KPMG

Advancing AI across insurance

Unlocking transformation with speed and agility

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Foreword

The evolution of artificial intelligence (AI), including the new wave of generative AI (Gen AI), is transforming industries. Many insurance organisations are already using AI to provide new services for customers and enhance back-office processes, however, the pace of implementation is hindering progress and there are growing concerns around trust, accuracy, and security. So, how can insurance firms adopt AI effectively and unlock its full potential?

There is little doubt that AI technology holds huge potential for insurance organisations, with an estimated market value of US$79bn by 2033.[1] Whether it's automating claims to assess risks, personalisation of products and services, or fighting cybercrime, AI has the capability to tackle complex and time-intensive tasks through to reimagining operating models and processes. And there is growing enthusiasm for the technology — In the latest KPMG Insurance CEO Outlook, nearly three quarters of insurance CEOs agree that Gen AI is the most important investment opportunity for their organisation.[2]

However, wider adoption amongst insurers has been relatively slow and siloed to date, and there are growing concerns around the accurate output of the technology. Chief Technology and Chief Finance Officers, along with senior leadership teams (including Chief Data Officers and Chief Transformation Officers), will need to quickly identify and develop their AI strategy, carefully navigating the balance between embracing innovation, understanding their barriers to adoption, and mitigating the emerging risks.

This report is intended to support insurance organisations with their AI transformation. We explore the current state of play, dive into the challenges and opportunities, and share an important assessment framework to help organisations identify their current position and develop action-orientated plans for wider transformation. We also speak with industry leaders from Generali Italia, PassportCard, Prudential Plc and Zurich Australia who share their perspectives on how to unlock the technology's full potential.

Our global organisation of insurance professionals stand ready to help clients harness the full power of AI, in a safe and ethical way. Contact your local KPMG firm to discuss the findings from this report and how we can support your AI requirements.

Frank Pfaffenzeller
Global Head of Insurance
KPMG International

Simona Scattaglia
Global Insurance Technology Lead, KPMG International, and Partner
KPMG in Italy

James Henderson
Insurance Customer Experience Director
KPMG in the UK

[1] Artificial Intelligence (AI) In Insurance Market Size, Share, and Trends 2024 to 2034, Precedence Research, July 2023.
[2] KPMG Insurance CEO Outlook', KPMG International, December 2023.

Three key findings emerged:

1

Insurance organisations are increasingly investing in this space, but projects are taking too long to get into production:

Despite the natural risk-adverse approach, insurance businesses are ahead of the global average when it comes to investing in AI use cases across the business. However, the slow pace of implementation is creating significant delays in progress compared to other industries.

2

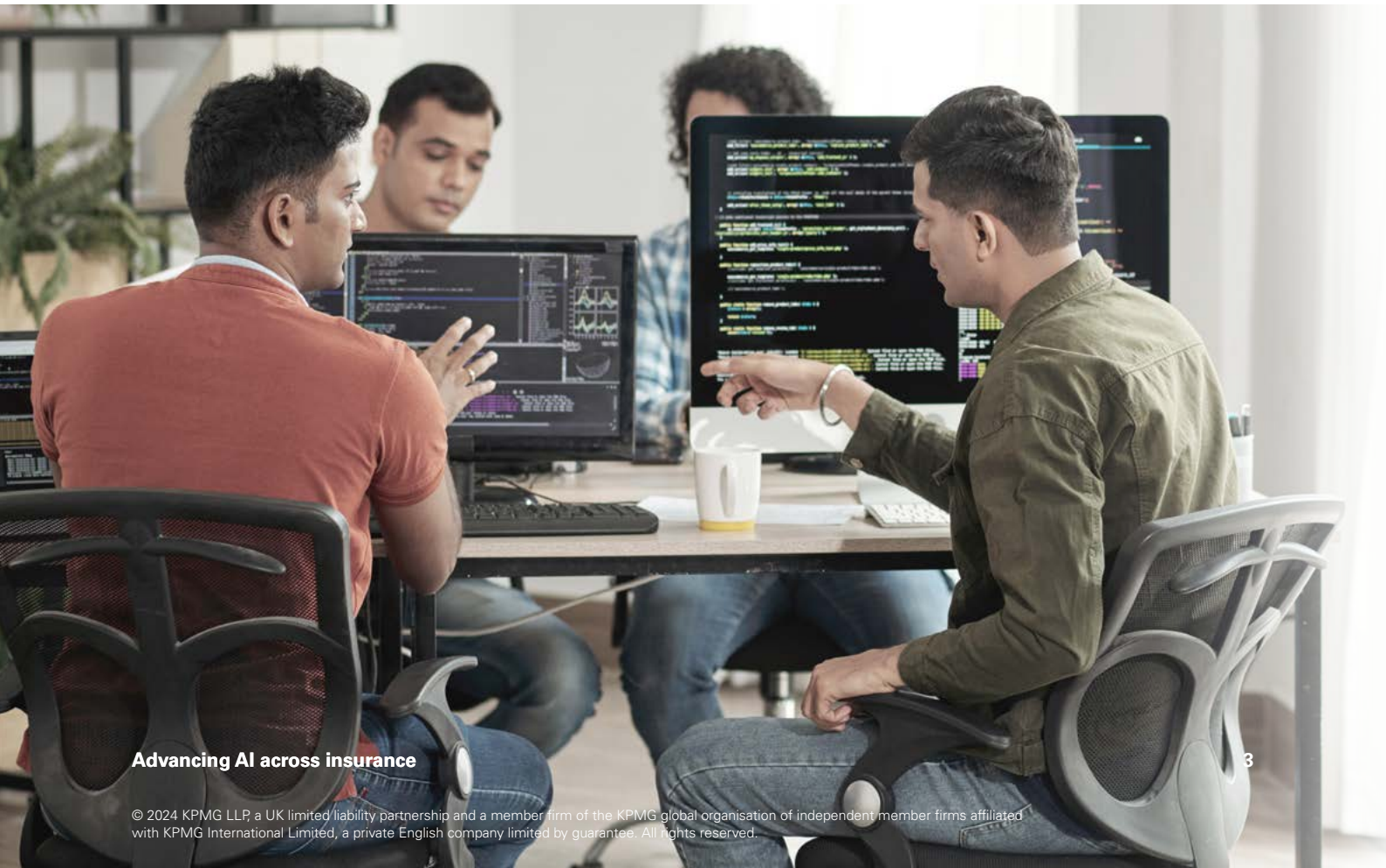
A careful balance of innovation and navigating risks will be crucial:

AI offers untapped potential for those that are willing to embrace change, but it also brings new and concerning risks that should be considered as organisations further develop their AI strategy. By undergoing an internal maturity assessment, organisations can have better clarity on current capabilities and identify areas to prioritise. Our tested maturity assessment framework enables organisations to do this effectively.

3

Successful organisations will likely still be data-driven and people-led:

Before starting on AI transformation, business leaders should have a clear and robust transformation plan in place, and focus on having a solid digital foundation and clean data to improve the output. Upskilling and empowering colleagues and teams to better understand the bridge between AI and data can support longer-term success, and provide additional value by leveraging AI as an assistant.



About the authors

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Simona joined KPMG in 1997 and was appointed Global Insurance Technology leader at KPMG International in 2018. She has 25 years of experience leading large-scale strategy and digital transformation projects for some of the world's largest insurance companies. Simona also leads the IT implementation practice across financial services for KPMG in Italy.

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Leanne is the UK Head of AI at KPMG and brings over 20 years of experience in data and AI strategy, architecture, and governance. She bridges the gap between business and technology, delivering impactful solutions for financial services clients. A recognised leader in responsible AI, Leanne is also an active member of KPMG's Global AI governance board.

James Henderson

Insurance Customer Experience Director
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James joined KPMG in 2021 after more than 15 years in the insurance industry. He leads the Customer and Digital proposition for the sector in the UK and supports both UK and global clients in driving customer-led growth. James is also the co-lead for KPMG's global Gen AI proposition for insurance.

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Caroline is a Partner at KPMG Australia and Global Claims Lead at KPMG International for the insurance sector. She focuses on developing and delivering business strategy through improving customer experience, and delivering transformational change through large scale strategic programmemes, solving complex problems and building clients' internal capabilities.

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Mike has more than 25 years of experience leading transformation programmemes that have helped to improve performance including financial, underwriting and risk management systems across global insurers, reinsurers and Lloyd's markets.

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Mark is a Director within the Technology Consulting team at KPMG China. Mark has 19 years of technology experience in the property and casualty and life insurance industries across Asia, leveraging AI and digital technology to help clients with large scale end-to-end transformation projects.

An additional thank you to the following insurance leaders, who were interviewed and kindly contributed towards the insights shared within this report:

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Hong Kong (SAR), China

Alon Ketzef
Founder and Chief Executive Officer
PassportCard
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01 The current landscape

Chapter insights:

- Firms are starting to identify potential benefits associated with AI and are introducing initiatives to investigate how this could be better utilised across the business. Many insurers are also looking at Gen AI use cases to drive efficiencies and productivity across finance and IT functions.
- Insurance organisations have made early progress with the adoption of traditional AI and machine learning techniques to develop advanced processes across internal functions and customer-facing services.
- Despite being early adopters of AI in some areas, there is a divide between leaders that are committed to further investment in this space, compared to others that may be more reluctant to spread significant use of AI through the business.

