

APRIL 2026

# How AI, regulation, and rising client expectations are reshaping the future of specialty insurance

Based on the Earnix Insurance 2026: The Race to Reinvent report

# About the Research

- 400 Global Executives
  - 88 from Companies with more than 20K employees
  - 312 from Companies with less than 20K employees
- Global coverage:
  - US, UK, Europe, Canada, Australia, Japan

- Types of organisations
  - Global insurance carriers (incl. specialty)
- Roles represented
  - Underwriting, Pricing & Actuarial
  - Data & Analytics, Executive leadership
- Research partner - Market Strategy Group (for Earnix)
- Conducted late 2025

# Today's Agenda

Four critical forces reshaping specialty insurance in 2026

**01**

## AI's Accelerating Impact

From experimentation to enterprise-wide transformation — where insurers stand today and what's next

**02**

## Compliance as Catalyst

Why regulatory pressure is becoming a strategic lever, not just an administrative burden

**03**

## Data & Product Innovation

Better data sources, usage-based policies, and the race to personalise at scale

**04**

## Consumer Behaviour Shifts

Digital-first expectations, loyalty through personalisation, and what clients really want

# AI's Accelerating Impact

The shift from pilot programme to strategic engine

01

# AI Adoption: Nearly Universal, But Maturity Varies

**81%**

of insurers have integrated AI into some most workflows

43% fully integrated · 48% some functions

**80% (UK 90%+)**

of executives are experimenting with or planning GenAI adoption

within the next two years

**43% (UK 38%)**

of insurers have integrated AI across most functions

mostly in testing/pilot – 8% vs UK 3%

Yet actual AI usage in core operations remains low:

Claims processing

**23% (UK 33%)**

Policy issuance

**18% (UK 20%)**

Fraud detection

**16%**

Predicting churn

**15% (UK 8%)**

**80%** of executives are already experimenting with or planning to adopt generative AI in the next two years

# Generative AI: From Efficiency Gains to Higher-Value Applications

## CURRENT FOCUS AREAS

- Claims processing automation
- Customer support & virtual agents
- Fraud detection & pattern analysis
- Document processing & summarisation

## EMERGING HIGHER-VALUE USES

- Personalised coverage recommendations
- Risk scenario modelling & stress testing
- Customer-facing tailored communications
- Predictive underwriting & dynamic pricing

**80%** of respondents favour a gradual adoption whilst still retaining human interventions for at least the next 3 years

# What This Means for Specialty Insurance

## Underwriting transformation

AI-driven models can assess complex, non-standard risks faster and more consistently — critical for specialty lines where data has historically been sparse.

## Pricing agility

Dynamic, real-time pricing engines allow specialty carriers to respond to rapidly shifting risk environments (cyber, climate, geopolitical) without manual re-rating delays.

## Talent remains a bottleneck

Only ~1 in 3 executives strongly agree they have the talent needed. Building internal AI literacy alongside external hires is now a leadership priority. (UK ~1 in 2 )

## Governance from day one

Specialty risks often involve unique regulatory jurisdictions. Embedding model governance and explainability from the start prevents costly remediation later.

# Compliance as the Catalyst

Turning regulatory pressure into competitive advantage

02

# The Regulatory Pressure is Rising — Everywhere

**92% (UK 100%)**

conduct regular AI governance reviews  
(quarterly or annually)

Yet <1 in 3 believe this cadence is sufficient

**38% (UK 43%)**

cite regulatory & legal exposure as their  
top AI ethics concern

Lack of explainability cited by 23%

**30% (UK 53%)**

feel that regulation slows innovation

8% “significantly”

## Regional Regulatory Dynamics

### European Union

AI Act + Solvency II: extensive model oversight, audit trails, and explainability requirements. Highest bar globally.

### United States

Fragmented state-by-state approach layered on federal privacy debates. Inconsistency creates compliance complexity for national carriers.

### Australia & Japan

Tightening solvency and reporting standards. Global carriers must adapt strategies market by market, at uneven speeds.

**In the UK, AI ethics is being treated less as an abstract debate and more as a regulatory, legal, and transparency imperative**

# From Compliance Burden to Strategic Lever

## THE CHALLENGE

- Rules arrive faster than firms can adapt
- Checklists don't translate to real assurance
- Only ~1/3 of executives feel current oversight is sufficient
- Fragmented global requirements raise costs for international carriers

## THE OPPORTUNITY

- Embed governance into AI adoption — not as afterthought but architecture
- Explainability builds trust with clients, boards and regulators simultaneously
- Compliant firms move faster: fewer re-filings, less remediation spend
- Governance capability becomes a differentiator in tender/procurement processes

# Data & Product Innovation

Turning information into competitive insight

03

# The Data Quality Crisis — and the Investment Response

**83% (UK 81%)**

worried AI models trained on incomplete or inaccurate data

Top barrier to AI effectiveness

**39%**

cite data security & privacy as most significant challenge for AI adoption

Nearly 2 in 5 executives

**2/3**

of executives say poor data quality slows decision-making and limits AI

Only 30% can access data quickly

**83% of insurers plan to increase third-party data investment in the next 3 years (UK 91%)**

**Fastest-growing data investment areas:**

**Third-party datasets**

Richer risk profiles, better underwriting accuracy

**IoT & telematics**

Real-time behavioural data for usage-based pricing

**Blockchain**

Transparent data provenance and claims verification

**Parametric triggers**

Objective, automated claims payment on defined events

**Concerns remain very high, if at least little lower in the UK**

# Product Innovation: Usage-Based, Parametric & Personalised

Gaining traction

## Usage-Based Insurance (UBI)

Premium linked to actual exposure — mileage, activity, behaviour. Enabled by telematics and IoT data. Particularly relevant for commercial fleets, marine, and property.

