ITC INFOTECH
Business-friendly Solutions

WHITEPAPER

From AI Ambition to AI Advantage

The Insurance Leader's Sequencing Playbook

Gazal Gupta | Principal Consultant, Insurance Practice

Executive Summary

- Most carriers don't have a strategy deficit — they have a sequencing deficit. The ambition is right, the technology choices defensible, the order wrong.
- Across the industry, the pattern is consistent: organizations that over-invest in models while under-investing in people, workflow redesign, and organizational change rarely move beyond the pilot stage.
- ITC Infotech's Three-Horizon Roadmap — Stabilise, Modernise, Compete — encodes the right sequence structurally, so each phase builds the conditions for the next rather than undermining it.
- Carriers that get the order right are pulling structurally ahead. That gap compounds with every quarter the sequence stays wrong.

For the past three years, a hard market masked structural weaknesses across the insurance industry. Strong pricing protected margins even as data estates remained fragmented, core systems aged, and operating models struggled to evolve. As market conditions soften, those weaknesses are becoming harder to ignore. The carriers that used the hard market to modernize are pulling ahead; those that delayed are finding that pricing discipline alone can no longer compensate for operational inefficiency.

Advances in AI, the rise of embedded insurance, evolving customer expectations, and growing regulatory scrutiny are accelerating the need for transformation across the enterprise. While the direction of travel is clear, translating ambition into measurable outcomes remains a challenge.

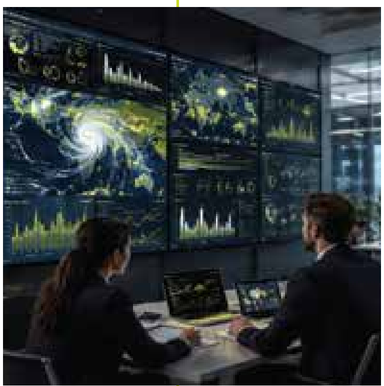
Most insurance leaders already know where they're headed: data-driven decisions, AI-enabled operations, embedded distribution, resilient governance. The challenge is not vision — it is execution. Too many are pursuing every priority at once, deploying AI on fragmented data, modernizing systems without redesigning workflows, building governance only after models are live. The result is a widening gap between investment and impact: pilots that don't scale, programs that lose momentum, and outcomes that stay out of reach.

The Key Shift: Insurance is Becoming a Data-Platform Business

Insurance has traditionally competed on pricing sophistication, risk selection, and actuarial expertise. Those capabilities remain important, but they are no longer sufficient on their own.

Competitive advantage increasingly comes from the ability to sense, interpret, and act on risk signals faster than competitors. Real-time data, intelligent automation, composable distribution, and embedded governance are becoming strategic capabilities rather than technology initiatives.

Three shifts are accelerating this transformation.



Risk Data Is Becoming a Live Asset

The nature of risk is changing faster than many operating models can keep up.

Carriers pricing climate-exposed property using annual or batch-based datasets are increasingly mispricing tail risk. Commercial underwriters operating without real-time geospatial, telematics, IoT, and catastrophe intelligence are often making decisions using exposure data that may already be months out of date.

What was once considered an advanced underwriting capability is increasingly becoming a business requirement. Organizations that can continuously enrich risk profiles gain a meaningful advantage in underwriting accuracy, pricing precision, and portfolio management.

Distribution Is Becoming an API Ecosystem

Insurance distribution is also undergoing structural change.

Embedded insurance continues to grow at an estimated 25–30% annually, shifting distribution toward digital ecosystems, marketplaces, and partner networks. Customers increasingly expect insurance to appear at the point of need rather than through traditional channels.

For carriers, this changes the role of technology architecture. Products, pricing, and underwriting services must be exposed as reusable capabilities that can integrate seamlessly with partners. Organizations that cannot participate in API-driven ecosystems risk losing access to emerging distribution channels and growth opportunities.

The competitive question is no longer simply how products are sold. It is how easily products can be integrated into broader customer journeys.

Compliance Has Become Infrastructure

At the same time, regulatory expectations continue to expand.

The EU AI Act, NAIC AI Model Bulletins, FCA Consumer Duty requirements, and SAMA frameworks are arriving simultaneously, increasing expectations around transparency, explainability, auditability, and data lineage.