Traditional AI relies on programmemed rules and focuses on analysing, classifying, and predicting outcomes based on existing data.

Gen AI Utilises machine learning and deep learning models such as natural language processing (NLP) and computer vision technology to generate new content.

Scientists have been attempting to programme computers to mimic aspects of human intelligence for many decades. In 1958, the US Office of Naval Research demonstrated a 'perceptron', a five-ton IBM computer that 'learnt' to distinguish between punch cards marked on the left or the right based on 50 initial cards for which it was given the answer. Systems with the ability to infer rules from input and output are now known as neural networks.[3]

Fast forward to today and AI has undergone a remarkable transformation, fuelled by exponential advancements in computing power, data availability and cloud infrastructure. Seventy-two percent of large companies surveyed by KPMG in 2024 are currently piloting AI for financial reporting or using it selectively, rising to 99 percent planning to do so in the next three years.[4] Workforces are also keen to explore the high-profile benefits of Gen AI. A recent survey of over 31,000 people across 31 countries published by Microsoft suggests that 75 percent of knowledge workers are already using Gen AI at work, with nearly half having started doing so in the last six months.[5]

Many insurance firms have already implemented machine learning or other AI solutions at an operational level to improve business processes. With enough training data, these algorithms can better analyse risk and predict outcomes, adding accuracy to risk models and pricing structures. These solutions are often developed to solve a specific problem, but there is an opportunity to quickly adjust for wider use across the value chain. Both Traditional and Gen AI could empower organisations to enhance actuarial models, deliver personalised insurance cover, or even increase the pace of insurance claims. But the process of doing so appears to be slow, with testing and implementation processes often taking several months to complete.

Generative AI is expected to become a US$1.3 trillion market by 2032.[6]

[3] Melanie Lefkowitz, 'Professor's perceptron paved the way for AI — 60 years too soon', Cornell Chronicle, Cornell University, September 2019.
[4] 'AI in financial reporting and audit: Navigating the new era', KPMG International, April 2024.
[5] 2024 Work Trend Index Annual Report', Microsoft and LinkedIn, 8 May 2024.
[6] Generative AI to Become a $1.3 Trillion Market by 2032, Research Finds, Bloomberg.

of organisations see AI as the most important technology for achieving their ambitions over the next three years.[7]

of insurance CEOs interviewed said it would take three to five years for Gen AI to provide a return on investment.[8]

In the last two years, there has been a surge of new interest in these technologies, due to their wide potential application and benefits. By leveraging large language models and Gen AI-enabled NLP, organisations can support customer service processes by confirming identity through voice recognition, provide a timely response to online queries through use of chatbots, and generate more sophisticated 'next best actions' for customer service agents through use of sentiment analysis and personalisation.[9]

Deep-learning algorithms, such as NLP and computer vision technology, can also be leveraged to support and improve fraud prevention processes, by identifying whether an image has been modified or enhanced in a false claim, and being used to accurately predict category weather patterns so that pre-emptive measures can be taken. However, the output of these processes heavily rely on the quality of training data. This data used must be robust, accurate and able to flow across processes and systems.

Often times, it's not the machine learning technologies that limits our client's ability to predict outcomes, it's often limitations in the quality of data platforms, master data management and data science that prevents them from gaining the full value of AI. As these factors improve, our clients can unlock new insights to better understand their business and predict the impact of underwriting decisions."

Mike Helstrom
Principal, Insurance Technology Strategy Consulting
KPMG in the US

Key takeaway:

Many insurance firms have already started the introduction of AI solutions for bespoke challenges, such as actuarial or pricing models, and have expertise in data quality. These experiences can provide a foundation for a more comprehensive implementation of AI across the organisation.

Confirm you have the right data quality foundations to support a successful implementation. Periodically assess the quality of AI models and potential improvements needed. Implement an AI governance model to help ensure transparency, accuracy, and compliance of algorithms. And look at how to drive a data culture across the organisation through data literacy and sharing leading practices around data management.

[7] 'KPMG Global Tech Report 2023', KPMG International, December 2023.
[8] 'KPMG Insurance CEO Outlook', KPMG International, December 2023.
[9] AI in insurance: A catalyst for change, KPMG International, March 2023.

Industry perspectives

At Generali, we have been using AI in production to support technical excellence for several years. For claims management, we have integrated AI across core capabilities, such as advanced tariff setting and smart process automation. The ability to identify specific content in claims paperwork and then rerouting this to the correct back-office function has resulted in greater accuracy and handling efficiency.

Furthermore, AI is taking a front seat to enhance customer assistance. For example, around a third of our car policies are equipped with black boxes. When a car crash is detected, we lean on AI to contact the driver and assess their needs, before escalating to a human operator if required."

Davide Consiglio, Country Data Officer
Generali Italia

At Prudential, we are using AI to accelerate processes across several insurance functions including distribution, call-centres, marketing, and HR. Our teams use AI technology to solve business challenges and to make our business more efficient.

AI is likely to be a game changer for the insurance industry and is a critical part of our technology and data strategy. Our teams are already building some exciting applications of AI, but embedding data and AI across our culture must start at the top. As leaders, we need to identify what opportunities are available and help our people take advantage of those. To support this, we recently announced educational training on AI for all 15,000 colleagues across the organisation, no matter their role."

Anette Bronder, Chief Technology and Operations Officer
Prudential Plc

At Zurich Australia, we have been leveraging AI for some time. Teams have been utilising optical character recognition (OCR) and NLP to enhance efficiency across back-office functions, and utilising machine learning to optimise critical processes such as quality assurance and pricing models. While our AI adoption has historically been focused on tailored, bespoke solutions, we are committed to exploring scalable applications to further enhance our capabilities. This includes what we call human-automated risk management, a process in which the underwriting teams receive all the datapoints needed to underwrite risk with little-to-no time spent looking at documentation."

John Kim, Chief Data Officer
Zurich Australia

AI Opportunity

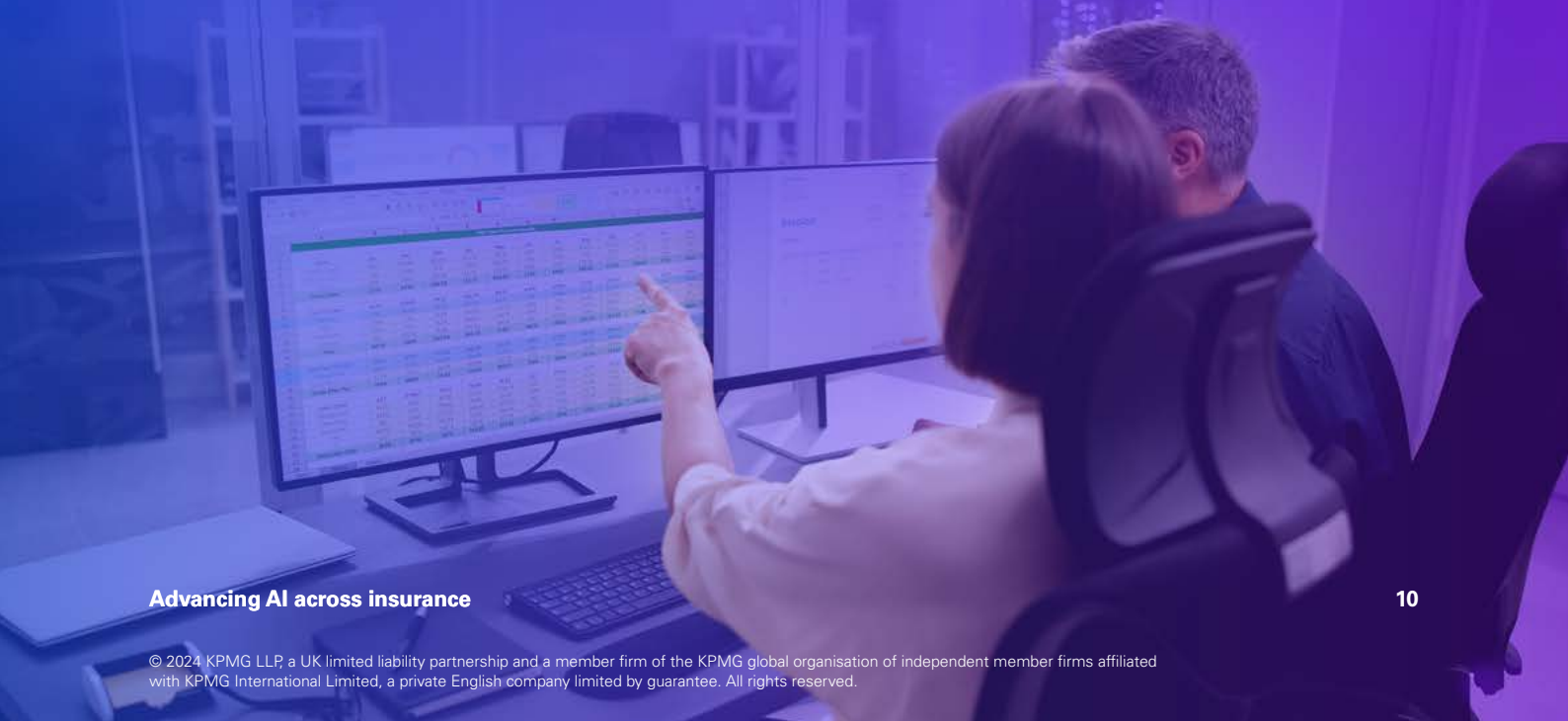
Enhancing actuarial processes though Gen AI

Legacy actuarial models, often built in spreadsheets, pose a significant obstacle to digital transformation. These models, while historically valuable, are often inflexible, resource intensive to maintain, and hinder the adoption of modern actuarial frameworks. Manually recoding these models is a time consuming and costly endeavor, further exacerbating the challenge.

