

WHITE PAPER

Artificial
intelligence is
redefining the
future of claims 

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Introduction ↗

Artificial intelligence (AI) is still in its nascent stages of development and already there are huge expectations about its potential to transform how the insurance market operates and its ability to manage claims faster and more accurately in an increasingly complex world.

In this context, Charles Taylor organised a panel discussion with expert input from our loss adjusting, assistance and Insurtech experts to examine whether AI is simply enhancing claims management or forcing a more fundamental transformation on the sector.

For some, AI remains an experimental layer within claims operations, although the reality is that it is fast becoming a central part of the operational framework for claims teams. Indeed, those that embed it most effectively within their organisations will define how claims are handled in the coming years.

The discussion delved into the strategic, experiential and practical aspects of implementing AI into claims functions and explored the shifts required in existing cultural and leadership attitudes to ensure its potential is realised in full.

Claims: the industry's moment of truth

Paying claims is how the insurance market proves its worth and delivers value for policyholders. It is the operational and ethical fulfilment of the promise made at the time the insurance is purchased.

The ability to determine liability accurately and fairly, quantify claims precisely and make settlement payments quickly plays a huge part in how insurers are viewed by customers. It also underpins their ability to operate sustainably and consistently within their chosen markets.

But it has become increasingly difficult to deliver on this promise due to a number of challenges that demand the industry reappraises its process-driven approach to claims. In addition, customers have become accustomed to a high level of personalisation, speed and fluidity in their daily lives. The market therefore needs to offer a more intelligent and more connected claims function to cater for the fast-evolving environment in which it is operating.



The insurance market needs to offer a more intelligent and more connected claims function to cater for the fast-evolving environment in which it is operating.

The discussion highlighted the following four areas that are piling pressure on claims teams:

- **Growing claim complexity and severity**
Climate-related losses, supply chain volatility and globalised corporate structures are increasing the scale and interconnectivity of claims. Large losses are no longer isolated events; they are often systemic, multi-jurisdictional and technically demanding.
- **Escalating fraud sophistication**
Fraud networks are leveraging digital tools, synthetic identities and cross-border coordination. Traditional rule-based detection mechanisms are insufficient to address this evolving threat landscape.
- **Heightened regulatory expectations**
Supervisory authorities are placing increasing emphasis on transparency, fair customer outcomes, auditability of decisions and resilience of operational frameworks – particularly where automation is involved.
- **Customers accustomed to instant digital experiences**
Policyholders do not benchmark their claims experience against other insurers, but against leading digital platforms. They expect immediate, clear and multichannel communication.

AI can deliver the capabilities required to combat these challenges effectively.

Switching from process-driven to intelligence-driven ↗

Traditionally, the focus has been on creating claims teams that work to tightly controlled protocols and processes in a bid to ensure their ability to handle large volumes of claims in a consistent and timely fashion.

Consistency and speed are still of central importance and it is tempting to see AI's potential as a cost-reduction and efficiency lever. But that is only part of its potency.

Deployed correctly and thoughtfully, AI will empower claims teams to shift from reactive processing to more predictive management models.

In operational terms, AI can deliver advanced pattern recognition across vast datasets. Machine learning models can analyse millions of historical claims and identify correlations and emerging trends that would be impossible to detect manually. This strengthens early risk identification capabilities and improves decision consistency.

In the fight against fraud, AI systems can detect at scale anomalies in behaviour, documentation and network connections. This empowers organisations to identify potential fraud before payment occurs rather than investigating retrospectively. It also expedites the swift payment of genuine claims.

AI models that integrate historical outcomes, contextual variables and behavioural indicators into their calculations will enhance the precision of reserving strategies, reducing volatility and improving capital allocation.

The technology drives improvements in managing resources and can facilitate real-time operational optimisation.

For example, intelligent workload distribution, automated document processing and dynamic case allocation all enable faster response times and better utilisation of specialist expertise.

AI does not replace human judgement. Rather the technology gives claims teams the ability to pull insights out of huge datasets and empowers experienced professionals to then apply their expertise to them.

It creates more opportunities for skilled practitioners to refine the processes and protocols used to drive automation as well as to devote more time to the complex cases that demand hands-on attention.



Human dimension remains decisive ↗

Insurance is often referred to as a people business and trust is central to the claims function that supports policyholders during times of financial stress, operational disruption and personal vulnerability.

And while AI delivers levels of operational performance that people cannot match, it is unable to replicate the human qualities that ensure outcomes are appropriate. It is in areas such as contextual judgement, empathy, communication and strategic planning that humans excel and the reason why professional input into complex claims remains essential.




AI is not infallible. Its output needs to be validated and sense-checked by human intervention with the appropriate level of expertise. Human expertise is critical in balancing financial, legal and reputational considerations when negotiating major losses involving competing interests and differing contractual interpretations. Human engagement demonstrates accountability.

It also reinforces confidence in the fairness of outcomes and provides policyholders with reassurance and trust in the claims process.

And the more automation can complete routine tasks, the more professionals can devote time to the human elements of a claim and to enhancing their role as trusted advisors who guide clients through risk mitigation, dispute resolution and resilience planning.



If the industry is to build trust in an AI-led environment, it must ensure the governance that oversees AI decision making is robust to the point of not just being compliant, but being a commercial differentiator.



