KPMG

Unlocking AI value in insurance



A leader's guide to AI-enabled transformation

Executive Summary

Introduction

Insurers are moving fast on AI. Everyone is trying to set up pilots, scale use cases, and build agents. Significant investments (and big announcements) are being made. And incremental gains are being achieved. Yet few insurers seem to be translating all that activity into real transformational ambition and outcomes.

Opportunity is everywhere, and the marketplace is evolving quickly. Fast-moving competitors are already using AI to disrupt the competitive landscape and develop new differentiators and advantages. They are responding to pressure from policyholders and brokers to make their lives easier, to speed up their routine interactions, and to bring them new ideas and insights based on their unique situations. They recognize that new competitors could rapidly disintermediate them from key interactions if they don't move quickly to respond.

In this environment, transformation is a necessity. Yet the path from investment and action to real transformation is not being successfully managed by most insurance executives.

Written for C-suite executives and senior decision makers responsible for helping their insurance organizations thrive in the future, this report draws on a recent survey of insurance leaders across 20 countries. Leveraging KPMG firms' unique insight based on the firm's access to insurance decision-makers around the world, we set out to answer a simple question: How can insurers use AI to truly transform their organizations?

This report will help provide you with:

- A framework to help you envision investments and what is needed across the three horizons of AI-enabled transformation.
- A vision for keeping your customers at the core.
- A sequenced roadmap to go from customer journeys, process and data all the way to KPIs.
- A clear approach for moving from ambition to action.

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Embracing the opportunity (1/2)

44% believe they're in the top 25 percent of insurance AI leaders

77% say failing to respond to AI will undermine their competitiveness within five years[1]

[1] Unlocking AI value in insurance. A leader's guide to AI-enabled transformation, KPMG International, September 2026.

A notable confidence gap is emerging. Nearly half of insurers believe they are among the industry's AI leaders, despite widespread recognition that transformation is still in its early stages across the sector. The findings suggest many organizations may be benchmarking themselves against traditional peers rather than against the broader pace of AI-driven change occurring both within and beyond insurance.

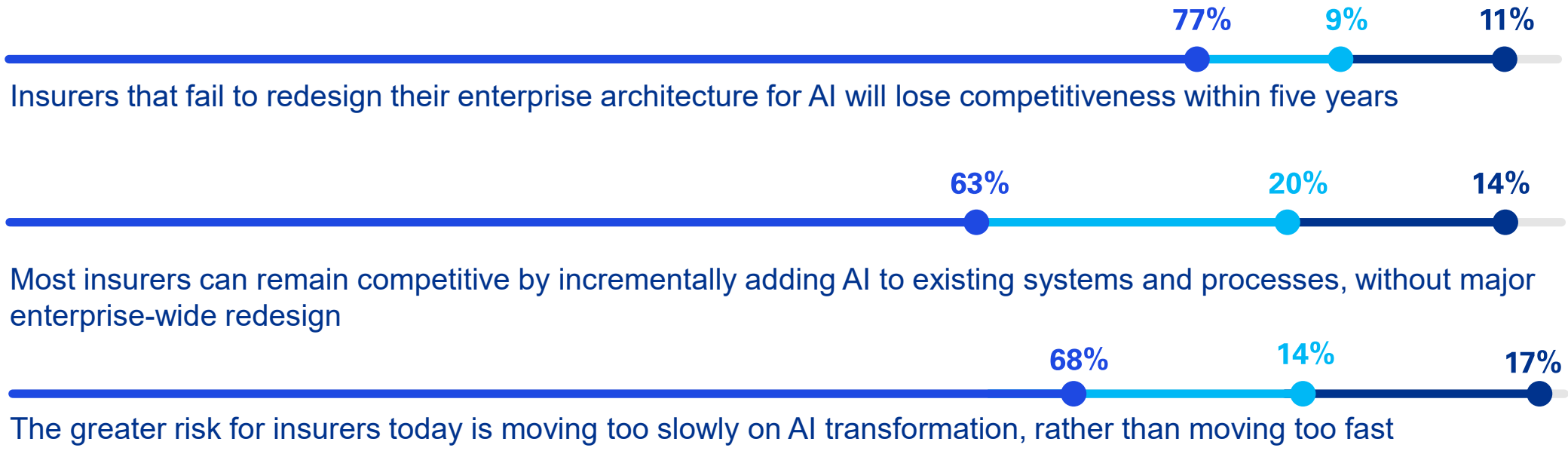
More than three-quarters believe failure to respond to AI will likely undermine competitiveness, and most agree that the greater risk is moving too slowly rather than moving too fast. However, they remain divided on the depth of transformation required. While many believe insurers can remain competitive by incrementally embedding AI into existing systems and processes, others recognize that sustainable advantage may require more fundamental changes to business models, operating structures, and sources of value creation.

The real opportunity is not simply adopting AI faster than competitors but using AI to rethink how insurance creates value. The organizations that emerge as leaders are likely to be those that move beyond protecting existing business models and instead use AI to reimagine products, customer relationships, decision-making, and competitive positioning in a rapidly evolving market.