KPMG firms have pioneered the use of Gen AI to revolutionise the modernisation of actuarial practices. Our digital solution leverages the power of AI to automate the conversion of legacy spreadsheet models into modern Python code and paves the way for a future where actuarial models can be more flexible, accurate, and seamlessly integrated into the modern digital landscape.

Expected benefits

- **Reduced development time and cost:**
  Automation eliminates the need for manual coding, significantly reducing development time and associated costs.
- **Improved model accuracy:**
  By minimising manual intervention, the risk of errors is significantly reduced, helping to ensure greater accuracy and reliability of the models.
- **Enhanced flexibility and scalability:**
  Python code offers greater flexibility and scalability compared to spreadsheets, enabling easier integration with other systems and future enhancements.
- **Modernisation of actuarial practices:**
  This approach facilitates the adoption of modern actuarial frameworks and tools, aligning with the organisation's digital transformation goals.



02

How are insurers approaching AI transformation?

Chapter insights:

- Organisations appear to be cautiously optimistic in relation to AI transformation, with early successes focused on tackling specific problems.
- Introducing AI requires decisions on whether to buy services, build them internally or develop through a combination of both.
- The successful use of AI will likely depend on digital transformation foundations such as high-quality data, cloud-based infrastructure, and an agile operating model.

Insurance organisations are approaching AI transformation strategically and with cautious optimism. Many have seen early success with a handful of integrated AI solutions, where use of the technology has typically been developed to tackle a specific problem, such as quality assurance. Others are developing an understanding of the wider capabilities through integrated platforms, such as Microsoft Copilot, learning to quickly create human-like text, images, audio, and videos.

While businesses understand the potential advantages of scaling initiatives, there is a hesitation to introduce AI more widely across the workforce, partly due to the speed of evolution and associated risks. There are also growing concerns around data quality along with ethics and biases (particularly when using legacy datasets), in addition to regulatory compliance across jurisdictions. The inability to respond to these could result in significant risk to reputation and rising pressure from shareholders.

AI and automation adoption in insurance

34% Leadership supports and has funded the strategy, yet implementation is behind schedule.

23% A strategic vision exists but executive buy-in and/or investment approval is limiting progress.

30% We are proactive in progressing against our strategy and are continually evolving.

13% A strategy is being designed and pilot tested, but a broad initiative has not yet started.

Source: KPMG Global Tech Report 2024, KPMG International, September 2024. 165 insurance respondents.

We're seeing significant interest in AI with many insurance organisations trialing proofs of concept within niche areas. There is still hesitancy around wider deployment, exacerbated by challenges around the speed at which AI is evolving, data quality, bias, and regulatory compliance. This has resulted in many businesses taking a measured approach."

Caroline Leong
Global Insurance Claims Lead, KPMG International, and Partner
KPMG Australia

Leveraging AI across insurance processes:

The potential benefits of AI lead far beyond operational efficiency, with the pace of technological advancements playing a significantly wider role in shaping the future insurance landscape. Many organisations acknowledge that it could completely transform the operating model and ultimately, the customer experience. As a result, businesses are evaluating their approach to AI, reassessing growth strategies and identifying new areas of investment. This may, in part, take place through a Buy-Build-Develop methodology:

Buy

The purchase or commission of specific AI solutions to support business objectives. Functions may also benefit from updated AI features within software integrations or APIs that already exist across the business.

Build

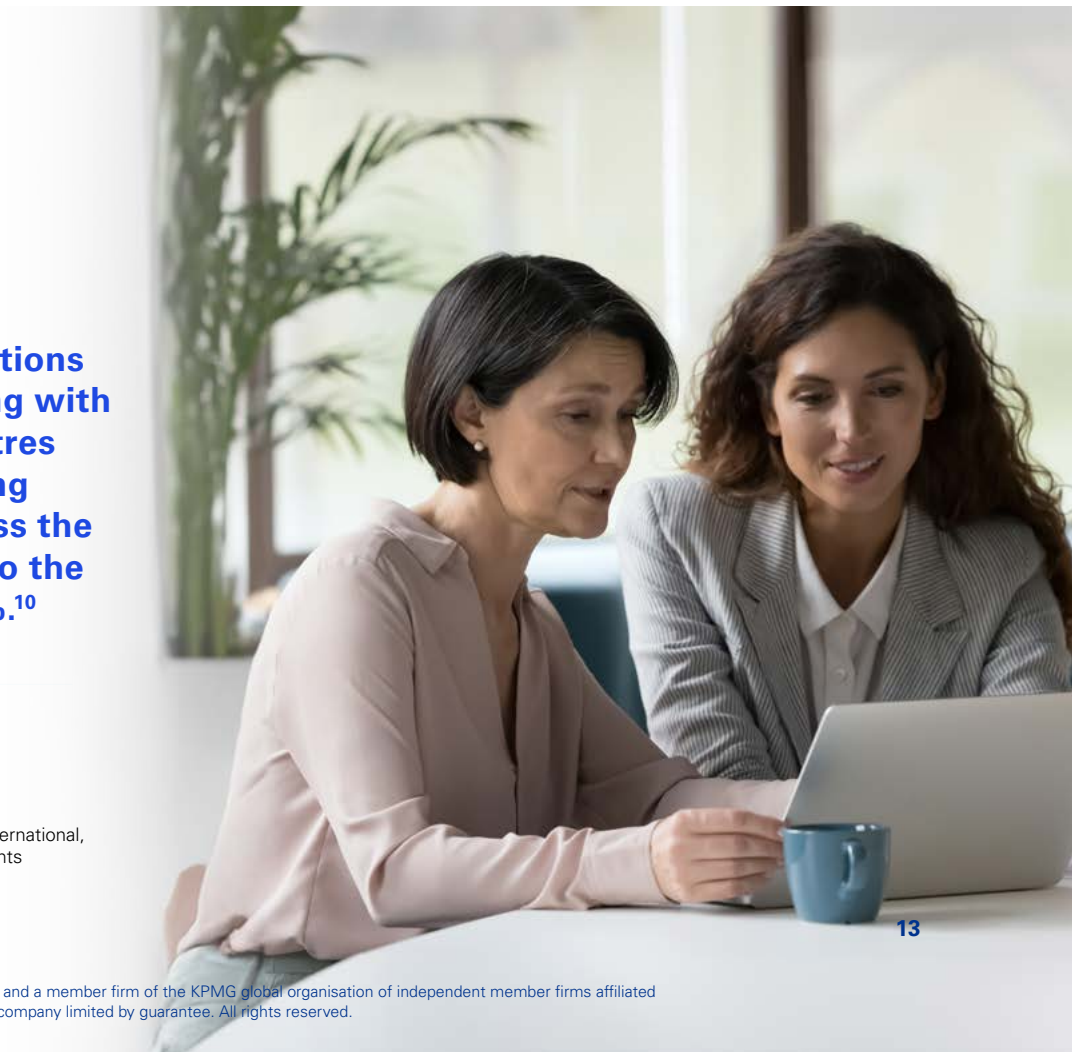
Development of a multi-skilled internal team that can quickly build AI solutions in response to business needs. This also enables the business to own end-to-end processes that relate to decision making.

Develop

Utilise both options to identify use of AI insights across everyday processes and tools. This also includes an investment to provide the workforce with a foundation of AI knowledge and leverage emerging technology, to upskill colleagues and support teams with complex tasks, in turn unlocking additional value for the business.

47%

of insurance organisations that are experimenting with AI have set up AI centres of excellence, featuring employees from across the business, compared to the global average of 40%.[10]



[10] KPMG Global Tech Report 2024, KPMG International, September 2024. 165 insurance respondents

Setting digital transformation as an essential foundation:

There is a growing recognition among insurers that a successful AI journey will be intrinsically linked to the maturity of their digital transformation. Insurance firms that are yet to fully embrace this are becoming aware of the urgency to do so. AI thrives on quality data and is best supported by cloud-based infrastructure and agile operating models to leverage the information effectively. Digital transformation provides the scalability and flexibility needed for AI workloads, while agile methodologies enable a faster response to evolving AI capabilities.

Success is also dependent on being driven from the top and given appropriate strategic priority. A call from the leadership team to embrace the technology is likely to result in company-wide initiatives, such as departmental pilots, but without true commitment these plans may simply run their course and close. Some insurers have attempted to support greater use by setting up AI centres of excellence; however, these can often lack influence within organisations. Insurance firms can also draw on experience of recent transformative projects to comply with regulatory requirements including IFRS 17, the International Financial Reporting Standard that applied globally from the start of 2023, and the earlier EU Solvency II Directive that came into force back in 2016.

