



Executive  
Perspectives

# AI-First Companies Win the Future

Life Insurance & Annuity

*January 2026*

## Introduction

We meet often with CEOs to discuss AI—a topic that is both captivating *and* rapidly changing. After working with over 2,000 clients for more than two years, we **are sharing our most recent insights in a new series designed to help CEOs navigate AI**. With most sectors going through major shifts, the focus in 2026 is on how to leverage generative and agentic AI to **fully transform organizations and create new sources of competitive advantage**.

In this edition, we explore the **future of the life insurance and annuity industry** and **how GenAI and agentic AI are poised to accelerate growth**. The opportunity is significant—industry projections suggest a **15%–22% annual profit uplift by 2028, with further upside from untapped opportunities and improved investment performance**.

We address key questions on the minds of executives:

- Why should a life and annuity (L&A) company rethink and prioritize its GenAI and agentic AI transformation now?
- What will an AI-first L&A company look like in three to five years?
- How do we become an AI-first L&A company?

**This guide is focused on creating a clear view of the future of a L&A company and laying out the actions that executives can take today.**

**In this BCG Executive Perspective, we articulate the vision of the AI-first life insurance and annuity company**



# Executive summary | AI-first insurers are outperforming their peers—and the gap will continue to widen

## WHY

now is the right time to prioritize an AI transformation

AI-first insurers can own the next decade of growth by rebuilding the business around people and purpose:

- Leaders in AI are realizing tangible gains with **1.6 times annual revenue growth, 1.3 times three-year growth, and 1.1 times TSR**
- The real value lies in AI integration across businesses and functions, unlocking **15%-22% annual profit lift** by 2028
- While there is success, we also observe many insurers **hitting AI challenges today** due to lack of **end-to-end reimagination, scattered experimentation** and **lack of data and tech maturity**

## WHAT

AI-first insurers will look like

AI-first L&A companies will have AI embedded across the value chain—driving higher customer acquisition and stronger capital performance through smarter, proactive asset and risk management. AI leaders will:

- **Become even more human centered:** GenAI and agentic AI can enable product innovation, proactive relationship signals, and transparent decision making around evolving customer needs and life changes
- **Unlock value for the ecosystem:** GenAI and agentic AI can reshape how the entire L&A ecosystem, from customers to regulators, interact and evolve; globally, especially outside North America, AI is driving convergence across product offerings
- **Enable AI-first operations:** AI-native solutions can be embedded across the value chain, businesses, and functions to connect L&A products with customers

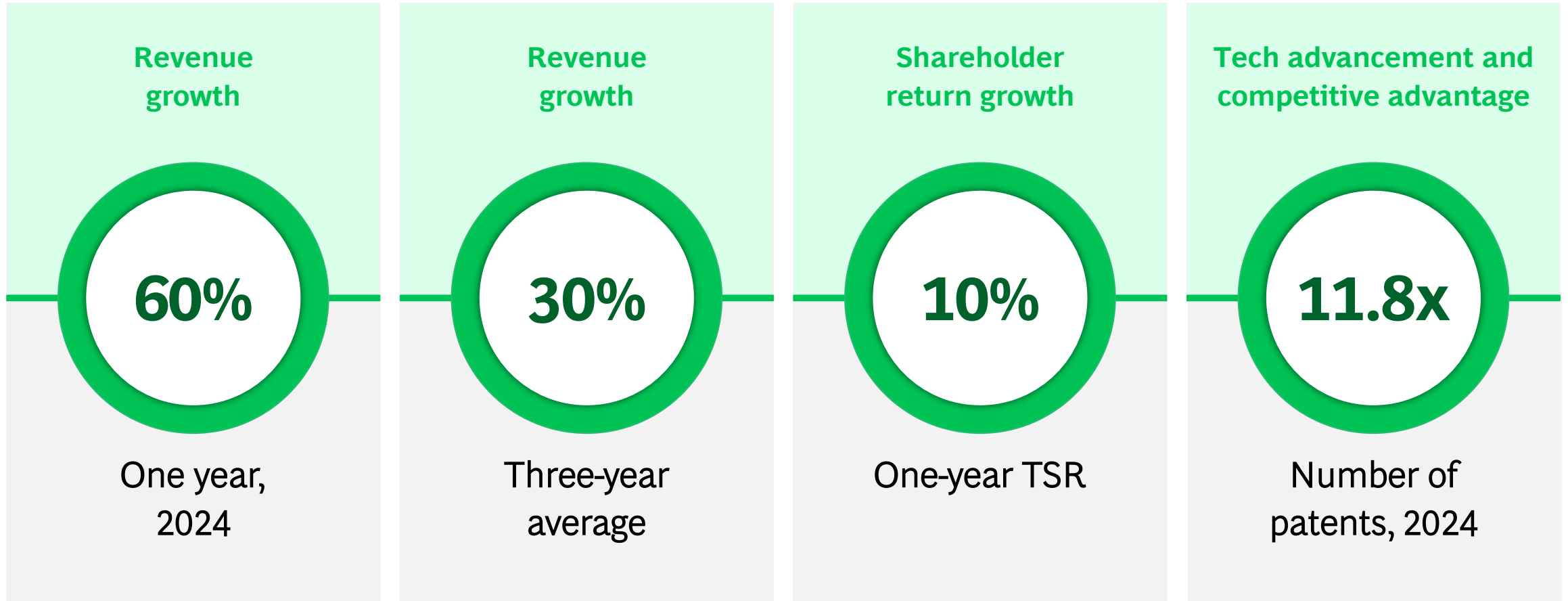
## HOW

to transform into an AI-first insurer successfully

L&A companies are investing in AI, but most struggle to scale and unlock value; a successful AI transformation starts with bold leadership and focused execution that follows the **10-20-70 principle**, devoting 70% of the effort to people and processes