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Embracing the opportunity (2/2)

Insurers recognize the urgency of transformation, but are divided on depth of transformation



Base: 35
Q19. To what extent do you agree or disagree with the following statements about AI and competitiveness in the insurance industry?
Source: Unlocking AI value in insurance. A leader's guide to AI-enabled transformation, KPMG International, September 2026

Reflection question: Where could AI help us create new sources of value for customers, distributors, partners, or employees beyond improving efficiency?

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Taking leaps, not strides (1/2)

71% use AI mainly for content generation or automating routine tasks

50% of AI budget goes to operational and back-office efficiency, versus just 5–10 percent to new products or revenue-generating opportunities[2]

[2] Unlocking AI value in insurance. A leader's guide to AI-enabled transformation, KPMG International, September 2026.

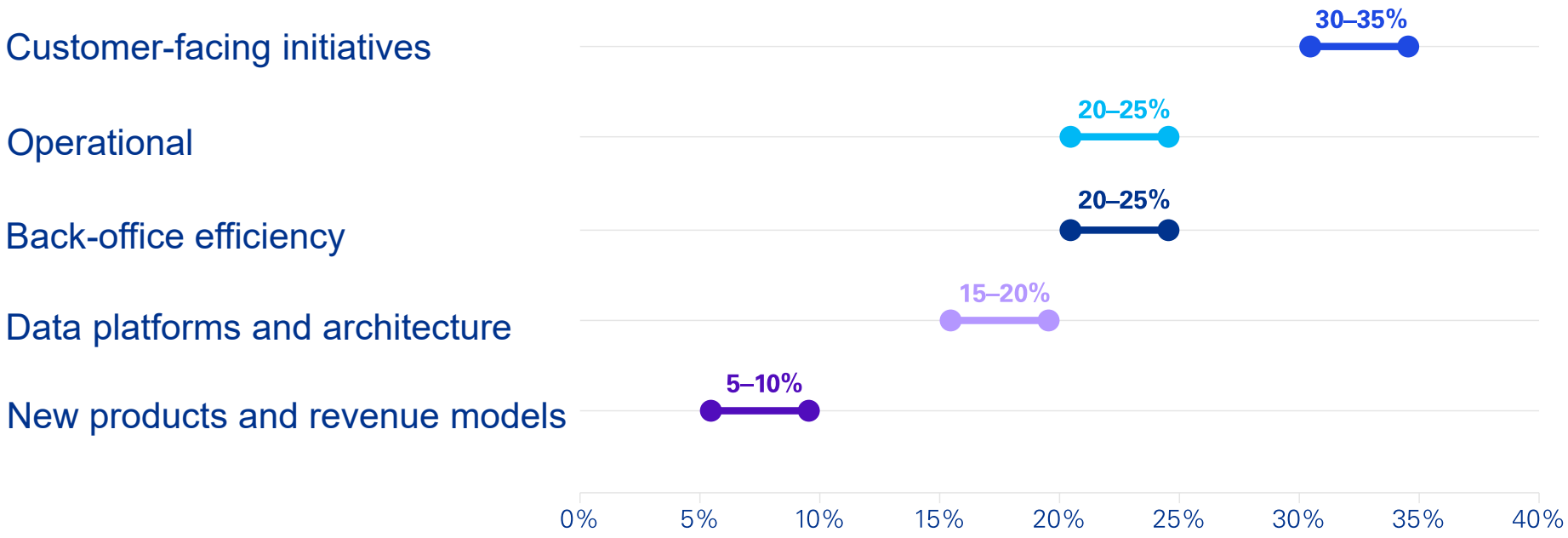
Despite widespread investment and enthusiasm, most insurers remain in the early stages of AI-enabled transformation. AI adoption is accelerating across core functions, particularly claims and distribution, but progress is largely concentrated on incremental improvements rather than business redesign. Most organizations continue to use AI for content generation, automation, and decision support, with relatively few applying AI to reimagine end-to-end processes or create new operating models.

The research highlights a growing gap between AI activity and business value. Seventy-one percent of insurers primarily use AI for routine tasks and content generation, while nearly half of AI investment is directed toward operational and back-office efficiency. By comparison, only a small portion of investment is focused on new products, revenue generation, or business model innovation. As a result, many insurers are improving productivity but not yet achieving the transformational outcomes needed to compete in an AI-enabled future.

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Taking leaps, not strides (2/2)

Transformation focus skews on efficiency over innovation



Base: 36
Q10. To the best of your knowledge, how is AI investment currently distributed across the following areas.
Source: Unlocking AI value in insurance. A leader's guide to AI-enabled transformation, KPMG International, September 2026

A central challenge is that adoption is outpacing redesign. While insurers report progress embedding AI into day-to-day workflows, very few are fundamentally redesigning functions such as claims, underwriting, or policy servicing. The next phase of AI transformation will likely require insurers to move beyond isolated use cases and efficiency gains toward reimagining how the business creates value for customers.

Reflection question: How are our transformation initiatives creating value? Where may it create complexity?

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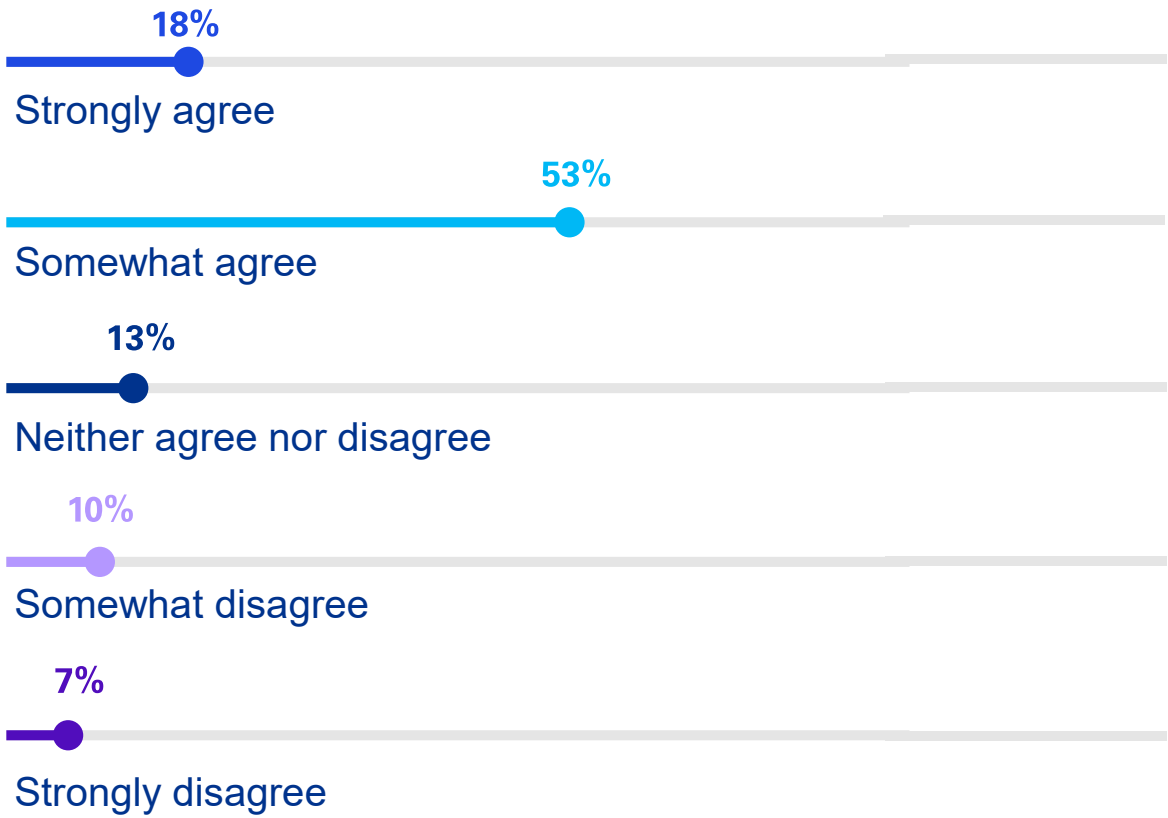
Avoiding the stumbling blocks (1/5)

The research suggests that technology is rarely the primary barrier. Instead, transformation efforts are often constrained by weaknesses in five interconnected areas: vision, measurement, data, workforce readiness, and accountability. Together, these factors help explain why insurers are seeing adoption progress without achieving meaningful enterprise-wide transformation.

18 % have a clear view of how AI will enable their strategy and vision with leadership aligned on execution

The research suggests that technology is rarely the primary barrier. Instead, transformation efforts are often constrained by weaknesses in five interconnected areas: vision, measurement, data, workforce readiness, and accountability. Together, these factors help explain why insurers are seeing adoption progress without achieving meaningful enterprise-wide transformation.

AI vision is not always aligned across the organization

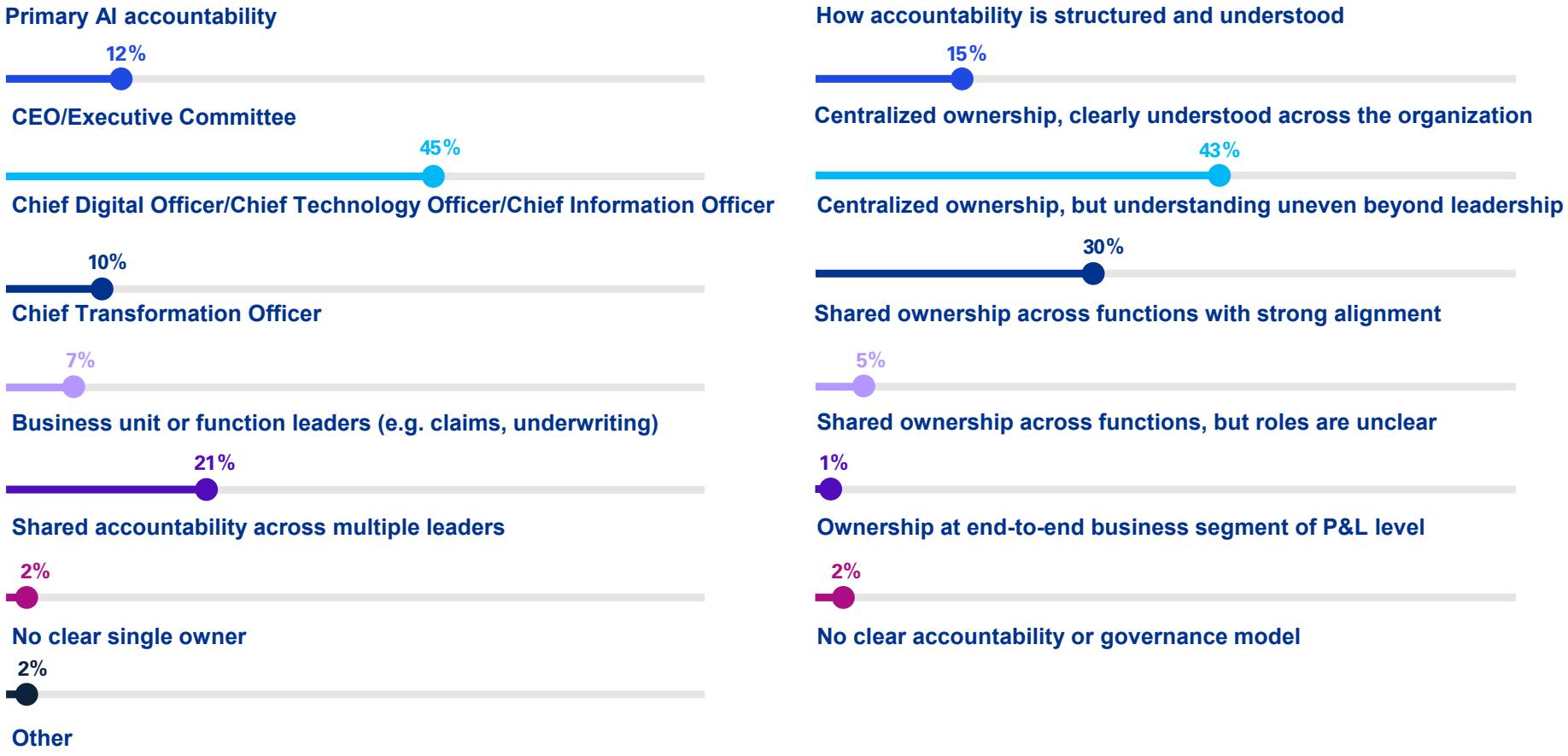


Base: 41
Q4a. To what extent do you agree or disagree with the following statement about your organization's approach to AI? Our organization has a clear AI strategy and vision, with leadership aligned on how to execute against it.
Source: Unlocking AI value in insurance. A leader's guide to AI-enabled transformation, KPMG International, September 2026

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Avoiding the stumbling blocks (2/5)

Ownership and accountability for AI transformation



Base: 42
Q2. Who has primary accountability for AI transformation within your organization?
Source: Global Insurance Survey Report, KPMG International, September 2026

Base: 40
Q3. Which of the following best describes how accountability for AI is structured and understood in your organization?
Source: Global Insurance Survey Report, KPMG International, September 2026

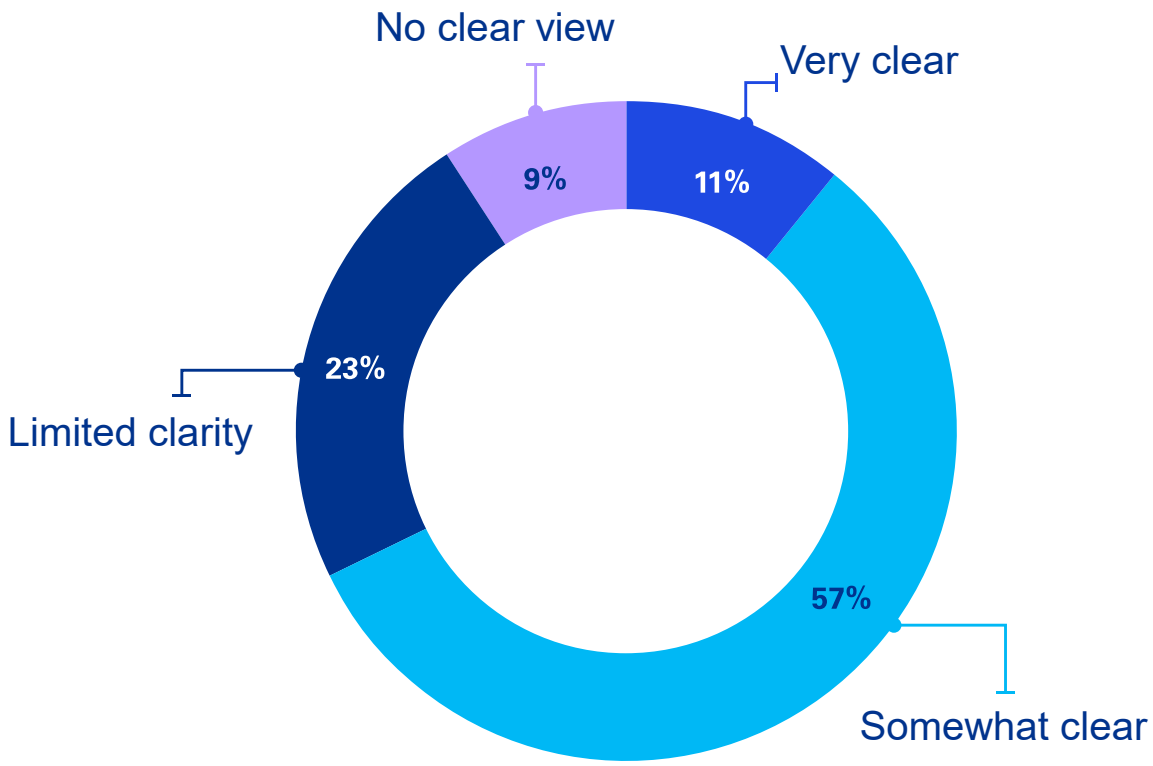
Accountability: 45 percent of insurers place AI ownership with the technology function alone