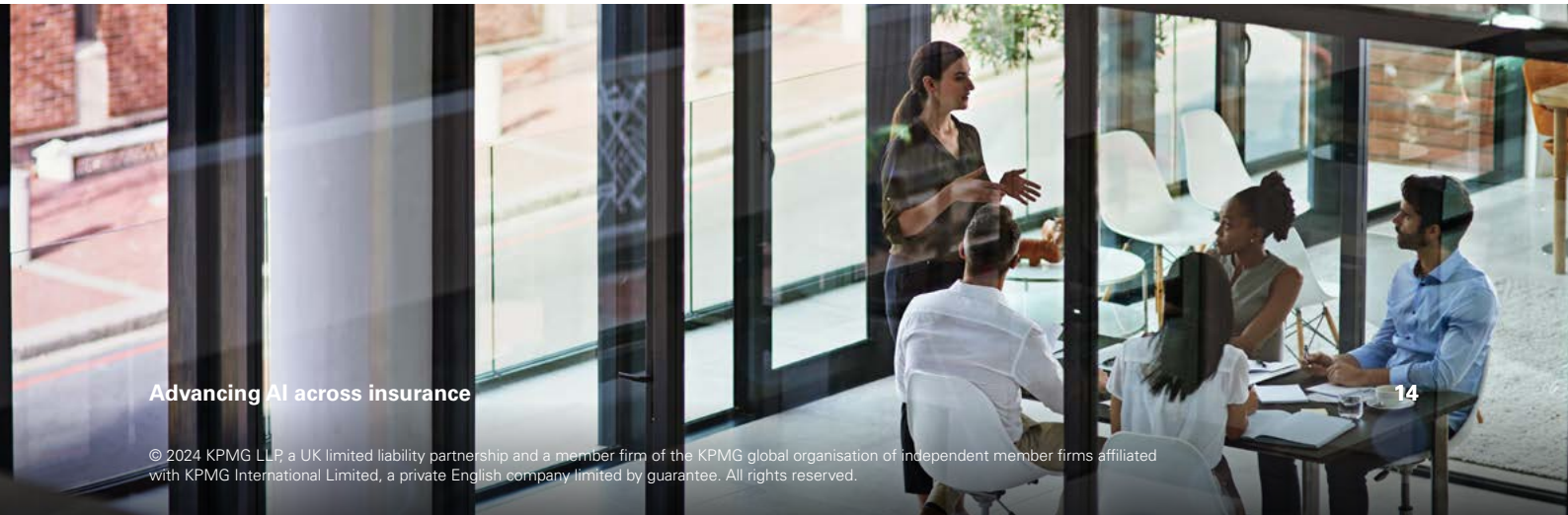
Key takeaway:

Identify your data sources and assess their quality as part of the internal review. It's important that insurance organisations have accurate and reliable data before building and training machine learning models to rely on this. Consider developing a comprehensive testing and validation plan to help ensure the accuracy and reliability of the AI models.

Confirm that leadership is fully committed to the AI journey and communicate its importance across the organisation. Promote it as a strategic priority and support with appropriate resources. Understand current capabilities through an AI-360 assessment and set up a team to help demonstrate early return on investment.

"Quality of data is essential to AI as fuel is for the proper functioning of an engine. With a compounding element: an engine would highlight a fault, while AI can lead to incorrect and/or biased outcomes without alerts and with potentially dangerous consequences, especially in AI-driven decision making. Therefore, investing in digitalisation and data quality are the foundations for a trusted AI application."

Simona Scattaglia
Global Insurance Technology Lead, KPMG International, and Partner
KPMG in Italy



Industry perspectives

> Currently, many AI activities are triggered by the IT department. We need to flip this around and create an appetite within business functions, so that these teams develop a clear understanding of how they want to use AI — the problems they want to fix and how to add value through use of the technology. Being able to respond quickly to business needs will be critical; If this doesn't change, insurance organisations will likely be too slow."

Anette Bronder, Chief Technology and Operations Officer
Prudential Plc

> We have a three-pronged approach at Zurich Australia. Firstly, we are looking at our delivery teams to identify and adopt solutions from current software partners where appropriate. A second stream looks at the strategic problems we want to solve where we own the intellectual property, such as automated decision-making, which we are not going to outsource, given the potential impact to customers. Finally, we want to use copilot platforms to improve productivity, not just with our technology team, but to also support frontline workers."

John Kim, Chief Data Officer
Zurich Australia

AI Spotlight

Client perspective: PassportCard

Many insurers dabble with AI across processes, but PassportCard relies on it to control claims, manage fraud, and personalise marketing. The Israel based medical insurer provides a payment card to customers, for use across covered treatments in more than 200 countries and territories, avoiding the need to claim retrospectively. PassportCard combines an extensive medical database and AI to set financial boundaries for the costs of medical services based on type and location, adjusted daily, allowing it to pay around 95 percent of its US$250 million of annual claims automatically. Its systems escalate the remaining 5 percent for review by staff, providing the chance to get involved while customers are undergoing treatment rather than days or weeks afterwards.

Alon Ketzef, PassportCard's Founder, says that the financial boundaries system would not be viable without AI, as it uses millions of data points. It was launched in 2011 based on 12 years of data from a predecessor health insurer for expatriates: "You cannot launch this solution without the database, otherwise it would be shooting in the dark," he says. "AI is as good as your data."

PassportCard also uses AI for fraud detection, with every customer scored and unusual behaviour flagged for staff review, as well as for more than 70 administrative processes. More recently, the company has started using AI to personalise digital sales by recommending services based on destination, length of trip, family size, ages, and previous patterns of use. The insurer also provides members with real time notifications across 15 key risk categories that could impact their travel or safety over the following 24 hours.

Ketzef says that discrimination from profiling represents AI's greatest risk. For example, a system could identify families from certain nationalities as being likely to make higher claims because they usually have more children than average. PassportCard uses staff checks to guard against such dangers: "We have to run some sanity checks to make sure that we do not discriminate," he says. Given a lack of practical regulation, the company has decided that if an AI decision could damage a customer, such as refusing cover or a claim, this decision must be checked by a human. "It might be mathematically the right decision, but from society's perspective it is not right," says Ketzef.

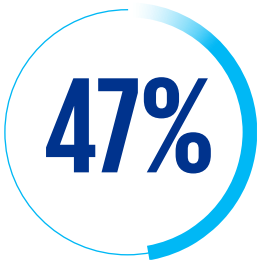
KPMG in Israel is working with PassportCard to make the company future ready, given the accelerating speed of technological progress. For example, Ketzef says it recently implemented a new optical character recognition service able to handle multiple scripts including Chinese and Arabic as well as handwriting, but while doing so, a rival launched a product that could also analyse writer sentiment. He wants to move towards implementing ideas within 30 days of conception, including through use of 'plug and play' technology services that do not require lengthy integration work.

Ketzef believes the next big opportunity involves machine to machine interactions where customers rely on digital assistants to make purchasing decisions. These digital assistants can consider thousands of options, potentially allowing PassportCard to win business in any market where it is authorised, without conventional marketing. However, this will mean coping with greatly increased volumes of automated enquiries and performing strongly on whatever measures such assistants use, which Ketzef thinks are likely to focus on quality as much as price.

03
Measuring maturity of AI adoption

Chapter insights:

- Insurance organisations operate in a complex environment, and should approach with consideration to the complex data and impact on customers.
- KPMG firms have developed a sophisticated AI maturity assessment model that measures organisations based on six pillars. The model includes a visual representation of progress, allowing for easy comparison with other organisations or industry averages.
- Undertaking such an assessment can enable organisations to prioritise and then accelerate their efforts in developing AI.



of insurance organisations have invested strategically to integrate AI across core business capabilities. These organisations have AI use cases running actively across the organisation and are returning business value, compared to the global average of 43%.[11]

How ready is your organisation to scale AI? It's easy to sometimes get caught up in the excitement of new technologies and disruptive solutions. For insurance organisations, a successful AI transformation should start with a step that can often be overlooked; an honest, internal assessment of functional capabilities. And this is where the KPMG insurance AI maturity assessment can help. Based on collective member firm experience working with clients around the world, this framework can help to identify priority actions and accelerate progress.

While other industries may prioritise speed and disruption, insurance organisations deal with sensitive data, complex regulations and ethical considerations that require a careful approach. Similar to building a house, insurance stakeholders and AI integrators need to first consider a blueprint of how the digital solution can be developed, before jumping in; What tools are already in place? What skills and infrastructure may be needed? This important step isn't about hitting the brakes, but creating a clear roadmap in which the business can move forwards — a strategy tailored to specific needs and company objectives.

It's important to also note that adoption of AI is not likely going to be a one-day journey or overnight success. The level of maturity and progression required will likely vary across the industry. Our assessment framework for insurers is based on six foundational pillars that we believe are the key components to making AI work, with five maturity levels against each. This tested methodology helps to identify where the organisation stands at present, and what steps it needs to take in order to progress across capability areas.

Operational efficiency (including task automation and employee experience), along with advanced pattern detection, are the top two short-term AI goals identified by insurance organisations.[12]

[11] KPMG Global Tech Report 2024, KPMG International, September 2024. 165 insurance respondents: Which of the following best describe your organisation's current maturity level with AI adoption?

[12] KPMG Global Tech Report 2024, KPMG International, September 2024. 165 insurance respondents: Can you detail what your short-term goals are for leveraging AI over the next 2 years?

