

The Role of AI in Business Operations



AI in Business Operations: Q&A with James Wright, Beazley Digital

In conversation with Paolo Cuomo, Executive Director at Gallagher Re



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James Wright is Head of Technology at Beazley Digital, a division of the FTSE 100 insurer. He has spent some 20 years in the tech space within insurance, starting at Aviva in the early 2000s and moving to Beazley in 2004. During this time he has had diverse experience, ranging from core infrastructure to leading London Market platforms. In 2012 he moved to lead the company’s technology strategy and organization in the USA, which gave him experience in higher volume non-Lloyd’s business and broker distribution. Since 2021 he has been back in the UK, and focused on the digital capabilities required to support and grow SME business through a new business unit, Beazley Digital. Here, he shares his insights into the use of AI within insurers’ core business operations, and into Beazley’s activities in this area.



At a high-level, the label of AI seems to be part of pretty much every conversation being had in the market right now. As far as it relates to tangible ROI and realistic use of the various AI technologies, where do you see there being the greatest opportunity?

Let's talk more specifically about Large Language Models here, and how we are thinking about best leveraging them in the SME insurnace space. When talking to colleagues and clients, we tend to describe this domain of AI as falling into three core areas:

- 1. Assisting in finding the risk data** — The rapid ingestion, interpretation and triaging at scale of unstructured data, sent to us primarily in the quoting and claims process.
- 2. Assisting in improving the quality of the risk data** — Augmenting the quality of the data we have, whether by enhancing with third-party data or simply improved error checking.
- 3. Personal efficiency** — using products like Microsoft co-pilot for research, improving your presentations, looking for data trends or anomalies, summarizing email etc.

The arrival of AI at scale has also coincided with improvement in the ecosystem of data providers, with more companies, better understanding of what carriers need, and more effective (cheaper and faster) ways to integrate.

We are also seeing that the “generic” LLM tools (such as Google's Gemini) are getting increasingly good at interpreting insurance documentation — without the extensive training that was required just a few years back. For example, new coverage forms run through Gemini, without any additional training, are already giving high 80% accuracy.

Of course we're still some way off trusting the AI to get it all right, so we see it as “augmenting” what traditional rule-based tools do, and constantly ensuring there is a “human in the loop”. One example would be our use of R6 in the US to give us a confidence score around the business activity of a small business (checking they are not misrepresenting themselves intentionally or accidentally, and potentially impacting the price of cover).

I also have a phrase to help people understand the potential scale and scope of well-used AI — namely “Everyone gets an intern”. What I mean here is that so many of the tasks we do — research, information checking, restructuring emails or documents, can all be very effectively supported by careful use of a tool like Co-Pilot. Even if we're some way off AI making important decisions for us, we're definitely at the point that it can help all of us save time.

Do you think that AI as a label will replace ‘InsurTech’, given that so much of the focus has turned to AI? And to that end, do you think we will see a surge in AI investments akin to what we saw into InsurTech circa 2021?

We've probably reached a point to move beyond the label of ‘InsurTech’. That said, I don't think “AI” is the replacement. I think what makes “InsurTech” less relevant as a phrase is the progress made by carriers, brokers and service providers in technology generally.

Fifteen years ago there were relatively few technology suppliers focusing on insurance. Similarly, there were just about no tech-start ups trying to take specific elements of the value chain.

That has all changed. Now we have a broad range of organizations that can help solve problems involving the use of technology. Many are working together in symbiotic ways and it's hard to even articulate what an “InsurTech” company is. What we can say is that all this technology expertise gives phenomenal opportunities for carriers to embrace better use of data, more streamlined processes, and more customer-centric ways of working.

What we must avoid is using the term AI so broadly that we confuse ourselves. The underlying technology (and use cases) around algorithmic underwriting and Large Language Models are fundamentally different. Bunching all this together is at best unhelpful and at worse thoroughly confusing for executives and boards.

On balance, do you think our industry has done a good job embracing technology, both working with outside vendors and also creating internal development efforts?

Let's start with an important truism: Digital transformation is hard. As an industry we see excellent examples of “siloeed tech innovation” and have the capabilities to repeatedly deliver that. We see far less broad-brush modernization.