- **In the short term, focus on the transformation and mobilize:** First, focus on two to three high-value impact areas and embed AI aligned to a future-state AI operating model; second, focus on upskilling teams and building the right foundation (data and tech); and third, align with a central team before federating delivery
- **In the medium term, innovate and shift the business:** First, break down long-standing silos across value chains and use AI to unify data and workflows; second, innovate with AI-native capabilities (e.g., dynamic pricing and life-event-driven engagement)

# Short term | Leaders are realizing value from AI, powered by the right governance, approach, and investments<sup>1</sup>



Source: BCG Build for the Future 2025 Global Study (n=95 for insurance).

Note: Based on 30 relative importance-weighted AI-specific foundational capabilities derived by regressing 53 built-for-the-future capabilities against AI value generation.

1. Comparison of less mature AI-stagnating and AI-emerging companies (n=65) vs. more mature AI-scaling and AI-future-built companies (n=30).

**Despite broad AI deployment, insurers are not capturing expected value**

- Culture and talent are **unprepared for change**
- AI investments are **focused on experimentation**
- **Efforts are fragmented** across siloed pilots
- **Company is overly focused on tools** and point solutions
- Tech and data **foundations are outdated**

# P&L impact | AI can drive a step change in profitability—up to a 22% lift by 2028

Value chain	Product development	Sales and distribution	Underwriting	Servicing	Investment management
Sample impact drivers	Hyperpersonalized adaptive products, based on customers' needs	Distribution network optimization with lead scoring	AI models improve loss ratio through early risk detection	AI-based fraud detection and claims triage reduce leakage	GenAI-based yield curve prediction
	Product exposure review and visualization	Faster and smoother agent onboarding and training	Document review and summarization	GenAI regulatory filing, reporting, and compliance	GenAI-powered liquidity matching to optimize asset-liability fit
Emerging impact estimates	<b>60x</b> Time reduction for data provisioning <sup>1</sup>	<b>23%</b> Increase in lead-to-conversion ratios <sup>2</sup>	<b>&gt;80%</b> Time saved for document review <sup>3</sup>	<b>&gt;50%</b> Reduction in contact center costs <sup>4</sup>	<b>80%</b> Increase in Sharpe ratio compared with reference <sup>5</sup>
	<b>50%</b> Faster product development <sup>6</sup>	<b>40%</b> Time-to-quote reduction <sup>7</sup>	<b>30%</b> Increase in risk assessment accuracy <sup>8</sup>	<b>&gt;80%</b> Improved accuracy for damage legitimacy assessment <sup>9</sup>	<b>15%</b> Higher returns at the same risk level <sup>10</sup>

**15%–22%+**  
annual profit uplift

**6%–10%+**

Expected annual revenue increases (2028)<sup>11</sup>

**9%–12%+**

Expected annual cost savings (2028)<sup>12</sup>

1. Mostly AI. 2. Sobot. 3. Docugami. 4. Insurtech COVU leverages OpenAI to streamline insurance agency operations. 5. IBM Research; portfolio analysis with generative adversarial networks (PAGAN) against reference Markowitz approach. 6. Business Wire. 7. Decerto. 8. Datagrid. 9. Confidential company; accuracy compared with 75%-80% with custom model. 10. Yenra research: portfolio optimization using nondominated sorting genetic algorithm (NSGA-III) vs. reference mean-variance approach. 11. All insurance respondents: What percentage of revenue growth did you achieve/project in 2024, 2025, and 2028 (in percentage of annual revenue) through AI-efficiency gains? 12. All insurance respondents: What percentage of cost reduction did you achieve/project in 2024, 2025, and 2028 (in percentage of total operating expenses) through AI-efficiency gains?  
Source: BCG analysis.

# Value goes beyond efficiency | AI-first insurers can own the next decade of growth by rebuilding the business

Not exhaustive

## High-impact opportunity areas

### Asset-liability management

- Limited scenario simulation ability, leading to **over- or underhedging**
- **Capital tied up** due to **slow assumption updates**

### New business margin

- Pricing relies on **outdated experience studies** and **static assumptions**
- **Limited insight** into conversion and **persistency drivers**

### Capital management

- **Poor visibility** into capital drivers at a granular level (i.e., product **or** cohort)
- Capital models use **static assumptions** (mortality, lapse, and investment yield)

## Current state

## How AI unlocks new value

- **Anticipate customer behavior** to optimize asset and liability liquidity matching
- **Balance assets and liabilities** more precisely across cycles
- **Strengthen team coordination**

- **Implement dynamic pricing** in real time
- Highlight **where margins are strongest** across channels
- **Gain a better understanding of persistency** with a broader data set

- **Improve forecasting and scenario planning** with better mortality, lapse, and yield predictions
- **Attribute dynamic capital** at a more granular level
- Enhance tracking and **governance**

**>250 bps** Return on equity improvement

**>100 bps** New business margin improvement

**>15 points** Risk-based capital ratio improvement

**Across tens of billions in new business, assets, and reinsurance flows, these improvements can unlock substantial economic value**

Note: bps = basis points.  
Source: BCG project experience; BCG analysis.

