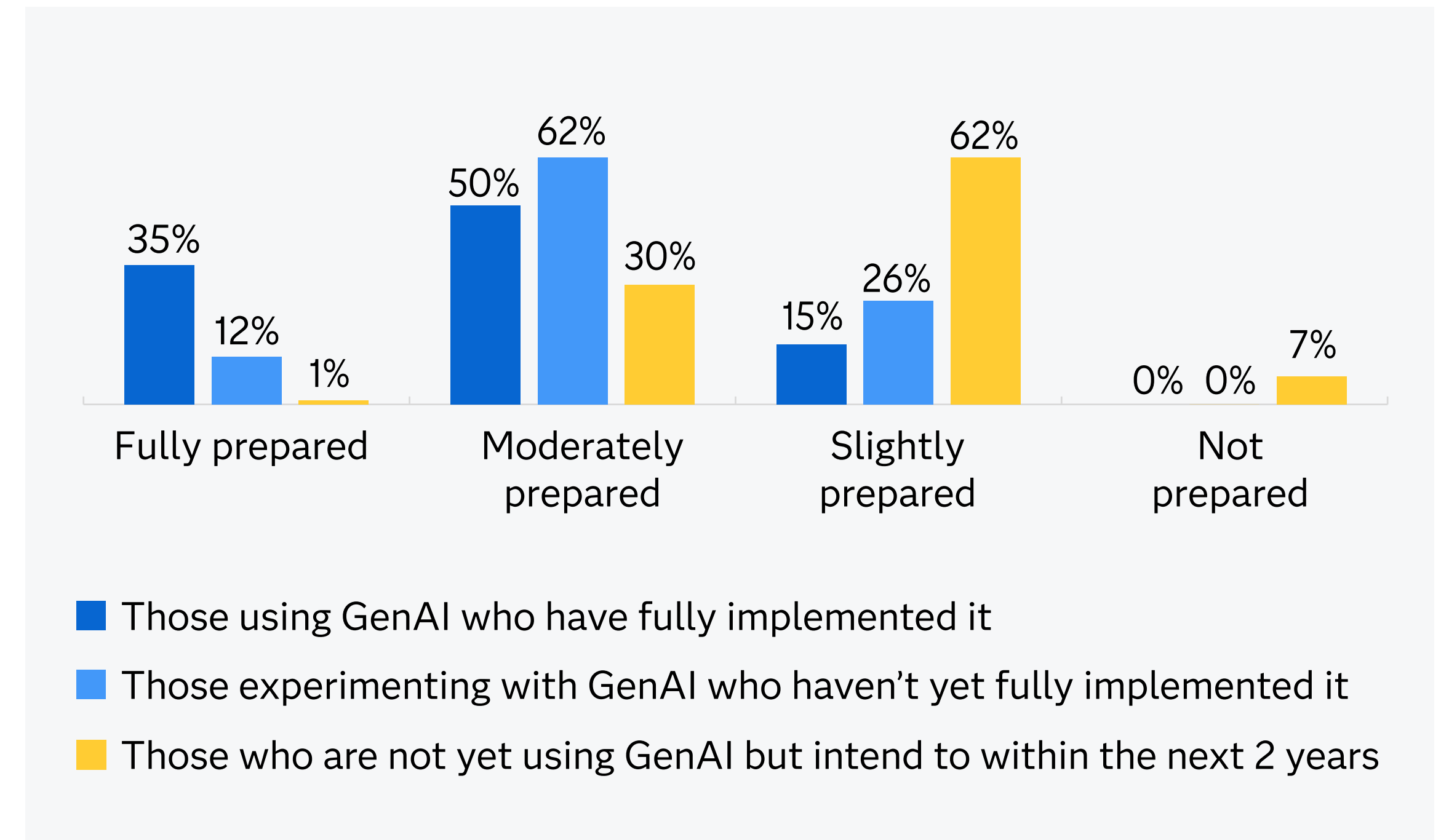| Governance and monitoring training level	GenAI	Traditional AI
High	8%	14%
Adequate	35%	40%
Minimal	54%	44%
None	4%	1%
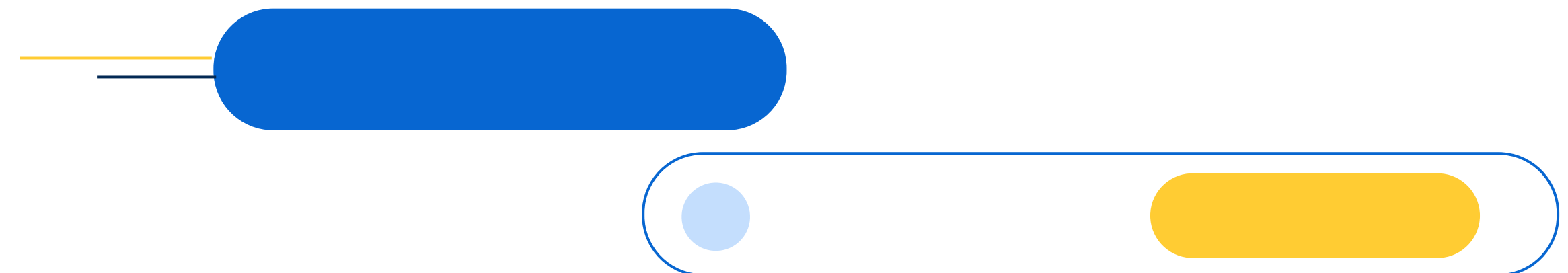
Regulation preparation