AI maturity assessment framework

	Elementary	Emerging	Operational	Embedded	Leading
Strategy and vision	Focus remains on traditional insurance models without considering AI strategy	Initial AI strategy focusing on isolated projects without clear connection to overall business strategy	Defined strategy for AI integration across business functions, such as underwriting or customer service	AI/Gen AI and digital innovation central to business strategy. Objectives for leveraging tech across value chain	AI and Gen AI at the heart of business strategy, exploring new insurance models enabled by technology
People and culture	Organisational culture does not recognise digital transformation or AI value. Lack of AI skills and awareness	Basic AI training and skills being developed	Upskilling the organisation in digital and AI capabilities. Dedicated AI teams with cross-functional training	High AI competency across the organisation. Culture of innovation and continuous learning, with collaboration across	Top employer for AI talent, leading in innovation and new models, where employees drive AI advancements
Data and modeling	Relies on manual, paper-based data collection. Data rarely used beyond basic operational reporting	Beginning to digitise data but remains departmentally siloed. Basic analytics for operational efficiency	Data from underwriting, claims, customer interactions is integrated and analysed for risk and product development	Utilises predictive analytics and ML for pricing, risk assessment, fraud detection across the value chain	Employs real-time data analytics, leveraging IoT, telematics for personalised products, and claims prevention
Technology	Reliance on separate platforms with minimal automatic workflow. No planned use of robotic process automation (RPA) or AI	Basic workflows configured to govern some processes, and basic chatbots developed	Advanced workflow configuration and RPA. AI integrated partially across business areas	Advanced workflow configuration and RPA. AI in predictive analytics and wider integration with Machine Learning technologies, including some Gen AI	Advanced workflow configuration and RPA. Industry-leading AI integration, pioneering applications such as blockchain for claims and smart contracts. Deep learning and Gen AI technology fully in place
Governance and risk	No governance framework for AI and data usage, or response to regulatory requirements related to data, privacy, AI ethics	Developing governance policies focused on compliance with insurance regulations and data protection laws	Formal governance framework for data management, AI use case approvals, and compliance monitoring	Advanced governance frameworks with policies on data ethics, AI usage, security, and regulatory compliance	Leading governance practices, setting standards for ethical AI use and data privacy. Proactively engaging with regulators
Operational readiness	Processes are mostly manual and paper-heavy. Underwriting, claims processing, and customer interactions lack efficiency	Efforts to automate and standardise processes in a few functions. Some insurance processes to manage customer onboarding and enquiries	Optimised key processes across underwriting, claims, customer service. Operational AI in at least 30–40% of the insurance processes	Streamlined processes across the value chain with AI enhancements. Continuous process improvement of AI in at least 50% of the insurance processes	Leading process innovation using AI to redefine insurance processes like instant claims, automated underwriting. AI over 80% of processes

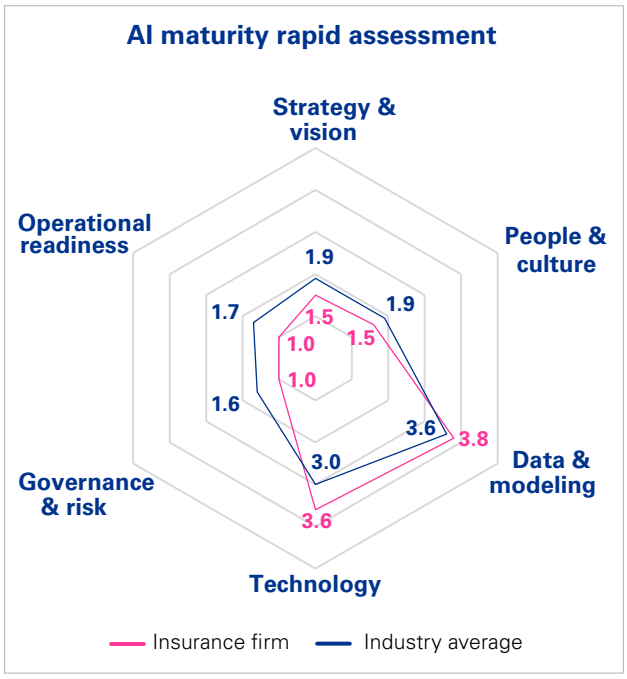
Source: KPMG International, August 2024.

AI maturity assessment output

The results of this rapid assessment can then be plotted on a radar chart to allow comparisons with industry averages and, where available, peer organisations. Undertaking such an assessment provides an organisation with a clear picture of its strengths and weaknesses on AI, both absolute and relative to others in its industry, enabling leadership teams to prioritise next steps and make targeted process, faster.

Insurance organisation — Example		
Assessment category	**Score**	**Maturity level**
Strategy and vision	1.5	Elementary
People and culture	1.5	Elementary
Data and modeling	3.8	Operational
Technology	3.6	Operational
Governance and risk	1.0	Elementary
Operational readiness	1.0	Elementary

Maturity level	Description
Elementary	Beginning to explore AI and understand its potential value
Emerging	Building capability and a view of how and where to deploy
Operational	Capability is in place to deploy AI in a targeted way
Embedded	AI is a core part of BAU and how the organisation operates
Leading	Market-leading capability, deploying differentiated AI solutions



Source: KPMG International, August 2024.

"It's important that organisations understand what foundations are in place before they can accelerate AI transformation. By undertaking a maturity assessment, the team can identify clear areas of internal focus to progress at pace."

James Henderson
Insurance Customer Experience Director
KPMG in the UK

Key takeaway:

Start with the strategy and then understand the capabilities of AI and its roles within your organisation. Once complete, you should then consider your use cases and use our maturity framework to help identify key areas of focus, such as people, or governance. For example, if culture scores low, a rapid workforce impact assessment can enable the organisation to explore these areas more deeply and identify next actions.

Remember that, while AI delivers a host of new capabilities, it should not be considered as the default solution across the entire value chain. In many areas, simpler technology solutions can deliver equal (or better) outcomes at a lower cost and risk.

Industry perspectives

> The insurance industry is typically a slow adopter, for the right reasons sometimes. If I were in the shoes of an established insurer, I would establish a new operation that is born using cloud and AI and put in a CEO who will manage it side-by-side with my organisation. Then, when it gains momentum, I would move pieces of the old business into the new business. I am afraid that any other approach with incremental improvements here and there is not going to move the needle at the speed needed."

Alon Ketzef, Founder and Chief Executive Officer
PassportCard

> A number of wider industries, for example telecommunications, have been quicker to adopt data strategies. This may be because organisations faced a lot of disruption a few years ago, and leaders had to pause and experiment with innovative solutions. Within insurance, we are still discussing whether it is a good thing to use AI in specific areas such as call centres, while telco providers have been using this many years. We have to understand the importance of data to our business, and the pace at which it can be implemented."