# The vision of AI first | AI-first insurers reinvent the customer relationship

Not exhaustive

## AI-first L&A insurers

will build products around customers' evolving needs

GenAI and agentic AI can be integrated to orchestrate one connected value chain across business lines and functions



### Product innovation across the ecosystem

Move from static, reactive products to **adaptive offerings that evolve in real time with policyholder life stages** (e.g., coverage adjusts as families grow and savings shift to annuity as mortgages are paid)



### Proactive relationship signals

Shift from transactional sales to **continuous personalized engagement** that helps policyholders stay healthy and financially resilient, driving better outcomes and lasting loyalty

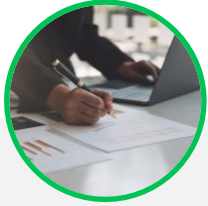


### Integrated customer-focused value chain

Further integrate value chains across L&A products, allowing for **building and deepening trust with customers**

# Ecosystem impact | AI-first insurers can create more value for all stakeholders

Not exhaustive



## Insurers

- Integrate **AI at scale** across the **value chain, lines of businesses, and functions** (e.g., sales, servicing, talent, and actuarial) to unlock new sources of efficiency and growth
- Unlock **outsized returns by optimizing investment portfolios** (e.g., enhance asset-liability matching and improve risk-adjusted yields on long-duration portfolios)



## Customers

- Use **AI interfaces** (e.g., tools powered by large language models [LLMs]) as the **“front door” for discovery**, guiding users through questions such as, *“Which annuity fits a 35-year-old with moderate risk appetite?”*
- Expect products to be **hyperpersonalized, for evolving life needs** (e.g., a mortgage, child’s birth, and job changes)



## Advisors

- Help advisors to be **significantly more knowledgeable and informed** to deliver **holistic insights** across life insurance, annuities, and investments
- Build **data-enabled relationships** that help policyholders build better lifestyles and financial resilience



## Strategic and industry partners

- Use **partnerships** to scale, while **building AI capabilities in-house** to protect proprietary mortality, lapse, and yield models
- **Unlock new value pools** by partnering on longitudinal data assets (e.g., link wearable and health-span data to optimize annuity design and pricing)



## Regulators

- **Enhance real-time visibility** into policyholder behavior and portfolio risk to help carriers meet regulatory requirements
- Support **proactive regulatory engagement**, streamlining reporting, flagging early risks (e.g., lapse spikes and longevity shifts), and accelerating the approval of new life and annuity products

**AI’s true potential lies in shaping a smarter, more inclusive, and human-centered insurance ecosystem**

# AI-native offerings | AI can be embedded in every part of the business

## Product development

- AI **dynamically adapts L&A products** based on policyholder life stages and needs
- **Agentic AI-based models** test assumptions (mortality, lapse, and interest) in near real time, accelerating product launch

## Sales and distribution

- **AI interfaces** (e.g., LLM browsers) become the discovery “front door” for lead generation, replacing costly third-party leads
- AI **unlocks direct-to-consumer sales at scale**, enabling carriers to build **personalized relationships** and sell through diverse AI-driven channels at the point of intent

## Underwriting

- **Data access pathways change** with consumer-authorized data pulls via trusted brokers (e.g., pulling health data from wellness apps vs. medical exams)
- **Straight-through decisions can be made** for most cases with **explainable AI**

## Servicing

- **Agentic servicing** resolves about 80% of interactions, accelerated by proactive nudges and next-best actions
- **Smart claim processing** is built for policyholders’ practical needs (e.g., instant disbursement for simple cases and an early partial payment to cover funeral costs)

## Investment management

- **AI builds forward yield curves** from policy and macro signals
- **Dynamic capital planning** adapts to policy portfolios in real time
- Early steps can be taken toward **programmable and transparent risk transfer**

Not exhaustive

**AI-first insurers can evolve from carriers of risk to intelligent orchestrators of protection using GenAI and agentic AI to learn, adapt, and reinvent the L&A ecosystem**

# Examples of AI-first operations | Agentic AI brings unique change across the value chain

## Continuous product development and fine-tuning

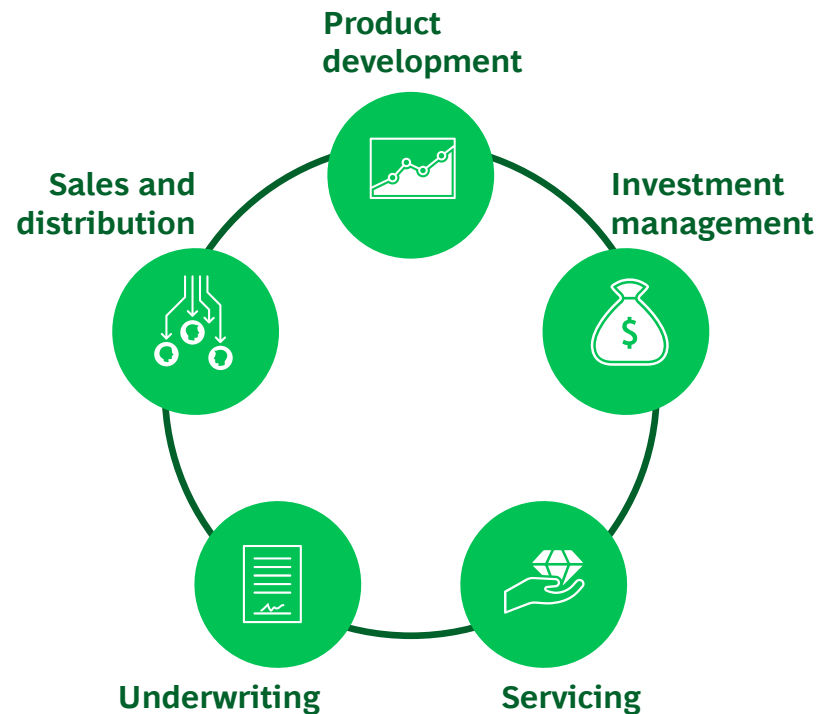
Agentic AI analyzes customer data and market demand to codevelop **bundled L&A products**, factoring in **investment forecasts** and **distribution feedback** to fine-tune the design