To achieve this, organisations must be able to articulate how AI-driven decisions are reached, both internally and to regulators. It must be possible to categorically explain and justify automated outputs.

There should be robust audit trails and oversight mechanisms as well as clear documentation and independent validation processes to safeguard against unintended bias or systemic error.

A similarly robust approach is required to data integrity and cybersecurity resilience. AI systems depend on high-quality, secure data.

Investment in data governance and protection is fundamental to operational stability.

And as regulatory standards evolve, organisations need to be able to anticipate and adapt to the fast-changing rules surrounding AI.

Organisations that implement strong governance structures around their use of AI will ensure the innovations and improvements delivered by the technology reinforce rather than erode customer trust.

Culture and leadership change ↗

The AI technology required to deliver transformational change already exists. Its ability to enact that step change is reliant on the mindset of those leading organisations and their willingness to embrace change.

The successful adoption of AI has to be led from the top. There must be unequivocal executive level accountability for integration projects, which should be supported by clearly defined strategic goals.

And alongside the transformation in technology, leadership teams also need to invest in equipping claims professionals with the data literacy and digital fluency required to collaborate effectively with technology teams.

Rather than seek to preserve expensive legacy systems with fragmented data environments that limit AI's effectiveness, the focus must be on investing in modern, scalable data architecture for the future.

Indeed, technological understanding should be improved across all divisions of insurance businesses to expediate the move away from siloed operations and to facilitate the creation and implementation of shared strategic goals, powered by AI technology, which deliver on multiple fronts.



Claims ecosystem of the future

Claims teams operate within an increasingly interconnected ecosystem that demands effective interaction with multiple internal departments as well as with insurers, reinsurers, brokers and service providers. AI enables that evolving ecosystem to function more effectively.

It supports:

- **Real-time data exchange between stakeholders**
Seamless information flow reduces duplication, accelerates decision-making and improves transparency.
- **Dynamic portfolio monitoring and reporting**
Insurers and brokers gain live visibility into exposure trends, claim development and operational performance.
- **Collaborative fraud intelligence across markets**
Shared analytics strengthen detection capabilities beyond the boundaries of individual organisations.
- **Coordinated response during major or catastrophic events**
Integrated systems allow for faster mobilisation of expertise and resources when scale and speed are critical.

Looking to the future, integration and automation will accelerate. The combined view of our panel experts was that within five years, claims departments would support:

- **Front-end automation for low-complexity claims**
Straightforward cases will be validated, assessed and settled with minimal human intervention – reducing cycle times from days to minutes.
- **Predictive analytics embedded in reserving and strategy**
Claims leaders will rely on dynamic forecasting models to guide financial planning and capital deployment.
- **Integrated, cross-market fraud intelligence**
AI-driven detection systems will identify organised fraud patterns across geographies and product lines.
- **Interactive, data-driven client reporting**
Static reports will give way to real-time dashboards offering transparency and actionable insight.
- **Elevated professional roles within claims**
Claims experts will operate as strategic advisors, combining technical mastery with analytical and interpersonal excellence.

These changes are already underway and there is no doubt they represent the future for the market. The question for individual organisations is how quickly they want to adopt new approaches into their own operations and whether they will be able to remain competitive if they do not.



Conclusion

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AI is already changing expectations around speed, fairness and transparency in both claims management and the wider insurance market. There is no doubt that it is going to be one of the central pillars on which we build tomorrow's insurance market. But there will also be others.

We believe that the future of claims will lie at the intersection of technological intelligence, human expertise, responsible governance and cultural agility. The challenge is to strike the right balance and in doing so unlock the vast potential of more predictive and integrated ways of working.

This disruption has already started. We are pushing to be in the vanguard that drives these changes and to ensure we can actively shape how the future looks, rather than sitting back and letting change shape us.

About Charles Taylor

We deliver better results for the world of insurance with our specialist technical expertise, powerful technology and comprehensive range of solutions.

Charles Taylor provides a growing range of insurance services, claims and technology solutions across the global insurance market, particularly in complex situations requiring specialist expertise. We aim to build long-term, personal relationships with clients based on trust and partnership, spanning multiple value-creating solutions, and to consistently delight with the quality and responsiveness of our people and delivery.

Our services and solutions support every stage of the insurance lifecycle and every aspect of the insurance operating model, across all major commercial insurance lines as well as technical areas of personal insurance. We serve a diversified international customer base that includes national and international insurance companies, mutuals, captives, MGAs, Lloyd's syndicates and reinsurers, along with brokers, distributors and corporate insureds.

Our Solutions

Charles Taylor Claims Solutions

We use our specialist expertise to understand the causes and impact of claims, reduce their risk, adjust complex losses, provide expert technical services and deliver better results for the global insurance market.

Charles Taylor InsureTech

We use our powerful technology to deliver customer-driven outcomes and help global insurance businesses drive change. Through InHub, we offer a range of SaaS capabilities that are designed to solve specific problems faced by participants in the insurance value chain.

Charles Taylor Insurance Management

We offer trusted end-to-end management of mutual insurers, captives, life insurers and other insurance programmes for capital providers on a long-term partnership basis.



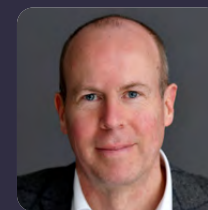
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