Anette Bronder, Chief Technology and Operations Officer
Prudential Plc

KPMG Case study

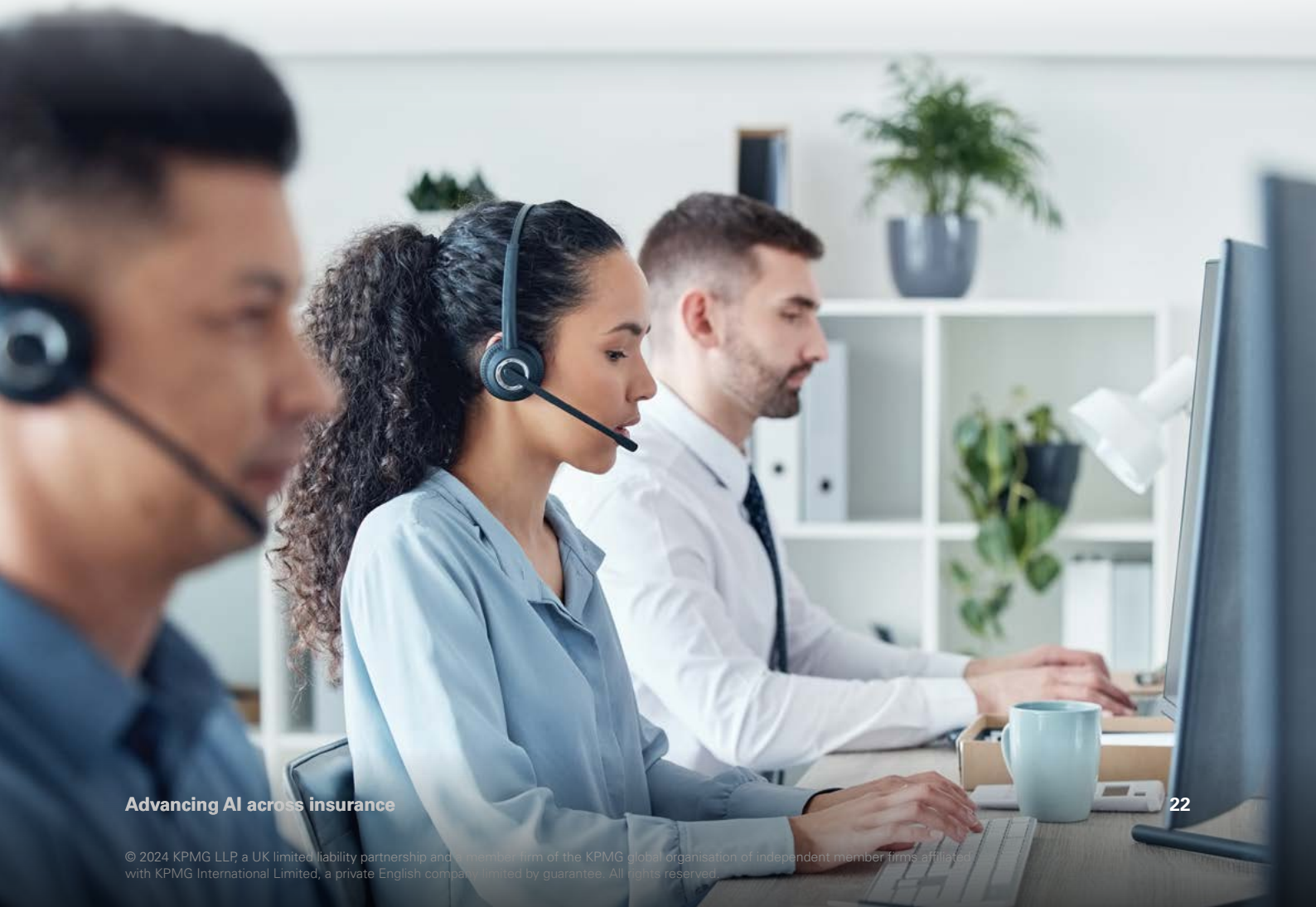
Israeli financial services group

How a self-service solution transformed an insurance contact centre

The contact centre for this large insurance organisation was near its workload capacity, with increasing calls focused on general insurance queries or confusion over policies. This placed additional strain on agents to provide accurate and comprehensive information quickly to customers relating to their products and coverage, and threatened to impact overall customer service quality.

AI specialists at KPMG in Israel stepped in to help streamline operations and improve efficiency. The team developed a customer-centric self-service platform; an AI-driven solution that connected customers with access to clear and concise information about their policies, including details on coverage, without the need to wait for an agent.

The self-service solution not only addressed the immediate challenge of call capacity but also laid the foundation for a more efficient contact centre operation. This enhanced the customer experience by providing instant access to the information needed and eliminating long waits to deliver a seamless experience. By empowering customers to self-serve, the insurer simultaneously reduced the volume of calls handled by the contact centre, and staff became available to focus on more complex and valuable tasks, boosting productivity and morale, alongside customer satisfaction.



04
Navigating the associated risks of AI

Chapter insights:

- Both traditional and Gen AI models could use data to discriminate in ways that may be unacceptable. This can be addressed through improved data quality, transparent and explainable AI systems and governance.
- Gen AI creates enhanced and new risks over confidentiality and data protection. Using Gen AI services that keep data within organisations and training staff on safe use can help tackle these.
- Training and running Gen AI models require significant computational power, leading to a large carbon footprint and high energy consumption. Organisations should be aware of these potential impacts and implement sustainable practices, exploring energy-efficient AI solutions to mitigate the environmental impact of Gen AI and align on ESG commitments.

While the opportunities aligned with AI are significant the associated risks are also increasing, with challenges impacting every corner of the organisation. These include bias and discrimination, confidentiality and trust issues, regulatory risks, environmental impact, and workforce relations. However, avoiding AI altogether can also expose insurers to the risk of missing out on potential opportunities and benefits and losing competitive advantage.

Risks associated with traditional AI

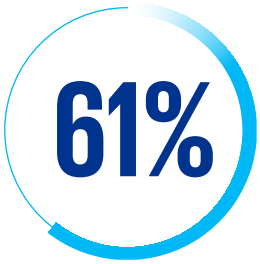
For insurance organisations, data discrimination is one challenge associated with traditional AI technologies. These systems are designed to look for correlations between sets of data, which can help to improve the accuracy of risk and pricing based on customer information. Pricing based on characteristics such as sex or race is illegal in some jurisdictions, and unacceptable in others.

Insurers in the EU have been barred from setting premiums based on sex since 2012[13] while New York State's Department of Financial Services recently published guidance designed to protect consumers from AI-based discrimination by insurers.[14] Excluding sensitive data may not solve the problem, with the tendency of location data to act as a proxy for ethnicity, involved in 'redlining' exclusion of neighborhoods. This led the US to outlaw racially motivated refusal of loans to people in certain areas as long ago as 1968.[15]

Data quality is also a key consideration. Data lakes and other technical approaches can enhance quality, but there are often more fundamental issues. AI software that is trained on a library of decisions by humans that date back several decades to obtain sufficient material may absorb historical biases as a result.

These issues can be addressed by increasing the transparency of AI models to understand how they produce their results, a concept called explainable AI, something increasingly mandated by regulations such as the EU's GDPR. Insurers can also monitor the output of AI models for discriminatory biases, such as by using test data to look for different outcomes for people who are similar except for ethnicity.

of insurance CEOs believe that Gen AI is a double-edge sword, in that it may not only aid in the detection of cyber-attacks but also provide new attack strategies for adversaries.[16]



of organisations are wary about trusting AI systems, with 84 percent citing cybersecurity as a top concern.[17]

[13] 'Insurance rules on gender will alter prices', BBC News, December 2012.
[14] 'DFS superintendent Harris adopts insurance guidance to combat discrimination in artificial intelligence', New York State Department of Financial Services, July 2024.
[15] 'Redlining', Federal Reserve History, June 2023.
[16] 'KPMG Insurance CEO Outlook', KPMG International, December 2023.
[17] 'Trust in artificial intelligence, KPMG International, September 2023.

AI-driven personalised pricing can also create affordability challenges, often impacting the vulnerable groups who benefit most from having coverage. Insurance organisations can help customers to proactively improve their risk profiles, such as through vehicle telematics or through advice on how to reduce vulnerability to cybercrime. Enhanced reinsurance strategies can also improve the pooling of risk.

AI is a powerful tool but it comes with real risks, from biased data to regulatory hurdles and environmental impacts. It's important that organisations develop a robust AI governance framework to help navigate these challenges. We're seeing more and more companies aligning their practices with leading frameworks like ISO 42001 and the EU's AI Ethics Guidelines and building a library of risks and controls tailored to both their own needs and external standards. It's about ensuring that AI is used ethically and responsibly, without stifling innovation."

Mark Prichard
Director, Technology Consulting
KPMG China

Industry perspectives

In addition to the well-known risks related to AI ethics, GDPR compliance or to AI-enhanced cyberattacks, we are also investing in the quality of internal data. AI systems utilise the input dataset without judgement to the quality itself, and this is used throughout the process, all the way through to the deliverable. AI systems cannot yet decipher whether the data is accurate or clean. It doesn't yet have the ability to handle a conflict in the information. And these issues could result in inaccurate information being passed onto agents or customers. This is a serious issue, and highlights the need for robust data quality and data governance frameworks.

Davide Consiglio, Country Data Officer
Generali Italia

Data governance and AI governance is an ongoing focus with leadership and the board. Technically you can monitor models for drift, and look at data coverage and scope to make sure you are not creating biases with the data you use to train models — but ethical use of the outcomes requires ongoing review. At Zurich we have a global AI Assurance Framework. Locally, we have an AI governance committee which meets monthly ensure we ask the questions around "should we" vs "could we".

John Kim, Chief Data Officer
Zurich Australia

Generative AI

Gen AI introduces a number of new confidentiality risks for insurance organisations. Customer data provided to public AI systems could appear in its output elsewhere, in turn breaching data protection laws, client confidentiality principles and client trust. This can be addressed by training staff to avoid using customer data in prompts to an open-access Gen AI service and by setting up services that are limited to the organisation.

An organisation-specific solution can also address the well-known problems of Gen AI systems 'hallucinating' or getting things wrong. This is an inherent risk given that such systems rely on probability rather than rules. For example, Plum, an insurance organisation in India, recently warned users of its PolicyGPT AI-powered assistant that its output could include inaccuracies.[18] Drawing only on the company's own material rather than a general internet archive can also help, with US insurer Loop's Gen AI service summarising and personalising relevant articles drawn solely from the company's online knowledge base.[19]

Services trained on public data are also vulnerable to data poisoning, which aims to degrade or corrupt output. This can be addressed by strengthening cybersecurity efforts and monitoring the output of systems to look for trends that suggest interference.

Gen AI also creates a new host of associated fraud risks. For example, criminals can use the technology to impersonate customers, or colleagues, through deepfake videos or audio. These may be further enabled through malevolent twins of well-known AI-creation platforms. Businesses should have systems in place to identify and escalate these situations swiftly to avoid potential breaches.

Industry perspectives

"Another concern is the rise of 'shadow AI,' where individuals outside of our data science team might utilise public AI tools, using sensitive company data to create content without following company guidelines. Once this data has been shared, it cannot be recalled, and this can lead to data breaches or compliance issues. To mitigate this, we have trained around 1,000 colleagues, or 'data citizens', with advanced analytics and programmeming skills in addition to over 100 data scientists. By expanding the pool of data-savvy employees, we believe that this will help to identify and overcome some of these challenges."

Davide Consiglio, Country Data Officer
Generali Italia

"We don't allow staff to use any AI solution or system that has not been approved. We are continuously looking to train our staff in AI at a foundational level. We believe that this will encourage and enable innovation and also increase knowledge, creating skills for the future.

John Kim, Chief Data Officer
Zurich Australia

[18] 'Introducing PolicyGPT', Plum, March 2024.
[19] 'Loop car insurance increases customer self-service rate by 3X with Quiq's generative AI assistant', Quiq, 2023.

