Deloitte AI360 Podcast

Jim Rowan, Head of Applied AI
Tim Cercelle, AI Lead, Insurance

Title: **S2:E9 | AI in insurance: Catalyzing compliance, equity, and customer service during crisis**

Description: **Hear how AI is impacting insurance, from compliance evaluation to real-time emergency customer service, and learn the key to moving faster with AI.**

Duration: **7:53**

Jim Rowan:
Well, Tim, thanks so much for joining us. We're here on the AI360 podcast. Excited to learn about what's going on from an AI insurance perspective. Maybe you could tell us a little about your role with the firm and what you're up to.

Tim Cercelle:
Great. Yeah, great to be here, Jim. Thanks for having me. You know, this July, I'll be in the insurance industry 35 years. Twenty of those years here at Deloitte and 15 within the industry itself. And as you know, we all wear a number of different hats. So I sit on the executive insurance team leading our consulting services. I also lead our Regulatory Risk and Forensics practice and, something near and dear to our heart, what we're here to talk about today, I lead our AI go-to-market strategy for our clients.

Jim Rowan:
Awesome. Well, that's great. So you're going to have a lot of great examples for us and what's going on in terms of AI and insurance. So maybe just starting there for us, you obviously have had tons of data in the insurance sector to use. Always been embracing statistical models, modeling methods, techniques, all that kind of science around it. So what's new in AI from an insurance perspective? What are your clients talking about?

Tim Cercelle:
As you can imagine, insurance is a fairly conservative industry. So they've been wading into AI fairly cautiously and for good reason: fifty-state regulatory environment, a lot of concern about disparate impact to consumers, and things of that nature. But I think they're still doing a nice job of getting their arms wrapped around AI. Some of the things they're looking at are embedded agentic AI—specific use cases for that, or using it to go across multiple sources to collect data and bring it together in one particular area—eliminating some of the back and forth they've had in the past and some of the manual efforts around that.

I also see a lot of use of multimodal AI that can take a look at writing, audio, speech, and illustrations and interpret that. The big thing there is, we now have a formula for taking a look at diverse data in both the structured and the unstructured world, which is a huge advancement not only for insurance but other companies. And I think the last area is really small language models. Insurance has been taking a look at building models cheaply and quickly. In that area, we see them targeting such areas as claims.

Jim Rowan:
Are you seeing a trend in terms of front office, back office, customer engagement versus maybe actuarial processes, or business functions? Is one area getting more interest from an AI perspective?

Tim Cercelle:
I think at the beginning we saw AI really getting introduced in the coding area. AI assist in coding really increased efficiency, decreased times for coding, and increased quality. We've seen a lot of use of OCR and NLP technology to evaluate policies and look at marketing materials to make sure they're ready and

meet all the regulatory environments. So that's a little bit more back office and compliance related. We've seen AI being used to develop usage-based insurance models to adjust premiums based on real-time usage data, such as driving behavior. So that's a little bit more on the front end. And then from the customer service and claims perspective, we've really seen AI-powered chatbots to help answer questions related to customer policies. One of the best examples: Let's say you have a fire that just broke out in your house and you call in. You're talking to a claims adjuster, and AI is listening—the chatbot's actually listening and understanding what you're going through. It's starting to give the adjuster prompts on here's a hotel within five miles from your house if you need somewhere to stay tonight, here's a list of places you could rent an automobile, do you need 911 called, are there people still left. So it's prompting the adjuster while the call is in action and coming up on a screen, sitting side by side with what the adjuster is actually dealing with.

Jim Rowan:
That's amazing. That's awesome. It seems like those are great opportunities for clients to drive a ton of efficiency into their operations and create customer engagement experiences to create that customer value. With all these great use cases, are there major challenges that are either affecting your industry directly or that you're seeing more broadly as you try to implement these AI solutions?

Tim Cercelle:
Yeah, I think we looked at some of those considerations. As we mentioned upfront, the regulatory environment is a challenge because you don't want these AI models picking up bad habits and providing disparate impact. The big thing, and what insurance companies are engaged in and what we like to say is an enabler for AI, is developing a good governance model. Making sure you have the right governance in place so that every model goes through that governance, understanding the models, what they're doing, testing them, making sure the integrity of the model is standing over time and it's doing what is expected and not producing disparate results. Building that right governance model really helps companies advance and move a little bit more quickly. Without it, you have what I like to call a number of science projects going on within the company, and people may not know that these models actually exist. They're not getting the right attention, testing, and monitoring, and that's when you can get yourself into trouble.

Jim Rowan:
Makes a lot of sense. We always talk about a tiered governance approach, where certain levels of data and information—if you're dealing with employees versus customers—you handle things differently. Having that tiered structure can help unlock certain use cases in different scenarios, with different tolerance levels for hallucinations within the model, depending on whether it's a customer or an employee engagement. These are great points. Any words of wisdom for folks that are either starting on their journey or in the middle of their journey from an AI perspective that you'd want to share?

Tim Cercelle:
Yeah. Like I said, make sure you have the building blocks in place, and governance would be paramount to that. The second big building block is your data sources—having clean data and understanding where all your data is at all times within your environment and what's in that data before it goes through the models is absolutely paramount for getting the results that you expect. When you start getting data that moves into the system that may not be cleansed or may not be exactly as you want it, it could cause a lot of problems. It really defeats the purpose of the AI models because it starts producing bad results for you.

Jim Rowan:
Pretty sure I'd use the phrase "garbage in, garbage squared" when it comes to AI—it just makes it even worse!

Tim Cercelle:
Yes, it exacerbates that particular issue.

Jim Rowan:
Awesome. Tim, this has been a great conversation. Thank you so much for taking the time to chat with us and our listeners to share what's going on with the industry and AI. Thank you very much. I appreciate it.

Tim Cercelle:
Yeah, I really appreciate the time. Thank you.

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