These requirements are changing the role of governance. Governance can no longer be treated as a compliance workstream that follows implementation. It must be embedded into transformation programs from the beginning.

Organizations that build governance into their operating model move faster, scale more confidently, and reduce the cost of future compliance interventions.

Why More AI Investment Is Not Translating into More Business Value

Artificial intelligence has become the dominant transformation conversation across insurance. Its potential is undeniable. Across underwriting, claims, fraud detection, servicing, and operational support, AI can improve decision quality, increase productivity, and reduce manual effort.

Yet despite significant investment, many organizations continue to struggle to scale beyond experimentation.

> "The issue is rarely the technology itself."

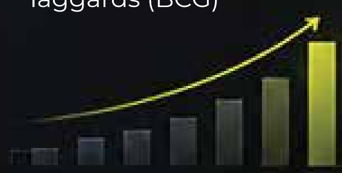
AI amplifies whatever foundation already exists. High-quality data enables better decisions. Poor-quality data produces errors faster and at greater scale. The same principle applies to workflows, governance, and operating models.

The industry's scaling challenge is reflected in the numbers:

62% of AI pilots remain stuck at proof-of-concept stage (EY)

7% of carriers have successfully scaled even a single AI initiative enterprise-wide (BCG)

2x more value is captured by AI leaders than laggards (BCG)



Three structural issues consistently limit value realization:

Legacy systems whose business risk has never been quantified	Workflows left unchanged while surrounding technology evolves	Governance introduced only after models reach production

These challenges are interconnected - weak foundations limit adoption, poor adoption limits value, limited value reduces confidence in future investments. The result is a cycle in which transformation programs generate activity but fail to create lasting business impact.

The carriers creating measurable value are not necessarily investing more than their competitors-they are building capabilities in the order required to sustain them. And those that are falling behind are not lagging because they chose the wrong technology. They are falling behind because they deployed the right capabilities before the business was ready to absorb them.

Given this context, the defining transformation challenge in the coming months will not be strategy or technology selection. It will be execution discipline.

What High-Performing Insurers Do Differently with AI

The gap between experimentation and value creation is rarely a technology problem.

BCG's research puts the value split in sharp relief: only 10% of transformation value comes from the algorithm, 20% from technology and data infrastructure, and **70% from people, process redesign, and organizational adoption.** Most carriers are over-investing in the 10%.

1.

They go narrow before broad — focusing on specific workflows where data, process, and technology can be aligned before scaling

2.

They pick starting points with clear ROI — claims triage, underwriting assistance, fraud detection, and targeted servicing offer measurable value with manageable complexity

3.

They sequence inputs, not just tools — clean data, modernized workflows, and governance are in place before the model is deployed, not after

The results speak for themselves. Several Lloyd's syndicates now run fully automated underwriting workflows — submissions assessed against appetite, enriched with catastrophe intelligence, priced, and returned as bindable quotes with minimal manual intervention. BCG benchmarks these programs at up to 36% higher underwriting efficiency and a ~3-point loss ratio improvement.

These outcomes are not driven by AI alone — they emerge when clean data, redesigned workflows, embedded governance, and the right technology reinforce one another within a coherent operating model.

Three-Horizon Roadmap to Success

In our engagements with global leaders, we've found that successful transformation follows a progression in which each investment creates the conditions for the next. Organizations that attempt to compress all horizons into a single initiative often struggle with complexity, adoption challenges, and escalating costs.

ITC Infotech's Three-Horizon Roadmap provides a practical approach for building capability in stages while maintaining business momentum.

Horizon 1: Stabilize

The first priority is creating a reliable foundation.

This begins with assessing legacy systems based on business impact rather than technology maintenance costs. Data integrity, governance, interoperability, and API readiness must be established before advanced capabilities can deliver value consistently.

Key initiatives include:

- Composable core migration with parallel-running approaches so day-to-day business is never disrupted
- Federated data mesh architecture so underwriters see one trusted risk picture instead of stitching data together across systems
- Real-time enrichment through geospatial, telematics, and IoT data
- Regulatory lineage and governance controls embedded by design

Without this foundation, every subsequent investment carries greater risk and lower probability of success.

Horizon 2: Modernize

Once the foundation is stable, attention shifts to core business capabilities.