Everyone underestimates the complexity of digital transformation, and with so few successful examples we see people who have achieved the siloeed tech innovation being put into situations where they fail. When we try and take experts from outside insurance who have done successful digital transformation, the insurance idiosyncrasies will often trip them up. Not because we are fundamentally more complex than other industries, but because we lack the true-north of “why” we should do it. Consumer-facing industries that have high-frequency client interactions — ranging from supermarket shopping, food delivery firms, and airlines to video streaming, gambling and photography — have all had to adapt if they want to survive in a digital world. This existential risk is missing for most insurance firms, thus impacting the clarity of the “why”.

At Beazley Digital, how are you viewing the AI opportunity?

An obvious first answer is that this creates a growing insurance opportunity. One of our key products is Tech E&O and Cyber, so the way that companies use AI is now a key aspect of the risks they face and potentially want to transfer via insurance.

Secondly, we see it as a core way of improving customer service. In the SME space, speed is a key differentiator and AI allows the delivery of high-volume business backed by specialists' expertise. This is pure benefit to SMEs and brokers.

It's worth noting that we are not seeing it primarily as a cost-reduction opportunity. It does undoubtedly reduce the cost of certain activities but it also allows those activities to be done better, and that enhanced better/faster service coupled with growth is typically our focus.

The question of Digital Follow is also a major one but that deserves a far longer discussion.

Beazley is considered to be an insurer that has historically boasted a lot of underwriting and pricing expertise and precision, derived from human beings — do you see AI as a threat to that or an opportunity?

Absolutely an opportunity. We consider AI very much to be a “force multiplier” applied to what we are good at — in this case accurate, thoughtful underwriting, driven by a blend of data and analytics with human experience and judgement. While the question of what AI is capable of in 10 or 20 years is profound and highly interesting, it is not relevant for what we are doing right now. And right now we are differentiated by our human-led underwriting and pricing expertise. AI will allow us to be even better.

The term “Digital Sherpa” reflects our actions, which are maximizing the time that our experts spend doing the things that really matter, with the AI preparing, streamlining and triaging. And yes, AI, with its ability to review all the data in the business and beyond, will sometimes challenge decisions and suggest other data points to consider. But still in a human-centric model.

There is increasing talk about “AI and Ethics”. How relevant is that in these early days of AI?

Definitely highly relevant. I'm not sure many of us are in a position to even define what we mean by the term, but I and many of my peers are very clear on the need for strong “AI governance”. This is a structure to ensure tools are being used for the right reasons in the right ways with the right checks and balances in place. This is particularly important when it comes to risk selection and pricing; maybe less so when it comes to efficiency activities in back-office operations. Although, even in tasks as apparently mundane as data cleansing, I believe it is critical to have humans involved.

There is no single approach yet to AI governance but it is reassuring to hear about the extensive work being undertaken in this space.

What are you most excited about when you think about the next 10 years?

Two thoughts here. One is the clichéd but absolutely true point that we overestimate the short-term impact of technology and underestimate what it will do in the medium-term. I won't let myself be caught in the trap of predicting such a fast-moving world, but I am definitely excited I'm going to be on board for the ride.

I do also want to confirm that I believe AI-driven change is genuinely going to be a big deal. Undoubtedly, come 2034, AI will be well embedded in working practices. This is not a flash-in-the-pan technology or something super-niche — i.e., it's not blockchain or NFTs. I see the way AI will impact our lives being more like the arrival of the internet or the commercialization of smartphones.

Where do you think Beazley can make the most of the opportunity?

A brief answer as we head to the end. We are ensuring we get the right skills, talents, capabilities, and mindsets. There is today a talent crunch, so those who can attract, retain and retrain talent will be in a strong position.

This technology is coming, whether we like it or not. We don't need to pull it in. Rather we need to ensure our leaders are people who have access to the teams that can make the most of the tech.

And, for avoidance of doubt, I don't think AI-enabled start-ups will be pushing established insurers off their perch any time soon. If executives are looking around for whom to fear, it is their incumbent competitors who will best use all these new tech-enabled capabilities.

Finally, do you have any advice for any start-up founder or team, or anyone coming into our industry?

A great question. To me it's a simple answer, though I am constantly seeing start-ups who struggle with this: Really understand a pain point and keep your focus narrow. There are many, many problems that need fixing in insurance. Each one is an opportunity for a smart start-up team, but if you try and solve too many you have two main risks: your team gets too stretched and your potential clients don't quite understand why you're there.

Focus on being excellent in solving one problem and being a trusted partner in that space. Get that right and (assuming you pick an appropriate problem!) success should follow.

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