## Personalized coverage and proactive servicing from life event triggers

Agentic AI detects real-time life changes (e.g., new child and mortgage payoff) and **automatically recommends tailored coverage levels and annuity contributions**, calibrated to the customer's risk and savings needs

## Smart advisor enablement

Agentic AI provides **real-time product education** and **next-best actions** to advisors during client interactions, drawing from product specs, service history, and market trends



## Intelligent product strategy

Agentic AI synthesizes customer behavior, market shifts, and investment viability to recommend **where to scale, pause, or exit product lines**

## Dynamic asset-liability matching

Monitors policyholder behaviors, risk signals (e.g., withdrawal likelihood and claims velocity), and market changes to **continuously adjust investment allocations to optimize financial performance**

## Cross-functional claims decisioning

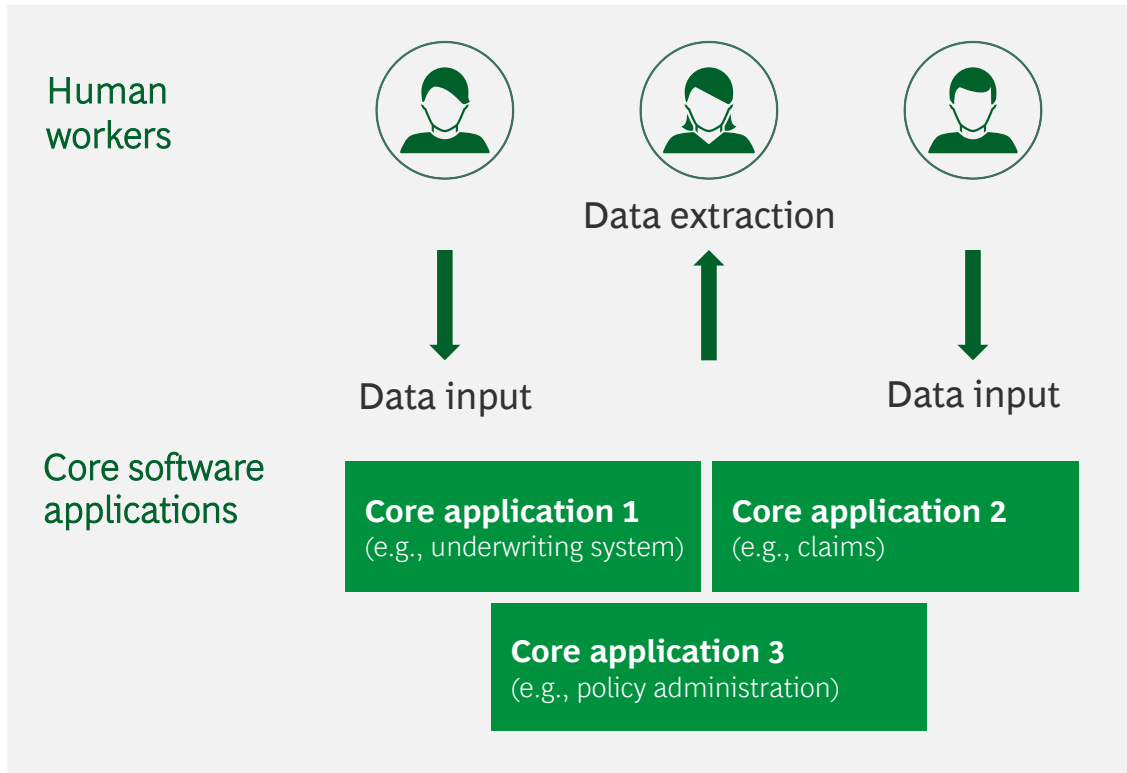
Agentic AI **detects fraud and flags anomalies** while enforcing **jurisdiction-specific compliance**

**From hyperpersonalized product design to asset-liability management, GenAI and agentic AI connect the insurer end to end, coordinating decisions across businesses and functions to build a truly AI-first enterprise**