Insurance firms are working toward GenAI compliance at the same time they're implementing the technology.

85% of insurers who have implemented the technology feel they are moderately or fully prepared for recent GenAI regulations and those that are still pending.

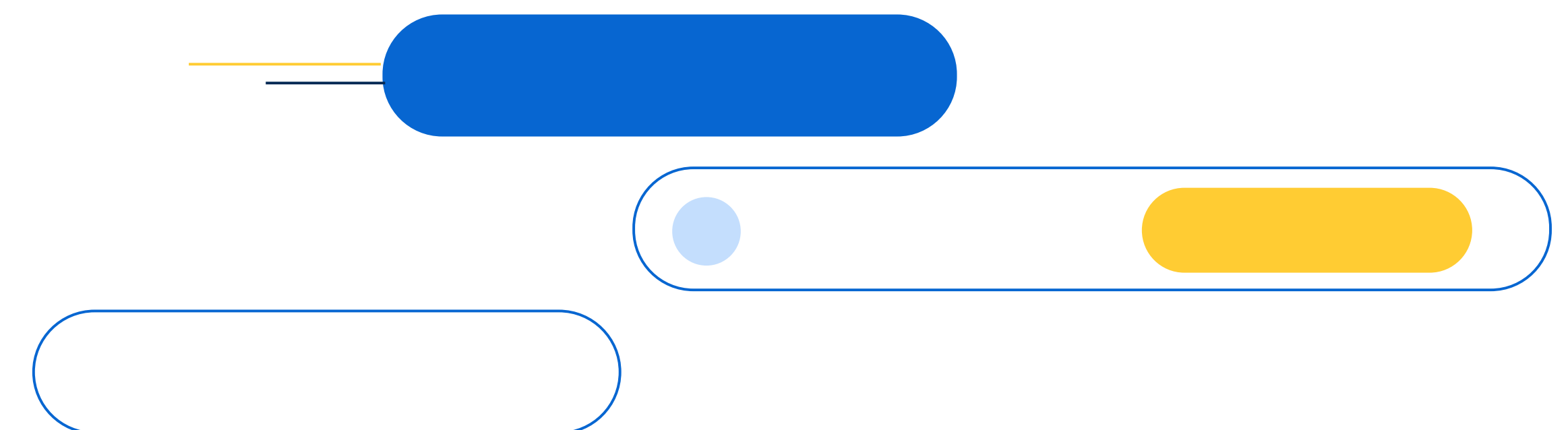**31%** who will start using GenAI in the next two years are moderately or fully prepared.

