



Create super humans with agentic AI

AI agents are transforming the financial services industry, enhancing human strengths and delivering incredible value. Insurers must now follow this lead or risk being left behind.

Early fears that AI would lead to the mass replacement of human roles have proven to be wide of the mark.

Rather than replacing the human workforce, companies are realising the benefits of augmenting and enhancing traditional roles with advanced, intelligent technologies.

This is not a technological revolution but a cultural evolution.

Now is the time to assess how AI can amplify your human capabilities, opening up new revenue streams, increasing efficiency and supporting all manner of job roles, from the back office to sales, marketing and customer experience.

This whitepaper explores how to take gen AI from novelty pilot projects to a powerful tool that can empower your people and your processes every day.

Find out how we're empowering the insurance industry with AI.

\$1 trillion

**Generative AI
could inject up to
\$1 trillion (£800 billion)
in additional annual
value into the US
economy by 2032***

1. The human element: evolution – not extinction

Before exploring how AI will transform insurance operations, it's crucial to understand what this means for the industry's most valuable asset: its people. The first insurers to successfully embrace AI are empowering their employees to be redeployed into more strategic, creative and revenue generating roles.

By automating back-office operations, organisations can redeploy staff to customer-facing positions, reopening high street branches and providing the personalised service that customers increasingly value. This isn't about replacement. It's about enabling humans to focus on what they do best: building relationships, handling complex cases, and providing empathetic support when customers need it most.

By integrating AI into workflows, organisations can ensure that automation enhances customer interactions as well as reducing costs. AI should be a co-pilot, not a replacement for human expertise.

90%

While our research suggests 90% of jobs will be impacted by AI by 2032, this transformation creates as many opportunities as challenges.*

The transition requires careful management and new skill combinations. While technical literacy becomes increasingly essential, deep insurance expertise remains invaluable. The most successful employees will be those who can bridge the gap between traditional insurance operations and AI capabilities, becoming the architects of future insurance services rather than processors of routine transactions.

Cultural transformation proves equally crucial. Forward-thinking organisations are developing cultures where humans and AI systems work collaboratively, each focusing on their strengths. This requires leadership that understands both the potential and limitations of AI technology.

The successful insurance organisation of tomorrow will be neither fully automated nor traditionally staffed. Instead, it will feature a carefully designed blend of AI systems and human skill.



2. The AI-first insurance organisation



It's another bustling Monday morning for QuantumCover Insurance.

While its central office hums with AI systems orchestrating core operations, the organisation's branches across the UK are filled with insurance professionals doing what they do best: providing personal service and expert guidance to customers.



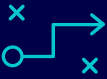
OpsAI, the company's operational brain, manages tasks that once consumed hundreds of staff hours.

This automation hasn't eliminated jobs. It's freed skilled professionals to focus on complex cases and customer relationships.



The AI-powered claims system, AdjusterAI, receives an alert that a customer, Ella, has uploaded a photo of her car after a minor accident.

It instantly reviews the image, cross-references it with accident databases, and calculates the repair costs using real-time market data.



Ella's claim is approved within three minutes, and the funds are transferred to her account.

This system executes similar tasks throughout the week – day and night – for thousands of other customers.



BrokerBot, an AI sales assistant, identifies lapsed policies from rival insurers and sends personalised recommendations to potential clients.

Tailored marketing emails are crafted, tested, and deployed automatically.



CompliAI, the governance system, ensures every decision aligns with global regulations.

It detects a new EU directive on cyber insurance and updates all policies within a minute – a task that may once have taken weeks.



AnomalAi, the fraud detection tools, has flagged a suspicious claim. Discrepancies in the metadata of documents uploaded regarding a fire-damaged property suggest tampering.

It automatically forwards the case to legal enforcement while rejecting the claim.



The AI HR system, TalentSync, handles internal operations.

It schedules maintenance for servers, ensures all software licences are renewed, and even sends morale-boosting messages to the human team, which now consists of skilled AI auditors and strategists.



By midday, QuantumCover has processed hundreds of claims, updated scores of policies, and signed dozens of new customers.

This fully reimagined insurance ecosystem highlights how AI has enhanced augmented traditional roles, eliminated inefficiencies and enhanced every corner of the business.

For insurance company CEOs, this transformation represents a competitive edge and a fundamental shift in how their goals are realised and their organisation is managed.

More than that, it is an opportunity to rethink the way they serve customers and deploy human talent.

3. The economic imperative: the business case for AI-first insurance

As Cognizant's New Work, New World study shows, gen AI alone could inject up to \$1 trillion in additional annual value into the US economy by 2032. For the EMEA insurance market, where operating costs typically exceed those in other regions by 12–15%, this represents an unprecedented opportunity to reinvent both operations and customer service.



Consider a typical European insurance operation today:

1

A workforce of 500 people handles claims processing, underwriting, and customer service, costing approximately £25 million annually in salaries alone.

2

Add benefits, office space, training, and other overheads, and the total rises to £40 million. This cost base increases yearly with inflation while performance remains constrained by human limitations.

