

Insurer AI Investment Plans for 2024

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Introduction

Generative AI (GenAI) is the buzzword for 2024, and insurers are approaching this new technology enthusiastically. Carriers have invested in artificial intelligence (AI) and machine learning (ML) capabilities at significant rates over the last decade to support a variety of fraud-detection and risk and behavior-modeling capabilities. The availability of GenAI at scale in 2023 has introduced another set of capabilities that insurers have already begun experimenting with to improve operations.

This brief highlights recent Datos Insights research focused on insurer readiness and investment in GenAI capabilities, as well as thought leadership and subject matter expertise from Datos Insights experts. Data is sampled from Datos Insights' reports [Property/Casualty Insurer IT Budgets and Projects, 2024](#) (February 2024) and [AI Readiness in Insurance](#) (January 2024).

This brief is of interest to senior business executives and IT professionals looking for insights into the insurance industry's AI readiness and investment, and how insurers can prepare to support advanced AI capabilities.

Key Findings

- **Almost no insurers say they're "well prepared" for GenAI, but almost all are interested:** There is a substantial pilot activity around large language models (LLMs) and small language models (SLMs), especially among larger insurers. Those that aren't yet taking action are watching GenAI closely.
- **2024 is a year for learning:** Insurers don't yet have established budgets, teams, or processes for evaluating and deploying GenAI tools.
- **Insurers have the choice of several paths when it comes to LLMs:** Insurers may fine-tune an instance of a commercial LLM or leverage capabilities from insurance solution providers or insurtech players in the space. Few insurers should consider developing an LLM from scratch.

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