Policy administration, claims, and underwriting environments should evolve toward modular, API-first architectures. At the same time, workflows need to be redesigned to support automation and intelligent decision-making.

Success should not be measured by migration percentages or technical milestones alone. It should be measured by the capabilities unlocked for the business.

Key initiatives include:

- API productization and distribution enablement
- Partner ecosystem integration
- Workflow redesign for AI readiness
- Modernized underwriting and claims operations

The objective is not simply replacing legacy technology. It is creating a business that can respond faster to change.

Horizon 3: Compete

The final horizon focuses on creating sustainable competitive advantage.

With strong foundations and modernized operations in place, carriers can confidently scale advanced capabilities including embedded insurance, parametric products, intelligent decision support, and agentic underwriting.

Key initiatives include:

- KFabrik GenAI Platform
- Embedded AI governance and model controls
- Zero Trust security architecture
- Vendor-risk and resilience management frameworks

At this stage, innovation becomes easier because the organization has already built the infrastructure required to support it.

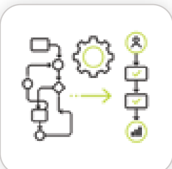
The roadmap is not intended to be a rigid transformation program. Rather, it provides a structured way for insurers to prioritize investments, reduce execution risk, and ensure that each capability creates the foundation for the next. While every organization will progress at a different pace, the underlying principle remains consistent: sustainable AI value is achieved when data, operations, governance, and technology evolve in a coordinated manner. The question for leaders is no longer what capabilities to build, but where to focus first to accelerate progress and maximize business impact.

Priority Actions for Insurance Leaders

Understanding the challenge and the approach is only the first step. Leadership attention now needs to focus on the capabilities that unlock transformation at scale. To do this, they need to act fast across five areas:

Treat Data Quality as a Prerequisite

Data readiness is a prerequisite for value realization. No AI initiative should move toward production until the underlying data is accessible, governed, enriched, and trusted.



Modernize Workflows, Not Only Systems

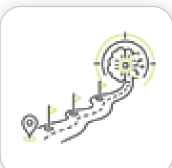
Technology replacement without workflow redesign often increases complexity instead of reducing it.

Transformation success should be measured by business capability unlocked rather than systems migrated.

Build Governance Before Models Go Live

Regulators increasingly hold organizations accountable for algorithmic outcomes regardless of vendor involvement.

Organizations with mature governance frameworks deploy AI faster, scale more confidently, and reduce regulatory exposure.



Treat Agentic AI as a Destination

Autonomous underwriting and intelligent decisioning offer significant potential, but they should be viewed as the outcome of a successful transformation journey rather than its starting point. Without trusted data, redesigned workflows, and embedded governance, even the most advanced AI solutions are unlikely to scale or deliver sustained business value.

The Agenda Isn't Complicated. It Is Unforgiving of the Wrong Order.

The formula for sustainable advantage is becoming increasingly clear: trusted data, modernized operations, embedded governance, and technology deployed against clearly defined business outcomes.

The carriers that outperform over the next cycle will not necessarily be those with the most ambitious AI strategies. They will be the organizations that built strong foundations, modernized core capabilities, and deployed intelligence where it can create measurable business value.

The question for insurance leaders is no longer whether to invest in transformation. It is whether each investment is creating the conditions for the next.

Author:

Gazal Gupta
Principal consultant - Insurance Practice

About ITC Infotech

ITC Infotech is a leading global technology services and solutions provider, led by Business and Technology Consulting. ITC Infotech provides business-friendly solutions to help clients succeed and be future-ready, by seamlessly bringing together digital expertise, strong industry specific alliances and the unique ability to leverage deep domain expertise from ITC Group businesses. The company provides technology solutions and services to enterprises across industries such as Banking & Financial Services, Healthcare, Manufacturing, Consumer Goods, Travel and Hospitality, through a combination of traditional and newer business models, as a long-term sustainable partner.

ITC Infotech is a wholly owned subsidiary of ITC Ltd. ITC is one of India’s leading private sector companies and a diversified conglomerate with businesses spanning Consumer Goods, Hotels, Paperboards and Packaging, Agri Business and Information Technology.

For more information, please visit: http://www.itcinfotech.com/

Follow us on: