PUERTO RICO
FINANCIAL SERVICES
FORUM

Insurance – AI & Disruption

Who is this guy?

Not a techie

Surrounded by
>300 of them
(so can “translate”)

Lead a firm specializing
in what’s really happening
in PE / Tech on the ground
(not in LinkedIn articles)

How AI is being framed

DAY TWO of a dossier on the quiet men who control our destiny

NEWS Inquiry

SECRET MEETINGS TO SHAPE THE WORLD

by ROBERT ERINGER

An American journalist who has spent four years investigating the all-powerful

What (understandably) scares every CEO

Putting AI in Context

On one hand …

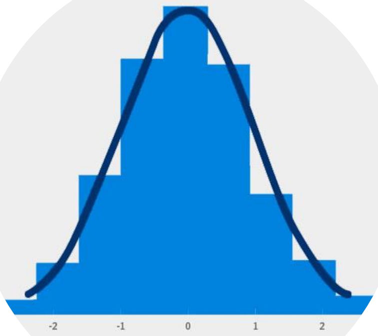
Next chapter in "technology innovation"

IRRIGATION → PRINTING → STEAM ENGINE → PHOTO → TELEGRAPH → COMPUTER → INTERNET → AI

On the other …

Dramatically expanding statistics concepts you learned in school

- WAY MORE DATA
- FASTER PROCESSING



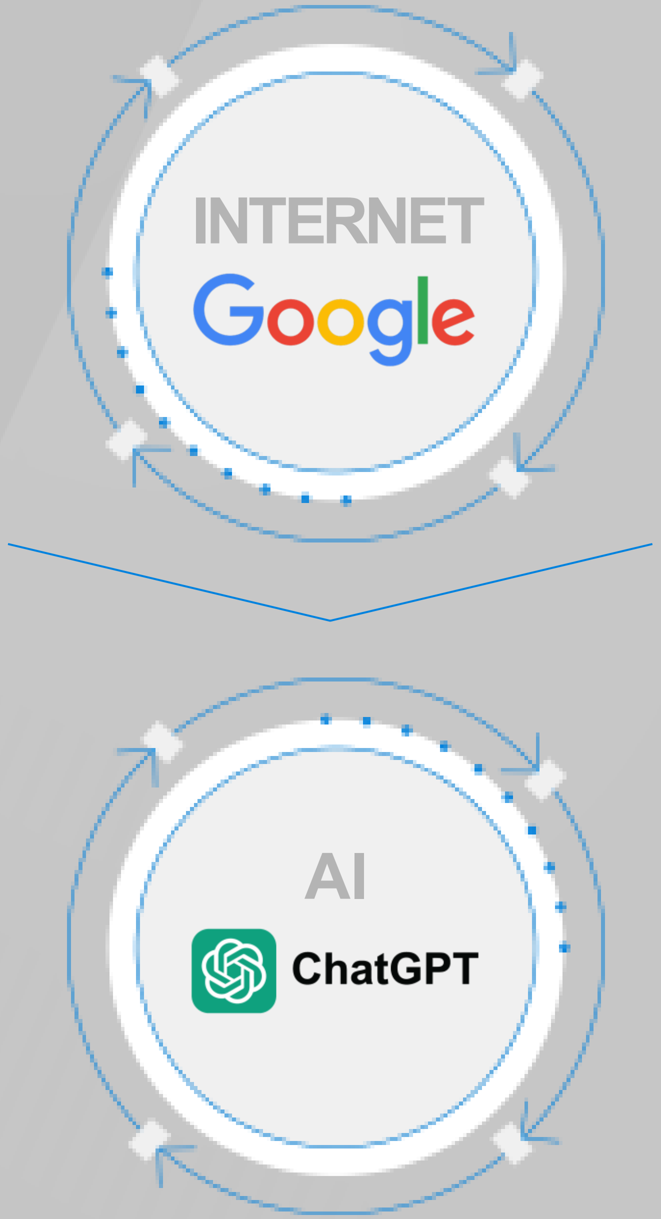
Monte Carlo Simulation

- SELF-CORRECTING
- MORE DYNAMIC SCENARIOS / INPUTS

Yes, there was a tipping point

How to think about the evolution of Gen AI

- Creates a “front end” to something that existed
- That – in turn – makes it more usable
- As more people use it – it feeds more data and creates the incentive for investment
- As it gets more data, it becomes more accurate
- As accuracy grows, people invest in more use cases
- …and the cycle continues



And now we are rapidly seeing the rise of Agentic AI

Classic software
The guitar amp

User profile:
Musician

Generative AI
The mixing board

User profile:
DJ / Producer

Agentic AI
The production studio

User profile:
Record Label Exec

But…foundational principles matter now more than ever (especially to future investors)

- **Common data = common outcome (over time)**
  If you don't have proprietary (and interesting) data – at scale and dynamic – then the short-term opportunity is in back-office efficiency through AI modules of off the shelf tooling

- **Good process = enhanced value**
  Our data shows – using SDLC as an example – that better process management makes AI solutions yield more productivity

- **There's value in the basics beyond just Gen AI**
  AI, machine learning, and just basic data science often create the majority of the initial value. And frankly, it's often the enabling step to helping focus Gen AI investments

- **Building industry-focused AI applications is valuable**
  BUT…you may be competing with pure-play software companies so need to bring unique data to the table to create advantage

- **Outsourcing development of proprietary solutions is likely a necessary catalyst given the talent market**
  BUT…have a pre-determined plan for model maintenance / mgt.