Now consider an AI-powered model:

3

Implementation costs for AI solutions start at around £80,000 and can go up to a few million, but the business will likely recover these costs within 12 months.¹ Operating costs then stabilise at roughly 20% of human-operated systems while performance continuously improves.

4

Processing times reduce from days to minutes, while customer response rates improve by orders of magnitude. Policy documentation errors are nearly eliminated, and compliance violations are reduced to negligible levels.

The most compelling economic argument for AI agents is their ability to scale at pace in comparison with traditional hiring models.

With an ageing workforce in many developed markets and increasing difficulty in attracting new talent to traditional insurance roles, AI also offers a solution that both augments existing staff capabilities and creates new opportunities for career development.

The opportunity is clear: by thoughtfully deploying AI agents for routine operations, organisations can create capacity for human employees to focus on work that truly requires their unique skills, judgement, and empathy.

Cloud-based AI solutions such as Microsoft Azure OpenAI Service allow insurers to scale securely and cost-effectively – reducing operational costs and improving resilience, decision-making and risk management.

4. Cognizant's vision and experience: leading the AI-first transformation

As the insurance industry grapples with this transformative shift, Cognizant has emerged as a pioneering force in developing and implementing AI-first operations across EMEA. Our vision extends beyond simple automation. We're architecting complete AI agent ecosystems that fundamentally reimagine the insurance industry.

We've observed a clear pattern: the most successful transformations begin with small, focused implementations that quickly demonstrate value.

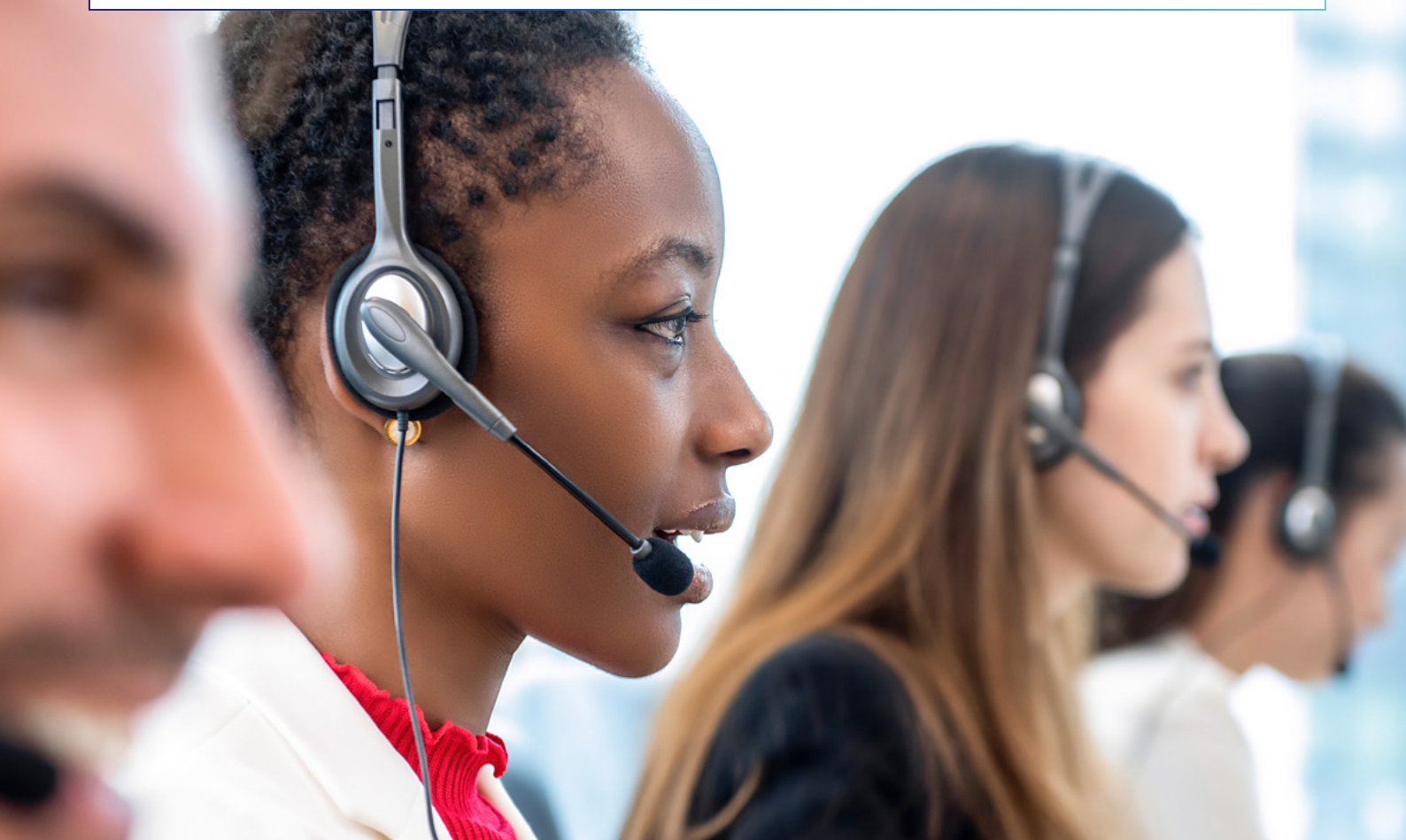
Once an integrated AI framework is in place, following a successful pilot, we consistently see dramatic reductions in processing times and substantial decreases in operational costs within the first year of implementation.