In many organizations, ownership of AI sits primarily within technology functions, while governance, strategic planning, and business accountability remain fragmented. The findings suggest that insurers are more likely to succeed when AI is treated as a business transformation agenda rather than a technology initiative alone.

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Avoiding the stumbling blocks (3/5)

Clarity on AI return on investment remains limited



Base: 35
Q16. How clear is your organization today on the ROI of AI use cases in core insurance functions?
Source: Global Insurance Survey Report, KPMG International, September 2026

Measurement: 11 percent describe their view of AI's return on investment as very clear

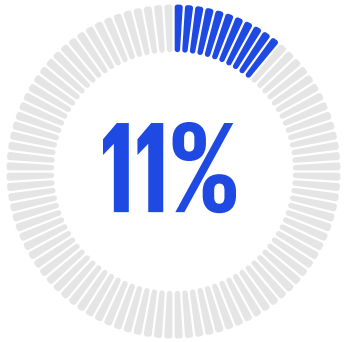
Insurers are still developing their ability to define, track, and communicate the value created by AI. Success is frequently measured through activity metrics such as adoption, pilots, or productivity improvements rather than business outcomes such as growth, customer impact, or financial performance. As a result, organizations often struggle to prioritize investments and demonstrate return on investment with confidence.

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Avoiding the stumbling blocks (4/5)

Data readiness
11 percent claim a strong data foundation and governance

Few insurers believe they have the strong data foundations, governance, and architecture needed to support AI at scale. While most recognize the importance of data, many continue to face challenges related to fragmented systems, inconsistent quality, and legacy infrastructure that limit the effectiveness of AI initiatives.



Ready
strong data foundation & governance

Integration achieved, clear ownership, scalable architecture



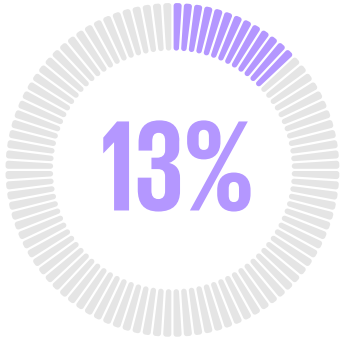
Moderately ready
Core domains usable with targeted remediation

Core systems functional but require ongoing data cleansing and integration work



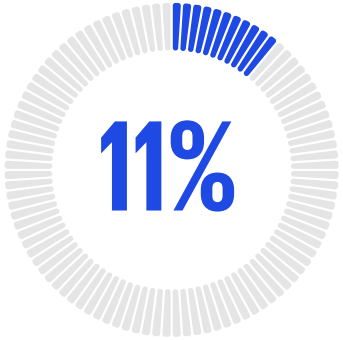
Partially ready
Some domains usable, major gaps remain

Core systems functional but require ongoing data cleansing and integration work



Not ready
Fragmented data, low quality, unclear ownership

Core systems functional but require ongoing data cleansing and integration work



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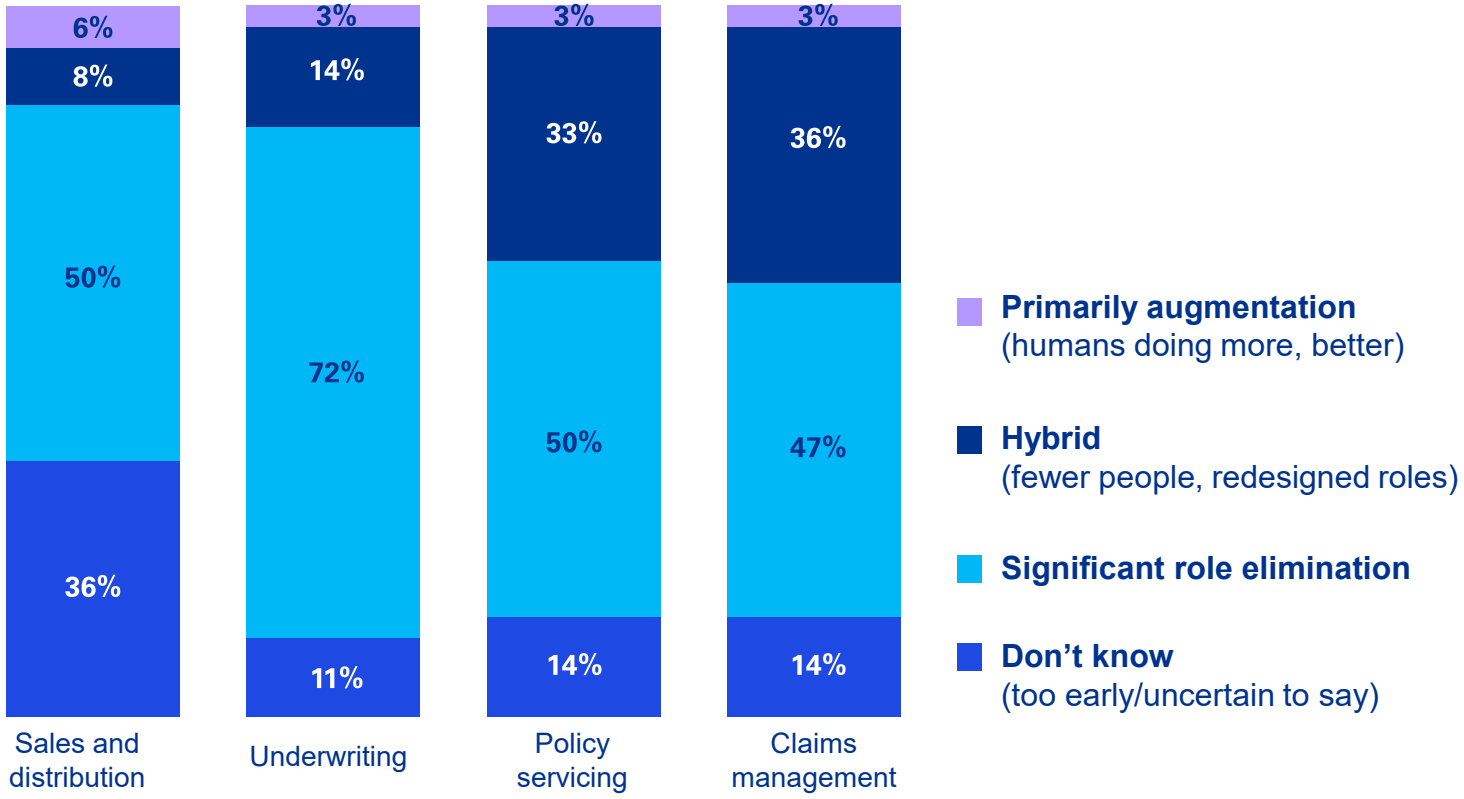
Avoiding the stumbling blocks (5/5)

Workforce transformation: 8 percent rate their workforce as highly proficient with AI tools

Organizations also face a workforce gap. Insurers generally expect AI to augment work and reshape roles across underwriting, claims, policy servicing, and distribution, yet only a small proportion view their workforce as highly proficient with AI tools. Training and upskilling efforts have not yet translated into the capabilities needed to support long-term transformation.

Reflection question: Would every function leader describe our AI vision the same way our executive team does?