AI regulation

AI regulations have been – or are being – implemented in all major insurance markets across the globe. All insurers will need to make sure they comply with a multitude of statutes, for issues such as algorithmic bias, AI accountability, privacy, data protection, and more.

Organizations operating in the EU should be particularly alert to their obligations when it comes to AI and GenAI training. EU legislation requires them to ensure that everyone using the technology in their organization has a sufficient level of AI literacy.

(See Article 4 on AI Literary).

How prepared is your firm to comply with GenAI regulations?

Fully prepared: 35% / 12% / 1%
Moderately prepared: 50% / 62% / 30%
Slightly prepared: 15% / 26% / 62%
Not prepared: 0% / 0% / 7%

■ Those using GenAI who have fully implemented it
■ Those experimenting with GenAI who haven't yet fully implemented it
■ Those who are not yet using GenAI but intend to within the next 2 years

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Next steps

Insurance firms are alert to the transformative potential of GenAI, and they are already making significant progress in capitalizing on what the technology can do. Looking forward, tech decision makers in insurance firms need to make sure that they:

- Assess their in-house technology and data analytics capabilities to determine which specific uses of GenAI could provide the most value to the organization.

- Identify any technological, cultural or other limitations that are blocking the implementation of effective GenAI governance.

- Enhance existing codes of conduct and ethics, employee handbooks and manuals, and IT policies to incorporate traditional AI and GenAI guidance for staff.

- Determine how much they're currently spending on GenAI governance and monitoring, and, if necessary, increase the budget to ensure effective safeguards.

- Ensure levels of staff training are sufficient for the risks involved – and are in line with any regulatory requirements.

- Demonstrate transparent alignment and support at board and C-levels for the responsible use of these powerful tools.
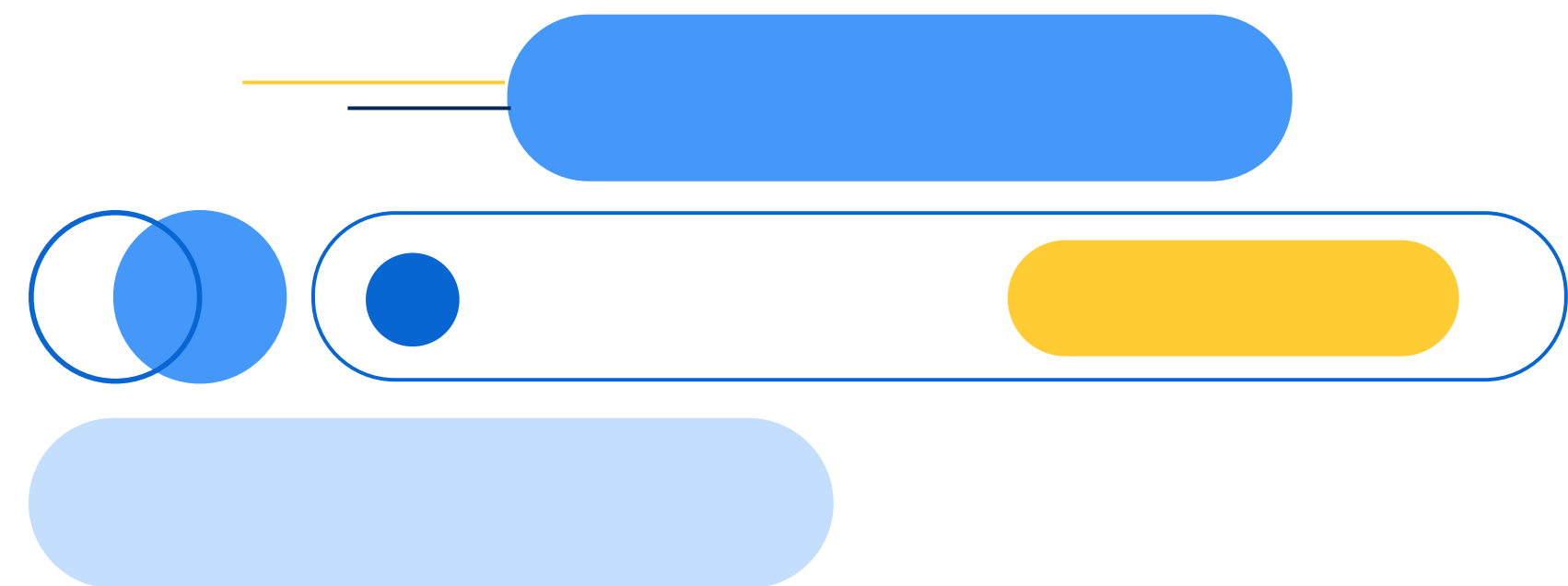
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About this research