Regulatory risks

Use of AI can impact compliance with regulations beyond data protection laws. For example, the UK requires financial service providers, including insurance firms, to check that marketing for a product is clear, fair and not misleading before approving it for publication.[20] This becomes significantly more complex with AI-driven personalised marketing, where messaging may be unique and potentially subject to the EU GDPR consent requirements. Regulation of AI is set to be a fast-moving area, with the introduction of the European Union (EU) AI Act in August 2024, and other jurisdictions developing similar Regulatory frameworks.

of CEOs believe that the lack of current AI regulation within the insurance industry could become a barrier to organisation's success.[21]

Environmental impact

AI also needs to feature in organisations' environmental and sustainability considerations. The substantial computing required for AI processes raises concerns around its environmental impact, and subsequent ESG regulatory and reputational risks. The International Energy Agency has estimated that electricity required for data centres, AI and cryptocurrencies could double between 2022 and 2026 to reach the equivalent of Japan's total electricity consumption.[22] In July 2024, Google said its greenhouse gas emissions for 2023 were 48 percent higher than in 2019, partly due to increases in data centre energy consumption to support AI services.[23] Such impacts can be partially addressed by monitoring energy use and prioritising less intensive AI models for certain applications.

Key takeaway:

The insurance sector has a reputation for stability and caution, but avoiding use of AI due to the risks is itself a risky decision. It's important that organisations are aware of all AI risks and put in place the appropriate mitigation frameworks to fully maximise the positive opportunities.

[20] 'ICOBS 2.2 Communications to clients and financial promotions', Financial Conduct Authority (UK).
[21] 'KPMG Insurance CEO Outlook', KPMG International, December 2023.
[22] 'Electricity 2024', International Energy Agency, January 2024.
[23] 'Google Environmental Report 2024', Google, July 2024.

Industry perspective

Data privacy and safeguarding our intellectual property are top priorities for Prudential, especially as we further enhance operations with AI. But this can be a continual challenge, particularly in regions like Asia where regulations are less stringent and data sharing is more common. It's important that we stay on top of evolving regulations across the markets in which the business operates."

Anette Bronder, Chief Technology and Operations Officer
Prudential Plc

KPMG Case study

Building a secure and scalable AI foundation utilising real-world data with Beazley

Beazley, a leading specialist insurance group based in the UK, set out to enhance operations across the business and develop a solution to assess new AI services. However, the team faced a significant challenge to build a robust and secure technical infrastructure capable of handling real-life data, compared to test data, to help develop accurate and reliable models.

Insurance professionals across KPMG in the UK collaborated closely with the client to design and implement 'landing zones'; pre-configured cloud computing accounts designed to integrate with Beazley's existing technology, security protocols and networking policies. By streamlining the deployment process, Beazley could rapidly integrate and test new AI services then adapt these to meet business needs before deployment. The solution also ensured that all applications adhered to stringent security and compliance requirements, and could be developed in a safe environment.

Colleagues across KPMG in the UK continue to work closely with the insurance organisation to assess, train and test new AI models, helping to drive efficiencies and value across the business.

05
Leveraging AI as an assistant

Chapter insights:

- Human agents using AI recommendations, combined with personal empathy and problem-solving, could offer a high quality of support to customers.
- Many employees have expressed a demand for AI, and business leaders are looking for a suitable path forward.
- Organisations see an opportunity to streamline processes, but believe there will continue to be a need for human interaction.

A customer has returned home with their family to find it has flooded while they were away. They can't stay there, and their possessions are damaged. It is at a time like this that insurance provider's in-the-moment support is needed more than ever.

Considering a scenario like this quickly leads us to several ways in which AI and related technologies could provide a fast, loyalty-earning response for customers over the next few years, and many are already underway. One option is to automate the claims process when an insured event occurs, in this case a residential flood. Through a data-sharing agreement with the local emergency services, the insurer can swiftly record that one of its insured properties had suffered severe damage and apply an AI-based assessment to identify if further enquiries are needed before making an interim payment. These could include contextual checks such as using weather data or alternative data sources, such as imaging. In this case, a high level of certainty that an insured property had experienced severe flood damage would trigger an interim payment within minutes of the emergency services logging the incident.

AI's increasing use to support more complex tasks offers an opportunity to drive significant value across the organisation. However, it also raises concerns around its impact on the workforce. Leadership teams can help by presenting services as virtual assistants that help people to work more efficiently and accurately, rather than replacing them. A 'humans in the loop' approach is often desirable as it provides human supervision of AI systems to help ensure that the technology is delivering the expected outcomes and help to identify when the technology is failing. It is also important that insurance firms consider how to operate if AI systems do fail, which would be likely to require human operators to step up.

Industry perspectives

> AI can be used to create seamless touchpoints with customers, bring more intelligence to our data, create end-to-end views and help to reskill our people. If we do that in a smart way across operational functions, it could free up a lot of time for our people to concentrate on products, services and how we serve our customers. It could help insurance, especially operations, to move away from firefighting and fixing things, to concentrate on service excellence and a much better customer experience."

Anette Bronder, Chief Technology and Operations Officer
Prudential Plc

> From a risk perspective, we will have humans in the loop as we implement AI solutions. In a couple of years' time, for example, we should not have the need or processes to perform manual data entry, consolidation or aggregation of information."

John Kim, Chief Data Officer
Zurich Australia

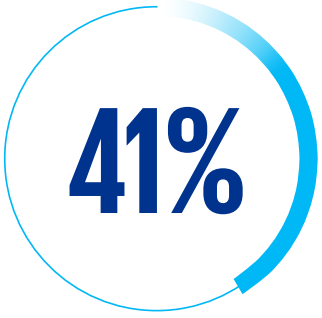
Users say AI helps them save time (90%), focus on their most important work (85%), be more creative (84%), and enjoy their work more (83%).[24]

Streamlining processes

Government initiatives, such as the UK's 'Tell us Once' service which passes a single report of a death to most public sector organisations, demonstrates the potential for simplifying administrative processes.[25] Expanding this concept through 'straight-through processing' could further streamline insurance claims related to events. When an automated payment could be a step too far, an insurer could prepopulate claim forms using official data for the customer to confirm or call to make further checks.

Parametric insurance, a concept from commercial insurance, may also contribute to automating personal claims. Rather than indemnifying actual losses, these policies pay an agreed amount when a specific event takes place, such as a storm of a certain severity or a power cut over a certain duration. This requires reliable data, both to trigger payments and to assess the risks accurately, and it works best when there is no way for customers to influence an event or its reporting.

Such insurance has so far focused on organisations. However, in January 2024, an insurance organisation based in Switzerland added new parametric options to its holiday insurance policies. These set out agreed payments for each day of rain, snow or hail at an insured location, or each item of checked luggage lost or delayed by an airline and delays above specific lengths to a specified flight. Another alternative is to provide customers with the means to pay for covered services as soon as they report the need for them, a model adopted by health insurer, PassportCard.



of leaders who are "extremely familiar" with AI expect to redesign business processes from the ground up with the technology.[26]

[24] 2024 Work Trend Index Annual Report', Microsoft and LinkedIn, 8 May 2024.
[25] 'Tell Us Once', UK government, GOV.UK
[26] 2024 Work Trend Index Annual Report', Microsoft and LinkedIn, 8 May 2024.

Many insurers have already automated some customer processes such as sales and claims through online forms, chatbots and other digital agents. The next few years will likely see AI further improving the abilities of automated agents to satisfy routine customer requirements, and potentially remove the need for form submissions altogether. Currently, these processes work reasonably well until customers have questions or requirements that are out of the ordinary, at which point it is common for the technology to give up and hand the process over to humans. Insurers could therefore benefit from using technology to recognise when a fully-informed human agent should take over and make this a near-seamless process.

More broadly, AI could allow insurers to create blended products covering a range of needs in one policy, including new types of cover for autonomous vehicles or digital nomads who frequently move location, providing financial security in a wide range of situations.

In short, AI could allow these businesses to reinvent themselves, by combining the best of both artificial and human intelligence to offer new levels of service for those they protect.

Key takeaway:

Look for ways of implementing AI to streamline processes and enhance support for customers in their greatest moments of need. Remember that AI works best when it is supporting and augmenting people and processes — not replacing them. Keep a human in the loop, and build staff engagement and confidence through clear communication and education around AI. Develop AI adoption guidelines, including expected benefits and risks, in order to help ensure widespread support and controlled adoption across the organisation.

Don't forget that AI is not a universal panacea — different customers will continue to have different needs. Consider how new services may affect customers by running user experience testing that covers a range of personas including those with accessibility issues or less ability to use technology. Processes that work well for many, including those who design and build technology systems, may fail completely for others.

Industry perspectives

Given the significant pace of the change in the last two years from a technological, social, and economic perspective, it is difficult to predict where we will be in 10 years from now. However, there are some key financial and demographic trends that I believe will impact the insurance industry, and potential AI applications. For example, we have an ageing population which increases the demand for long-term care, not only for financial aid but with physical assistance. Advancements in this space could lead to the development of robots assisting, or co-assisting, the elderly as an additional service.

Another important consideration that could change the demographic trend trajectory in our country, is the flow of immigration. This has the potential to support the ageing population and reshape the customer base. However, adapting to this shift in customer base and demand for insurance products will likely require a rethink in strategies, and to ensure our AI models are retrained to accurately respond."