Expected workforce impact of AI, by function

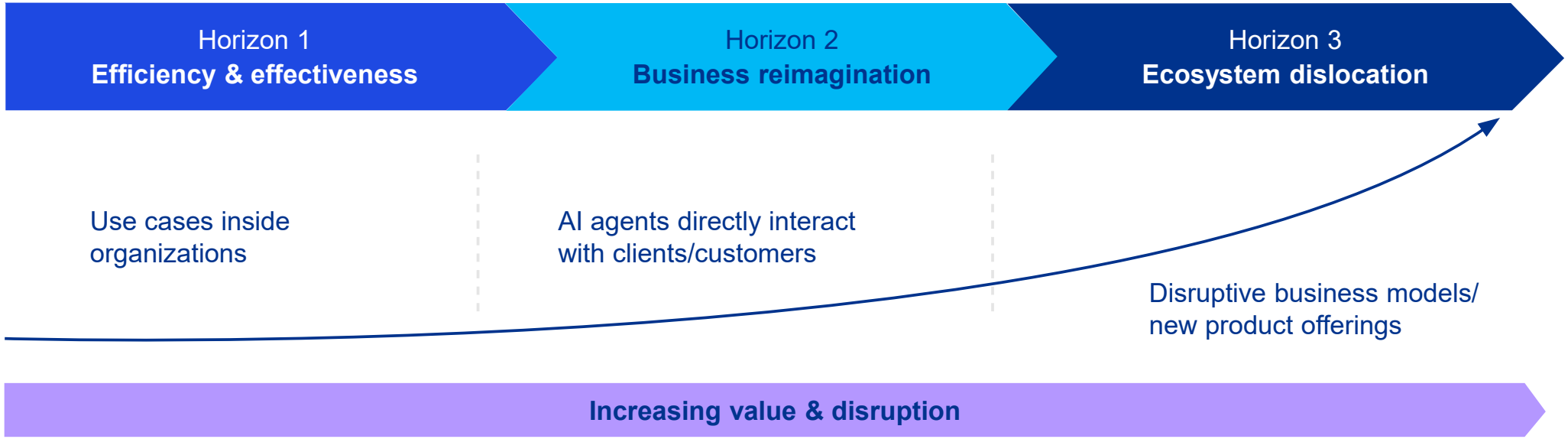


Base: 36
Q14. By 2029, how do you expect AI to affect the size and shape of the workforce in these functions?
Source: Global Insurance Survey Report, KPMG International, September 2026

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Frameworks for the path forward

Three horizons of AI-enabled transformation



Source: KPMG International, 2026

Reflection question: Which horizon best describes where most of our current AI activity sits?

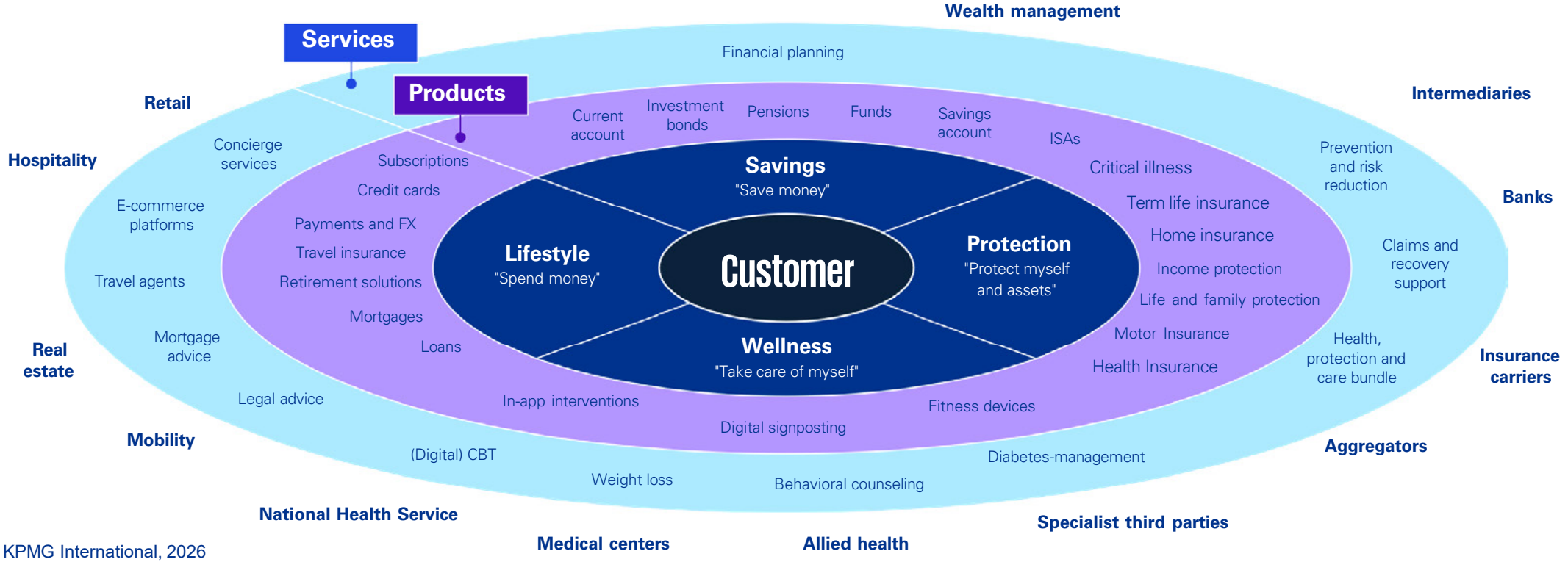
Keeping customers at the core

Central to this transformation is a focus on the customer. Insurers should begin with customer journeys, identify where experiences create friction, and redesign processes around human needs. AI should make routine, administrative interactions invisible, while preserving human engagement in moments that matter most. The organizations that create the greatest value will likely be those that intentionally choose where AI enhances customer experience and where human engagement remains essential.

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Frameworks for the path forward

Insurance in the context of the customer's everyday life



Source: KPMG International, 2026

To translate vision into action, insurers should work backwards from customer journeys to process design, data readiness, AI opportunities, technology enablement, governance, and outcome-based measurement to transform the insurance value chain.

Reflection question: Have we mapped which customer moments should be automated, and which should stay human, product by product?

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Frameworks for the path forward

From journeys to KPIs

Vision alone will not likely close the gap between ambition and outcome. What closes it is a smarter, more structured approach to implementation, one that starts with the customer or broker journey and works backward into the business, rather than starting with technology and working forward.