- **Buy-side investors are committed to determining whether CIMs that state AI presence are real**
  Every day, we get the question from PE firms on diligence
  - "tell me if this AI is real, unique, and worth more money"

Where have we seen the most (and the least) traction of AI across the insurance industry?

Claims Management

AT/ML agents assist the claims management process by auto-generating documentation, creating claims prioritization engines (triage and routing), providing post-call synthesis, and auto generating "first notice of loss" insights

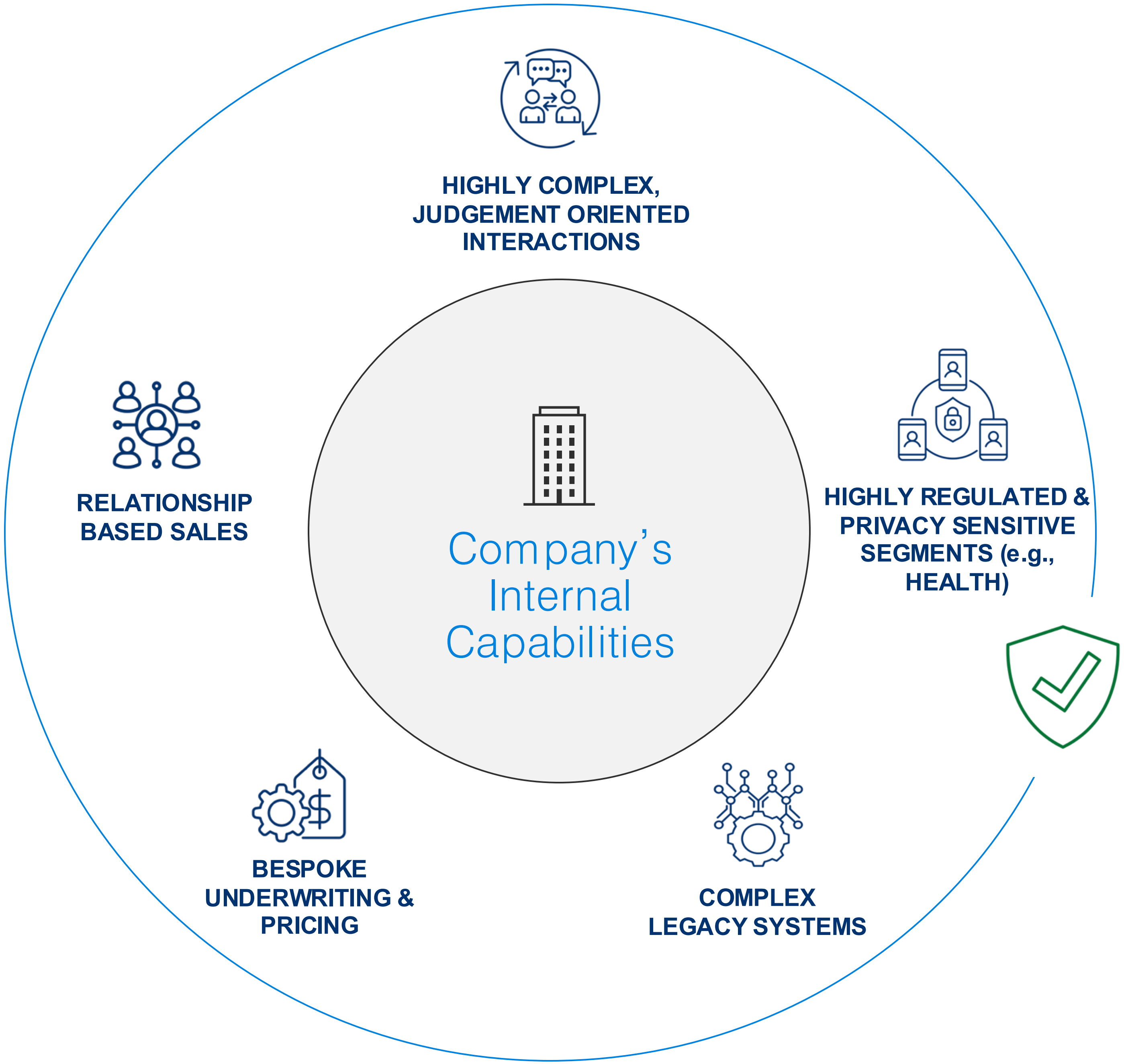
Pricing & Underwriting

Generative and agentic AI unlocks additional revenue generation by providing real-time pricing analysis, and auto-generated quotes, web searches, prefilled forms, and customer enrollment