# Agentic operations | New offerings can be powered by fundamentally changing the operations across the L&A value chain

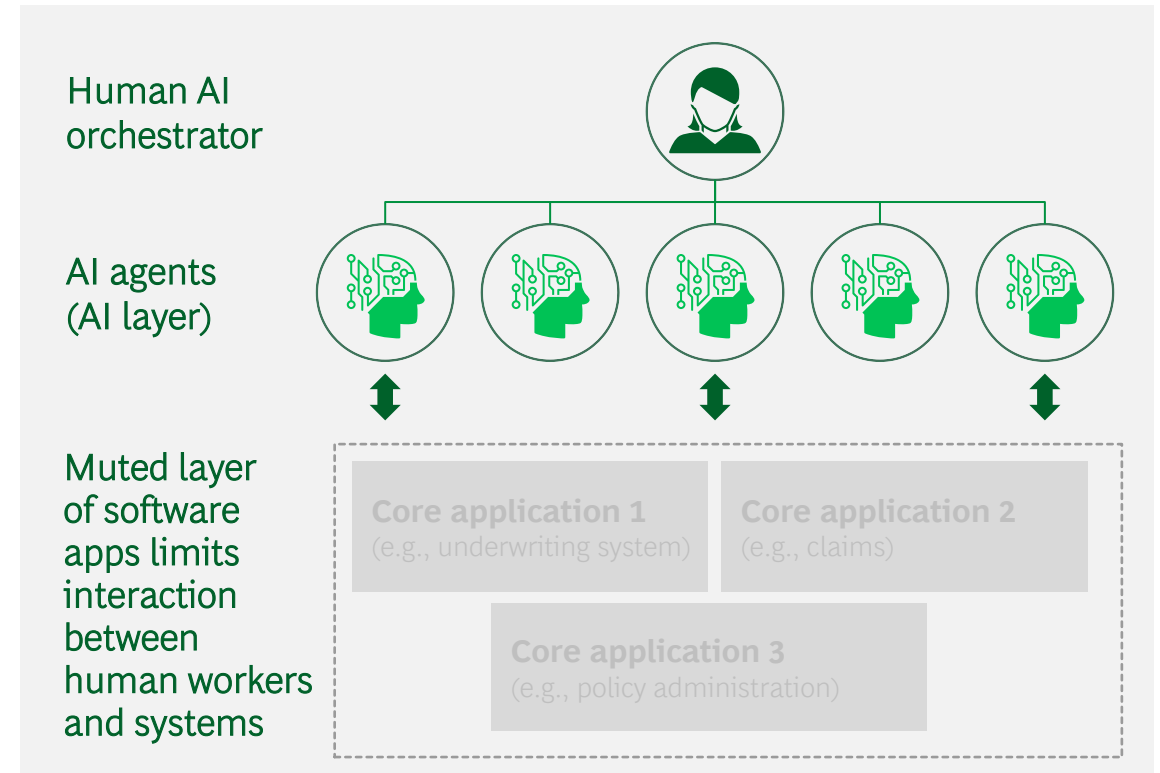
## From current state ...

Human workers directly interact with core software systems, at the heart of business operations



## ... to future state

AI turns the policy itself into the single source of truth powering the full team across the value chain (underwriting, servicing, and claims)



# Areas of change | AI-first insurers are adopting a deploy, reshape, and invent approach to their transformation

## Leaders are ...

### ... already deploying

- Underwriting documentation drafting
- Claims summarization for adjusters
- AI-based fraud detection
- Lead scoring
- Calendar management
- Invoice reconciliation
- Virtual customer service agents



### ... actively differentiating

- Intelligent claims triage
- Personalized marketing outreach
- ★ End-to-end AI-assisted underwriting
- GenAI sales assistant
- Agent onboarding and training
- GenAI regulatory filing, reporting, and compliance



### ... planning and innovating

- Hyperpersonalized adaptive insurance products
- Policy forms that act as the system
- AI-driven ecosystem platforms that connect insurers, brokers, and service providers
- ★ Agentic AI that automates underwriting, policy updates, claims, and so on
- GenAI-assisted liquidity matching



Implementation approach

## DEPLOY

Adopt strategies that adopt AI tools to streamline day-to-day work, foster productivity, and free up capacity for high-value work

## RESHAPE

Enable AI transformations that redesign end-to-end workflows and processes to reimagine how functions operate

## INVENT

Build AI-native offerings that elevate the customer value proposition and create new processes or business models

**An end-to-end transformation requires deploy, reshape, and invent initiatives working together across all businesses and functions**

★ Case examples to follow

# Case example | Reimagine business domains end to end

## Context

A large US life insurance client was looking to move beyond AI point solutions and **reimagine business domains E2E with agentic AI**