Davide Consiglio, Country Data Officer
Generali Italia

For many insurers, it's time to close the gaps and fix the bleeding. Organisations should create a common understanding of vision, develop data governance on use of information across data repositories and data lakes, and build an AI mindset through training of the workforce. We don't have five years to catch up with other industries — It's important to identify immediate game changers now that can be scaled."

Anette Bronder, Chief Technology and Operations Officer
Prudential Plc

I expect that the mechanisms for interacting with customers in the future will change a lot. Will we have a website? Will there be claims forms? AI will enable change across the organisation and drive large-scale transformation. But there will likely still be a need for human empathy — When people are in a time of need or crisis, they want to speak to a human — I don't think that is going to change."

John Kim, Chief Data Officer
Zurich Australia

06
Closing summary: Time to act

AI offers untapped value for those who are willing to embrace change and can navigate the associated challenges. While AI adoption is underway across insurance, the pace of progress needs to accelerate in order to fully harness the power of transformation. The ability to identify existing strengths and address capability gaps will likely play a critical role in paving the way for a successful, structured AI integration which can serve and enhance key parts of the organisation, not just isolated processes.

It's important that insurers take a balanced approach towards their AI journey — the ability to identify and mitigate risks while proactively exploring the technology's true potential could open the door to new products and services that better respond to customer needs. And quickly. Insurers no longer have the benefit of time to develop, test and discuss the use of AI — they need to make rapid progress in order to keep momentum and respond to customer needs. By leveraging our AI maturity assessment, leadership teams can quickly identify core capabilities and prioritise use cases. And by combining human ingenuity and AI capabilities with robust safeguards, insurance organisations could unlock a new dimension of innovation and redefine the art of the possible.

The greatest risk in the age of AI? Failing to act at all. It's time to think big, start small and scale fast.

Key considerations for insurers:

1. Organisations need to have accurate and reliable data in place before building AI models. Running AI on inaccurate data can lead to serious problems, risking reputation and regulatory pressure.

2. As the strategy is developed, leadership teams should look to define AI goals and identify priority use cases to create short term return and momentum. Start with a clear view on current capabilities across the six key pillars identified within our AI maturity assessment. Try to ensure this is supported with a clear governance structure, to manage and monitor progress and compliance. This should also include review mechanisms covering output and reliability, flagging concerns and confirming processes are followed in line with agreed guidelines.

3. Aim to ensure teams have the right technology and ability to integrate this into current processes and system landscape to deliver the best outcome. Confirm you have the people and skills in place before setting out.

4. In order to navigate risks including the potential bias of systems, a structured testing and validation process is key to continuously assess the results of AI systems within specific use cases, identify positive outcomes and benefits, and resolve any problems.

5. Communication is critical. Confirm that you have the right people and strategy in place, and that this is communicated across both key stakeholders and the wider business. Communicating the use of AI as an assistant can help successful integration and provide clarity on the future of roles.

07
How KPMG professionals can help

By combining our deep industry and functional knowledge with the right technologies, KPMG firms can help you to unlock business value and harness the full power and potential of AI with speed, agility, and confidence. KPMG firms have worked with global insurance firms to help deliver meaningful AI transformation, combining industry knowledge and actionable insights with leading technology alliances, developing robust frameworks and AI accelerators. We are experienced in developing proof-of-concepts and scaling these into integrated solutions. And we've used these processes internally to review and optimise our own capabilities.

Our global insurance professionals can offer:

- AI 360 assessment of internal capabilities and support to integrate AI into your strategy.
- Development of use cases and AI operating model aligned with your business objectives.
- AI risk assessment and development of control and governance frameworks for AI. This includes guardrails and policies to help organisations feel comfortable as they use the technology and conform to regulatory pressures.
- Creation of a data foundation for AI integration, and support with developing models and tuning.
- AI concept development with our global alliance partners, leveraging organisational data to develop a scalable solution to help ensure your business is future-ready.
- Workforce impact assessment and analysis on the impact of transformation on the organisation.

Client zero

The need for human thought and oversight, data analysis, critical thinking and decision-making is not disappearing. And so, while our clients are looking to us for support, they're also interested in the lessons we're learning in our own AI journey.

We're approaching this new future as 'client zero'. And we're 'walking the talk' and following the same advice that KPMG professionals provide to clients — designing and implementing an AI strategy that prioritises human centricity in the way KPMG firms adopt innovation, and to enhance the KPMG workforce of the future. We align to regulatory and voluntary standards, such as the EU AI Act and the ISO 42001.

KPMG Australia Utilises KymChat, a proprietary version of Gen AI which lets staff use the service without client data leaving KPMG.[27] A similar platform is also available in the US, in addition to a service that enables our teams to develop AI applications in a safe environment. In July 2023, KPMG International also announced an expansion of our global Microsoft partnership focused on use of its Azure OpenAI cloud service.[28]

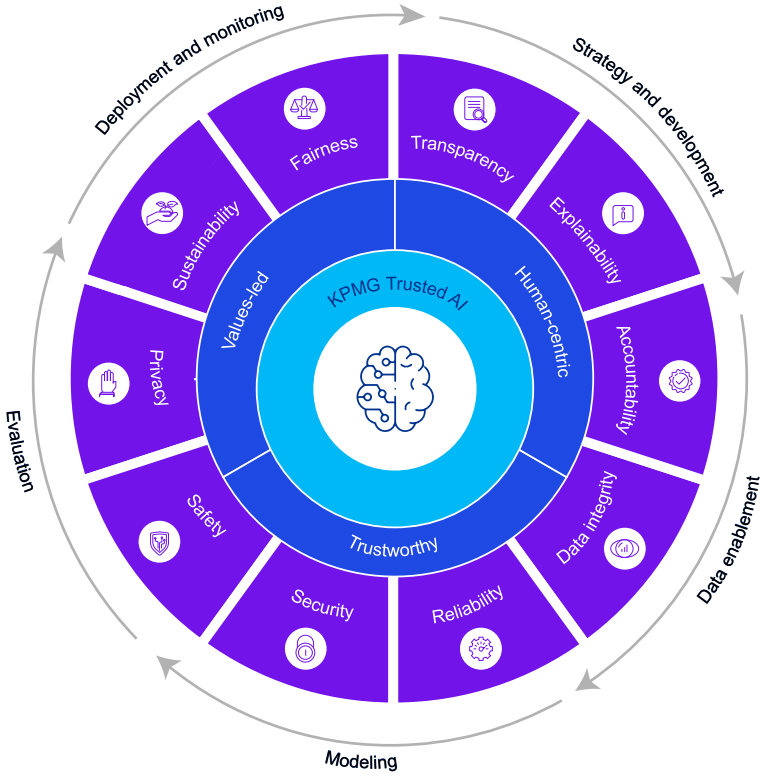
The human factor is always what makes a difference in our work, and AI is a technology that has the potential to enhance us as individuals and the services and solutions KPMG firms provide to clients.

[27] 'KPMG unveils cutting-edge, 'private' ChatGPT software', KPMG Australia, March 2023.

[28] 'KPMG and Microsoft enter landmark agreement to put AI at the forefront of professional services', KPMG International, July 2023.

KPMG Trusted AI

KPMG firms have adopted our Trusted AI Framework; a set of ethical standards for the technology to act in a way that serves the public interest, honors public trust, and demonstrates our commitment to professional excellence. This is based on principles for AI that are values-driven, human-centric, and trustworthy.[29]



Values driven

We implement AI as guided by our Values of integrity, excellence, courage, acting together and 'for better'.[30]

These shape a culture that is open, inclusive and operates to the highest ethical standards, informs our day-to-day behavior, and helps us navigate emerging opportunities and challenges.

Human centric

We prioritise people as we deploy AI and recognise the needs of our clients and our people.

We are embracing this technology to empower and augment human capabilities, unleash creativity, and improve productivity in a way that allows people to reimagine how they spend their days.

Trustworthy

We will adhere to our principles and the ethical pillars that guide how and why we use AI across its lifecycle.

We will strive to ensure our data acquisition, governance and usage practices uphold ethical standards and comply with applicable privacy and data protection regulations, as well as any confidentiality requirements.

Transformation credentials:

IDC MarketScape:
Worldwide Leader in Artificial Intelligence 2023

IDC MarketScape:
Worldwide Leader in Microsoft Implementation Services 2024, 2021

IDC MarketScape:
Worldwide Leader in Cybersecurity Consulting Services: Global System Integrator/Consultancies 2024

IDC MarketScape:
Worldwide Leader in Operations Improvement Consulting Services 2023–2024

ALM Pacesetter: Global Leader, Digital Transformation Services 2023

[29] 'KPMG Trusted AI framework', KPMG International. 2024

[30] 'Our Values', KPMG International. https://kpmg.com/xx/en/home/about/what-we-stand-for/our-values.html

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Methodology

This report is based on interviews and discussions with subject matter specialists at KPMG member firms and insurance leaders from Generali Italia, PassportCard, Prudential Plc and Zurich Australia. The report does not purport to represent the individual views of any of those named except in the case of specific quotations from individuals. It also draws on published material from KPMG, insurers, other organisations, and media articles.

KPMG spoke with several global insurance organisations as part of the report development and identified that many are the process of setting up, or reviewing, their AI strategy. Some businesses that previously had initiated AI transformation advised that they were now revisiting approaches due to the pace at which AI is evolving.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

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