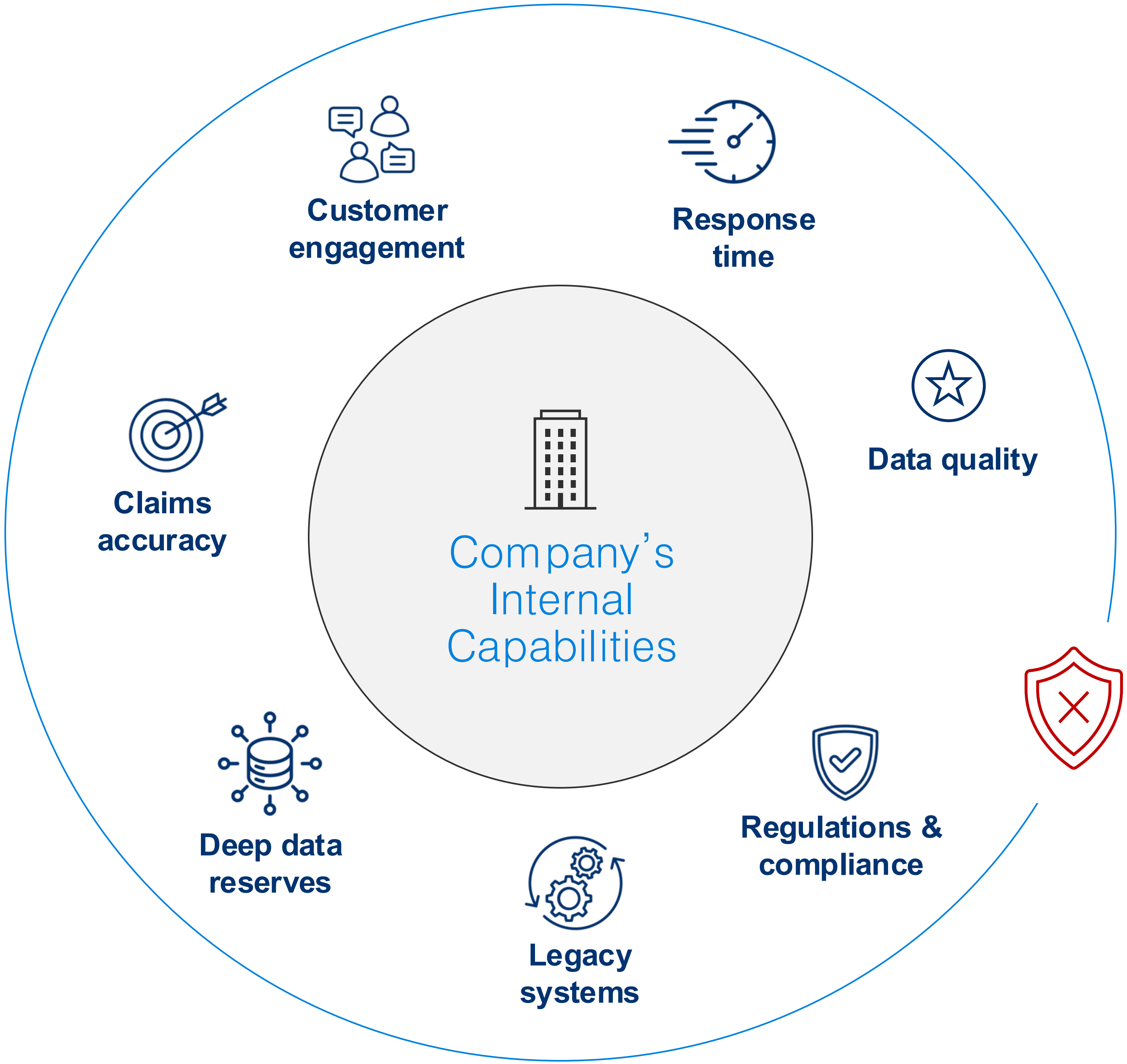
Sales & Distribution

High impact is derived from process automation in the sales and distribution activity in insurance. Select AI use cases include streamlined RFPs, hyper-personalized customer outreach, prefilled forms, and personalized marketing campaigns

Where is AI <u>least</u> likely to disrupt?



Where is AI most likely to disrupt?