## Approach

**5** Key areas reimaged

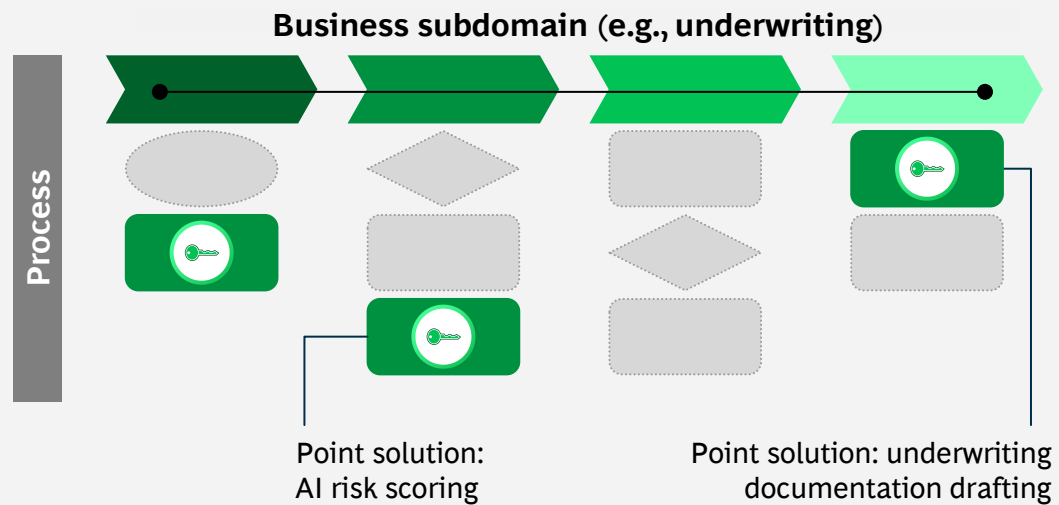
**~\$50–85M**

Initial business case value potential

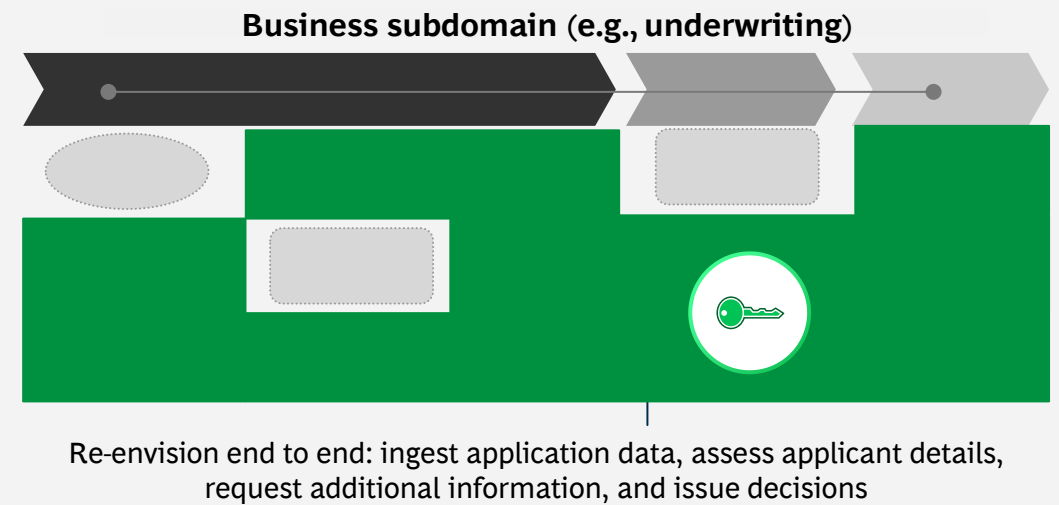
- Developed **future state visions**
- Drafted **initial business cases**
- Created preliminary execution **roadmaps**

## Implementation

Shifting from applying GenAI to **automate or enhance specific tasks** (use cases)...



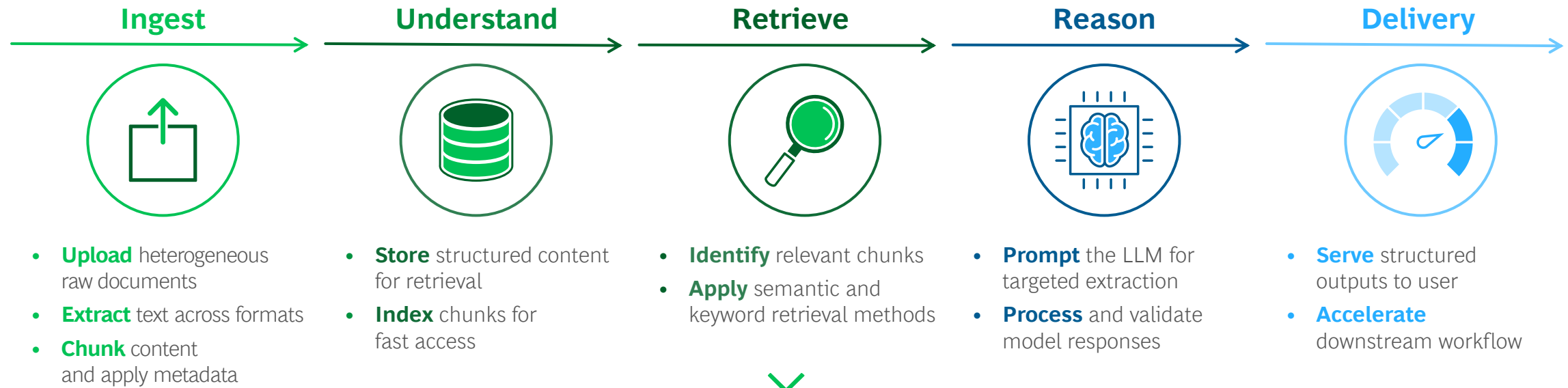
...to stepping back to re-envision the value chain, creating new workflows, roles, and interactions



# Case example | Build the technology and data platform to scale underwriting capabilities with agentic AI

**Context:** A leading North American insurer was looking to **orchestrate the agentic AI transformation journey** and **agentic AI partner ecosystem**

## High-level agentic AI flow



**Efficiency and quality improvements**

**Significant improvement in the end-to-end cycle time** for processing incoming submissions from brokers, from **about one to two days to less than 20 minutes**

**Reduced time to quote**, resulting in a higher submission-processing volume and in a **submission-to-bind ratio of about 35%**

**Reduced spending per new or renewed policy**, freeing up underwriters' capacity for high-value activities

**Increased quality and consistency and reduced bias** in underwriter submission review (with a human in the loop)

# Success factors | Becoming AI first requires a focused evolution

## L&A insurers are investing in AI, but most struggle to scale and unlock value

- Culture and talent are **unprepared for change**
- AI investments are **focused on experimentation**
- **Efforts are fragmented** across siloed pilots
- **Company is overly focused on tools** and point solutions
- Tech and data **foundations are outdated**