AI agents are already transforming even the most complex insurance operations. Automated underwriting systems are increasingly handling straightforward risks, freeing human underwriters to focus on complex, high-value decisions.

Modern AI solutions have also turned compliance into a strength, monitoring global insurance regulations in real time and automatically updating policies and procedures.

Our research and development teams are creating next generation AI systems that anticipate and respond to emerging risks before they materialise, adapt insurance products at speed based on market conditions, and autonomously manage complex claims involving multiple parties and jurisdictions.

By partnering with Microsoft to leverage its secure, scalable infrastructure necessary for AI-driven insurance operations, we can enhance your predictive modelling, risk assessment, and fraud detection capabilities.



5. Implementation framework: building the AI-first insurance organisation

The transition to AI-first operations demands a structured approach.

This adoption won't happen uniformly or overnight – our research shows it will follow a similar s-curve as other technological advances: a gradual rise, followed by a dramatic spike, leading to a plateau where the technology becomes refined and pervasive.

Implementing AI at scale requires a robust digital foundation. Microsoft's cloud solutions provide insurers with the flexibility and security needed to integrate AI responsibly. Tools like Fabric streamline data governance and interoperability, ensuring AI systems operate on high-quality, trusted data.



2023–2026: Early Adoption Phase

This initial phase is characterised by experimentation and cautious implementation. Our research shows that while only 13% of businesses will leverage the technology in this timeframe, these early years are critical.

Organisations must use this period to evaluate their readiness across several dimensions:

Technology infrastructure

Beyond technical capabilities, organisations must assess their data quality and accessibility. According to our research, clean, accessible data is fundamental to AI operations – without it, even the most sophisticated AI systems will fail to deliver value.

Governance and risk management

Traditional frameworks designed for human decision-making prove insufficient for AI operations. Organisations must develop new structures that can oversee AI systems while maintaining control over critical decisions. This is particularly important in insurance, where decisions carry significant financial and regulatory implications.

2026–2030: Confident Adoption Phase

During this period, our research indicates adoption will leap from 13% to 31% in just four years. This acceleration occurs as regulatory clarity improves and organisations better understand how AI resolves business challenges.

The regulatory environment, currently fragmented, will come into clearer focus during this phase. Meanwhile, gen AI will move beyond task automation to become a core component of business transformation strategies.

2030–2032: Advanced Integration Phase

By this stage, nearly half of businesses will have embraced comprehensive AI integration. This represents a fundamental shift in how insurance operations are conducted. Organisations that have built strong foundations in the earlier phases will be positioned to leverage AI for increasingly sophisticated decision-making.

6. Looking ahead and key questions: the future of insurance operations

As insurers move toward AI-first operations, partnering with technology providers that prioritise security, compliance, and ethical AI will be essential. Commitment to responsible AI ensures that insurers can deploy these technologies with confidence, driving innovation while safeguarding customer trust.

Insurance executives must grapple with several critical questions:



When did your organisation last evaluate a role without questioning whether an AI agent could enhance its capabilities?

This reveals the gap between current hiring practices and future operational needs.



How long can your cost base remain competitive while your rivals deploy AI agents?

Traditional operating models become increasingly unsustainable as AI-enabled competitors gain compound advantages.



What's your strategy for retaining top talent when their roles shift from execution to oversight?

Traditional career paths and compensation models become obsolete as roles evolve from doing the work to training and supervising AI agents. This requires a fundamental rethinking of talent retention strategies.



Will you lead this transformation publicly or maintain quiet leadership?

While some organisations openly embrace AI-first operations, others are transitioning behind closed doors. This strategic choice impacts market perception and your ability to attract the right talent and partners for the journey ahead.



Are your governance and risk frameworks ready for an AI-driven workforce?

Traditional models need a fundamental redesign to oversee AI-first operations effectively.



Why us?

Cognizant is an extension of your team. We are a leading provider of AI transformation services, and we understand that sustained growth demands continual innovation.

To better support businesses, the Cognizant and Microsoft partnership offers fully fledged frameworks to help get things done – from launching AI projects to embedding larger, full-scale systems. Together, we've built frameworks and solutions to ensure that businesses like yours get the most out of AI.

1

Taking care of your people

We'll help uncover opportunities to enhance your human roles with AI.

2

Making methodical moves

Our teams will work with you to launch pilot initiatives, implement an integrated AI agent framework and scale use cases throughout your business.

3

Creating a culture of innovation

Use our experience to nurture an open culture of AI enhancement with humans and technology working together as one.

4

Putting your gains to good use

Together, we'll help you further integrate agentic AI to benefit your employees, customers and communities.

If you're ready to take the next step into AI reality, or want to talk through its many possibilities, get in touch with the experts at ukinsights@cognizant.com.

These insights have been brought to you by our industry experts at Cognizant and Microsoft:

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*<https://www.cognizant.com/us/en/gen-ai-economic-model-oxford-economics>