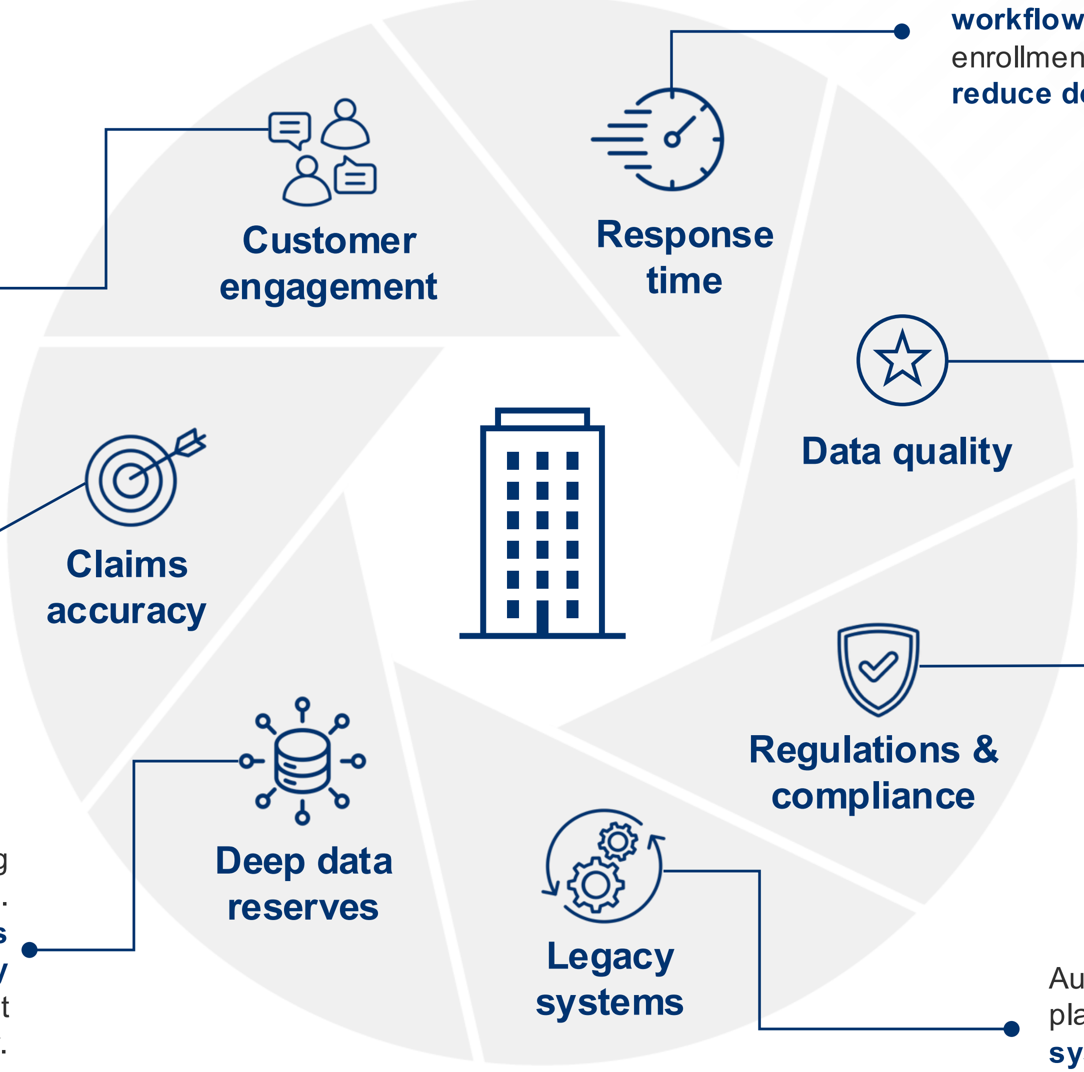


How does AI create disruption in the insurance industry?

AI is reshaping customer service in insurance primarily through AI chatbots, making interactions more efficient, and user friendly. While some scenarios necessitate human interaction, those utilizing AI **can address customer concerns on a larger scale.**

AI enables faster claims processing time that cannot be easily replicated by legacy systems, creating a **clear competitive advantage**.

Insurance has a unique position for unlocking value from AI due to its deep data reserves. **Automating parts of the data analysis process provides clear gains in productivity** and data organization legacy systems cannot deliver at the same speed and/or accuracy.



Implementing **AI automates a host of workflows** (RFPs, quotes, forms, customer enrollment) **that both generate revenue and reduce down time.**

By using the deep data reserves in the insurance industry, **AI instigates value** like real-time claims assessments, fraud prediction, product research, etc. that **improve the overall data quality** insurers seek out.

When done correctly, AI offers a way to **streamline and scale regulation and compliance oversight** (processes that are historically costly and slow).

Automating workflows and modernizing platforms **significantly threatens core systems insurers rely on** that are often decades-old and unflexible.

Journey of a thousand miles. . .

Questions