## Key success factors

- ✓ **Bring a people-first lens** to the transformation (e.g., change leadership, accountability, and mindsets)
- ✓ **Set a business-led agenda** with measurable outcomes and clear links to value creation
- ✓ **Prioritize two or three high-impact opportunities** to concentrate leadership, resources, and focus
- ✓ **Reimagine workflows** with AI embedded across businesses and functions
- ✓ **Modernize data and architecture** to enable scale and interoperability

# 10-20-70 principle | Technology builds the foundation—people and processes are the 70% that determine success

## BCG's 10-20-70 model

Algorithms  
**10%**

Advanced AI capabilities that enable automated insights and faster decision making

AI-powered modeling and automation

Technology and data  
**20%**

Scalable and modernized tech stack that supports business needs



- Data and analytics platforms and tools
- Data quality, richness, refresh frequency, and integration across domains
- Data management and governance

People and processes  
**70%**

Effective processes supported by talent and change management practices



North Star and strategy



Process reimagination

Ecosystem partnerships



Culture and change management

Talent management and enablement

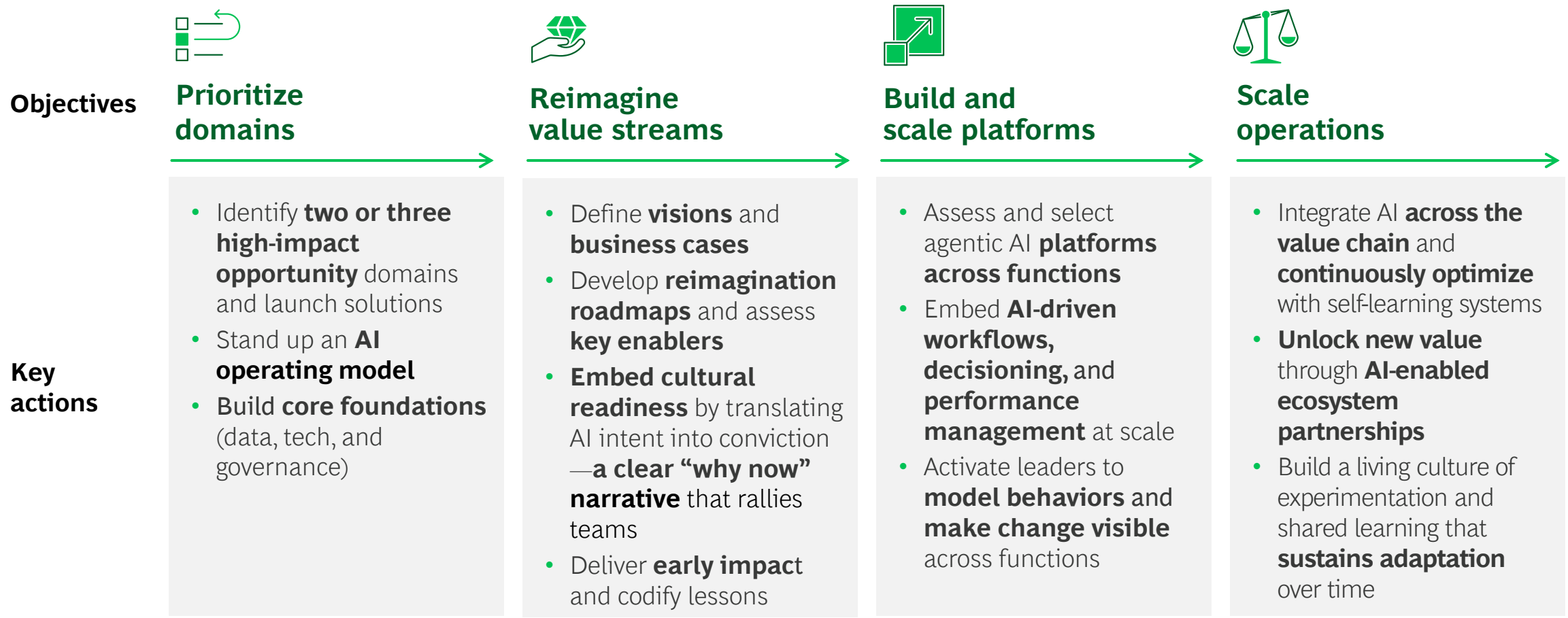
Ways of working

Responsible use of data and AI



Deep dive ahead

# Process reimagination | Leaders are taking specific steps to reshape domains



Increasing AI maturity

# Change management | Don't underestimate the value of behavioral shifts

An **AI-first insurer** won't be built by engineering alone; it needs to be built by leaders who are willing to **fundamentally rethink how they approach risk, control, and governance**.

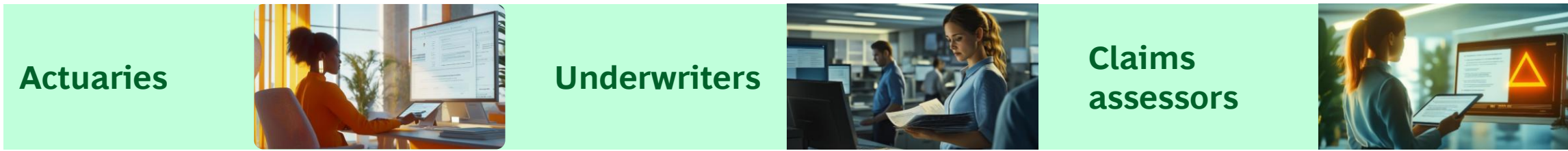
That includes setting a **bold AI ambition from the top** and establishing clear **accountability** for the transformation with business leaders—ideally with **CEO visibility**; without this, AI will serve to only accelerate the current bureaucracy