*Only ~1 in 4 insurers can deliver personalisation at scale today*

Fast growing

## Parametric Products

Trigger-based payouts on objective events (e.g. wind speed, earthquake magnitude, rainfall). Removes claims adjustment friction — key advantage for specialty and reinsurance.

*Requires clean, trusted third-party data to define and validate triggers*

Emerging

## Hyper-Personalised Cover

Policies tailored to individual risk profiles using behavioural, contextual, and third-party data. Moves insurance from a product to an ongoing risk relationship.

*The next major battleground — especially for younger, digitally-native clients*

# Consumer Behaviour & Market Shifts

Why the experience gap is becoming the competitive gap

04

# The Expectations Gap: Digital Is Now the Baseline

**20%**

of executives name digital engagement as the most important consumer behaviour shift

**80%**

of consumers would switch providers for more personalised service

Accenture, 2025

**74% (UK 60%)**

of executives feel they are keeping pace with increased demand for personalised products

## What clients are benchmarking you against (hint: not other insurers):

### Speed & self-service:

Real-time quotes, instant policy changes, 24/7 access. 4 in 5 insurers believe they meet expectations here — but 'meeting' is not differentiating.

### Transparency & fairness:

Customers want clear explanations of pricing decisions, policy terms in plain language, and confidence their data is handled responsibly.

### Personalisation & relevance:

Tailored products, proactive outreach, recommendations that reflect individual circumstances — delivered via preferred channels.

### Trust:

Responsible data use, honest communications, and consistent follow-through. The table stakes for any long-term relationship.

**The UK is more engagement-driven (app/tools) than personalisation-driven (personalised products)**

# Customer Experience Has Direct Financial Consequences

Digital leaders in insurance can reduce operating costs by up to

**30%**

while simultaneously improving customer satisfaction scores (Accenture, 2025)

## If: Poor personalisation

→ Younger, digitally-native clients view carriers as commoditised — leading to price-only competition and margin erosion

## If: Slow digital experiences

→ Clients switch providers at renewal. Acquisition costs 5–7× higher than retention — making CX investment directly ROI-positive

## If: Opaque pricing or communications

→ Trust deficit drives regulatory scrutiny AND client churn simultaneously — a double cost with no offsetting benefit

# UK vs Global

## THE UK PERSPECTIVE

UK insurers are not lagging in AI adoption, but their approach follows a distinct pattern:

- AI is more often “partially embedded” in the UK than “fully embedded” (suggesting scale is still underway).
- Generative AI is being pulled into operational use cases quickly, with especially strong UK intent around data-heavy, workflow-supporting applications (unstructured data, quote/policy generation, profiling).
- The UK’s ethics worries are more regulatory-led than the global picture.
- Governance is widespread (and often quarterly), but confidence that cadence is sufficient is not higher in the UK.
- Data quality anxiety remains high (as it is globally), yet UK insurers are even more likely to increase third-party data investment, a signal of “fix the inputs to scale the outputs”.
- On the customer front, UK respondents report rising digital engagement but less emphasis on personalised product demand, and, crucially, UK operators are more likely to say they’re significantly lagging behind personalisation expectations.
- Regulatory uncertainty is more commonly felt as a moderate brake on innovation in the UK.

# The Integrated Opportunity: Four Forces, One Strategy

Insurers that align these four forces will define the market. Those who treat them in silos will lag.

## AI & Advanced Analytics

AI-powered underwriting, pricing, claims automation, and customer engagement

## Data Quality & Product Innovation

Trusted third-party data, IoT, telematics powering personalised, flexible products

## COMPETITIVE ADVANTAGE

## Regulatory & Governance Readiness

Embedded governance enabling faster innovation within regulatory guardrails

## Customer-Centric Experience

Seamless digital journeys, transparent pricing, personalised touchpoints at scale

# Defining Your Next Move: Priorities for 2026

## Immediate

- Audit AI data quality — identify gaps in training data and establish remediation roadmap
- Map your regulatory exposure across all jurisdictions in which you operate

## Short-term (0–12 months)

- Accelerate GenAI pilots in claims, underwriting and customer communications — with governance baked in
- Invest in third-party data partnerships to unlock richer risk insights for specialty lines

## Strategic (12–36 months)

- Build or acquire personalisation capability — UBI, parametric, and contextual product design
- Modernise legacy systems to enable real-time pricing, rapid product iteration and AI integration

# The race has already started.

Those who move decisively — aligning AI, compliance, data and customer strategy — will define the next era of specialty insurance. Those who wait will find themselves competing on price alone in a commoditised market.

## Discussion questions

1. Where is your organisation on the AI adoption journey — and what is the single biggest blocker?
2. How are you embedding compliance into your AI strategy rather than treating it as a separate workstream?
3. What is your plan to close the personalisation gap before it becomes a loyalty problem?