The survey was conducted by Coleman Parkes from February to April 2024 and targeted 1,600 decision makers in GenAI strategy or data analytics in organizations across key sectors globally. Survey respondents work across a range of sectors: banking, insurance, the public sector, life sciences, health care, telco, manufacturing, retail, energy and utilities, and professional services. Their job titles include data manager, IT director and chief information officer. The smallest organizations we surveyed employed a workforce of 500-999 people and the largest had more than 10,000 employees.

About Coleman Parkes

Coleman Parkes is a full-service B2B market research agency specializing in IT/technology studies, targeting senior decision makers in SMB to large enterprises across multiple sectors globally.

For more information, contact Stephen@coleman-parkes.co.uk.

About SAS

SAS is a global leader in data and AI. With SAS software and industry-specific solutions, organizations transform data into trusted decisions.

More than 1,400 insurance companies are using SAS worldwide. Our experts have the deep industry expertise to understand and solve your nuanced challenges.

Learn more at sas.com/insurance

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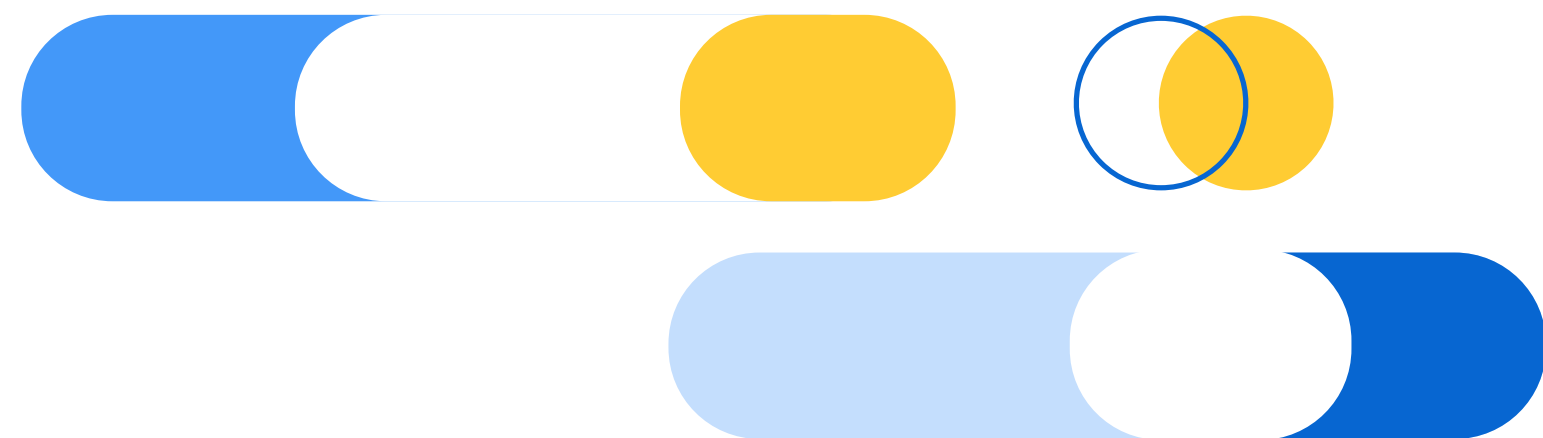
Our extended Generative AI Global Research Report contains results from over 20 countries and across a wide range of sectors.

To learn more, please visit sas.com/genai-report

To contact your local SAS office, please visit: **sas.com/contact**