Key cultural shifts	Old reflex	New reflex	Tension to manage
<b>Mindset</b>	We price risk	We learn from risk	Moving from predicting loss to cocreating resilience
<b>Control</b>	Rule-based; avoid uncertainty	Experiment-based; accept iteration	Compliance vs. curiosity
<b>Trust</b>	Trust in hierarchy and process	Trust in transparency and data	Regulators and employees both need clarity
<b>Customer relationship</b>	Reactive service	Proactive prevention	Sounding intrusive or paternalistic
<b>Leadership tone</b>	Technical excellence	Ethical clarity	Leaders must narrate the “why” constantly

# Talent management and enablement | AI drastically reshapes roles

Not exhaustive

These evolving roles illustrate how GenAI and agentic AI enable carriers to unlock productivity, reduce friction, and elevate human expertise toward higher-value activities



## Current

- Design products with **historical data** that is refreshed periodically
- Work in **siloes** actuarial teams

- **Manually assess** individual risk using static rules and fragmented data
- **Spend a significant amount of time** on **documentation**

- Review and verify documents **manually**
- Focus on **transaction processing**

## Future (AI first)

- Use **real-time data** to refine pricing and reserving models
- **Collaborate cross-functionally** to test, learn, and personalize products

- **Oversee AI risk engines** and handle exceptions
- Focus on **portfolio-level risk analysis** and emerging risk signals

- Partner with AI to **flag anomalies** and **fraud**
- Focus on **complex claims** and **customer advocacy**

# Technology and data | Adopt common capabilities that are focused on strategic differentiators

## As the GenAI and agentic AI tech stack evolves rapidly, focus on three areas of strategic investment to ensure the tech and data foundation's agility



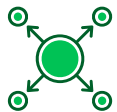
### Accelerate GenAI and agentic AI capabilities where there are no-regret horizontal needs

- Build your full stack iteratively, focusing on the first set of solutions and scaling the platform capabilities through a modular, adaptive architecture
- Invest in the core data and governance capabilities that are required to support GenAI and agentic AI (e.g., data-as-a-product approach to providing enterprise-wide access to data, responsible AI processes and tooling, and robust data practices)
- Develop the appropriate data and architecture capabilities to scale GenAI and agentic AI builds, and enhance governance to support them at the enterprise level



### Focus most engineering on strategic differentiators or integration

- Build core GenAI and agentic AI solutions (e.g., a sales agent for navigating and querying policy and product information to support advisor sales) that create lasting competitive advantage, and upgrade critical internal tools to incorporate GenAI and agentic AI capabilities
- Scale reusable integrations to incorporate GenAI and agentic AI tools into existing platforms



### Leverage commoditized tech and offerings from hyperscalers and the ecosystem

- Buy commoditized components (e.g., foundational models) and end-to-end solutions that integrate smoothly into existing systems (e.g., software-as-a-service applications)
- Bias toward buying components based on current maturity and difficulty to change

# Next steps | The path to an AI-first transformation requires horizontal E2E coordination across the businesses and functions



## Set the ambition and prioritize opportunities (the first 2-3 months)

- Set a **bold strategic commitment** from the top, defining objectives and value ambition for the AI transformation
- **Prioritize high-impact areas** (conduct a maturity assessment, identify opportunities to reshape and reinvent or "golden use cases, size opportunities)
- Assess existing **gaps** across key enablers (e.g., required talent and upskilling efforts, target tech architecture, and data readiness) that can hinder transformation
- Run a **cultural diagnostic** to uncover belief barriers and **define "the why"** that aligns people behind the AI ambition
- Establish **value-driven governance** and a **structured change management** plan



## Accelerate solutions (the next 3-6 months)

- **Build, iterate, and prove out value** for AI applications in selected high-impact areas
- **Empower and upskill functional and business leadership**, and identify AI adoption champions
- Address **foundational gaps and enablers**, and fully define the people, operations, and data and tech **roadmap** to transform functions
- Activate leaders through visible **role-modeling** commitments and behaviors and **storytelling** campaigns that make AI change tangible and relatable



## Complete horizontal transformation (the next 9-12 months)

- **Scale** proven AI applications end to end
- **Embed lasting habits** through peer learning communities and behavioral nudges that **sustain curiosity** and **innovation**
- Measure and manage the **horizontal transformation** with KPI tracking and ongoing governance
- Continue to **evolve and scale tech and data foundations**; conduct large-scale upskilling



Codify lessons and **launch the next wave of transformation**

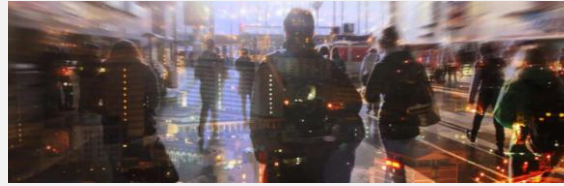
Underpin the transformation journey with increasing investments in **platform capabilities** (tech, data, and people)

# More info | Read more about BCG's insights into insurance and AI



## Article

[Insurance Leads in AI Adoption. Now It's Time to Scale.](#)



## Article

[How Insurers Can Supercharge Their Strategy with AI](#)



## White Paper

[State of InsurTech \(June 2025\)](#)



## Article

[In Insurance, Generative AI Can Transform the Finance Function](#)



## Article

[Smart Insurers Are Using AI to Power Distribution. Are You?](#)



## Interview

[Leading Insurers Are Having a Generative AI Moment](#)

# BCG Experts | Key contacts for AI in life insurance and annuity

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