Progressing from customer journeys to enterprise KPIs

		Current insurance value chain Understanding the customer, client, and broker journey end to end						
	Customer journeys & detailed process architecture	Product & service development	Marketing	Sales & distribution	Underwriting	Policy administration	Claims management	Support functions
Critical to design the business through these layers	Data architecture	• Organizations need to understand the data fields needed to service clients and the data to use to expand their value proposition • Data readiness and quality can power reliable AI outputs • Alongside prioritizing investment theme initiatives in the strategic plans will progress key next steps to define and mobilize delivering enterprise-wide capabilities across the client over the next 3-5 years						
	AI opportunities	• Industry wide use cases to be prioritized based on impact and ease of implementation • Organizations need to ensure they think end-to-end to avoid point solutions that become redundant — the value from AI comes from holistic solutions, not creating more technology debt						
	Core technology	• Robust and coordinated technology infrastructure will lay foundations for scaled and structured use of AI capabilities • With a defined delivery approach that drives efficiency and builds reusable capabilities in tandem with delivering value						
	Governance	• As organizations explore their AI approach and embedding capabilities, they must consider key risks associated with Agentic & AI solutions • Additionally, establishing a robust operating model and assurance framework that scales with AI adoption to mitigate against them						
	People, skills & culture	• It is key that organizations start rolling out AI Exec training, to help them understand the core tenets of the technology — and what it can and cannot deliver • Piloting an “AI Skills” module within a Leadership Academy would support executives to understand the opportunities and risks that come from AI						
	KPIs	• Within the strategic cycle, AI can help you to deliver over and above the profit contributions expected in the business • Implementing AI could also facilitate and expedite the delivery of strategic priorities over the three Horizons to 2030						

Source: KPMG International, 2026

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Strategic moves insurance leaders should consider now

Closing the gap between where insurers are and where this report points is complicated. KPMG member firms can help. Here are six ways that KPMG firms frequently helps insurance clients with AI:

1. **Tangible value generation:** Insurers need more than activity to show for their AI investment. We help connect value measurement and realization capability across the enterprise, drawing on our wider AI and Financial Services teams, so transformation efforts translate into results a board can see.
2. **Wide-ranging transformation:** Real transformation touches the whole value chain, not a single function in isolation. Our functional leadership spans underwriting, claims, policy servicing and distribution, backed by a strong and growing base of delivery experience across the insurance value chain.
3. **Data foundations:** AI is only as good as the data behind it. We help insurers build the data foundations, governance and lineage AI needs to scale, backed by established functional leadership and one of our deepest delivery practices.
4. **Trusted AI from the start:** Trust has to be designed in, not bolted on. We connect governance, assurance and risk capability across our wider AI and Financial Services teams, so responsible AI is part of the build from day one, not a compliance step at the end.
5. **Operational resilience and cyber:** AI-enabled transformation raises the stakes on resilience and security. We bring shared insurance, banking and wider financial services capability to cyber resilience, security and operational risk, so scaling AI doesn't mean scaling exposure.
6. **Workforce transformation:** None of the five capabilities above works without the people running them. We build shared capability across workforce change, skills and adoption, spanning insurance, banking and wider financial services, so the workforce becomes a driver of this transformation rather than something it happens to.

How KPMG can help

KPMG professionals understand the opportunities and challenges involved in insurance transformation. Through a combination of industry knowledge and leading practices, KPMG firms can help organizations evaluate options, address key considerations, and advance their transformation agenda. Please contact your local KPMG member firm to continue the conversation.

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Methodology

This report is based on new primary research commissioned by KPMG to understand how insurance organizations are navigating AI-enabled enterprise transformation.

The research set out to assess the current state of AI transformation maturity across core insurance functions, understand the strategic approaches insurers are taking to AI adoption, evaluate the workforce and operational impact of that transformation, explore how ROI expectations compare to the value being realized, and identify the competitive threats emerging from AI capabilities outside traditional insurance.

Findings are drawn from a hybrid qualitative-quantitative discussion board conducted between May 20 and 29, 2026, with 44 insurance leaders engaged across 20 countries/territories and six regions, representing organizations with 500 or more employees across all major insurance sub-sectors. Thirty-two participants completed the discussion board in full, with a further 12 completing it in part. Where noted, this is supplemented by integrated analysis from the Transforming the Enterprise 2026 survey conducted by KPMG, which included 53 insurance respondents.

Participants represented a broad cross-section of the industry: property and casualty insurers (15), life insurers (8), brokers (7), health insurers (5), reinsurers (4) and multi-line carriers (4), and an unspecified participant. Organizations ranged from under US$1 billion in annual revenue (11 participants) to more than US$20 billion (8 participants), with the remainder spread across the US$1-20 billion range. Geographically, participants were concentrated in Europe (22, led by Germany, Italy and France) and North America (12, primarily the United States), with further representation from Asia-Pacific (7), the Middle East and Africa (2) and Latin America (1).

Percentages throughout this report are based on this combined sample unless otherwise stated and may not always add up to 100 due to rounding.

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