

BEST'S REVIEW® ISSUES & ANSWERS:

- Artificial Intelligence
- Innovation

Interviewed Inside:



Brandon Nuttall
Xceedance



Rob Walling
Pinnacle Actuarial Resources

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From AI Experimentation to Measurable Impact



Brandon Nuttall, Chief Digital and AI Officer at Xceedance, said insurers must align AI initiatives to measurable business outcomes and embed governance into their deployment strategies to move beyond pilot programs and achieve enterprise-scale value. Following are excerpts from an interview.

Is AI delivering measurable value in insurance today, and where is it still mostly hype?

Early AI deployments in insurance largely focused on broad, “mile-wide, inch-deep” productivity gains. Many organizations are finding those use cases deliver limited tangible value and are difficult to translate into real financial outcomes. The real momentum now is in more targeted, use-case-specific applications embedded within core workflows. Tools for document comparison, structured and unstructured data extraction, and claims fraud detection are producing clearer, measurable returns. These solutions are tightly aligned to operational pain points and key cost centers such as underwriting, claims, and customer service.

What does the journey from AI experimentation to scaled, governed implementation require?

AI is easy to buy but difficult to implement at scale, particularly in a highly regulated industry like insurance. Many core AI providers are not built with financial services governance requirements in mind, which creates friction when moving into production. Success comes down to three factors. First, strong change management. Organizations must rethink processes and operating models to capture value from the technology. Second, clear ownership. AI initiatives should be owned by the business, not treated solely as IT projects. And third, moving beyond pilot mode.

What are the biggest pitfalls insurers face when deploying GenAI, and how can they avoid them?

A common pitfall is failing to tie AI initiatives to measurable economic outcomes. If productivity gains don't translate into cost savings, revenue growth or improved loss ratios, the value is lost. Insurers need a clear understanding of the outcomes they are targeting and a disciplined focus on achieving them. Another major challenge is underestimating the regulatory complexity surrounding AI. The landscape is evolving rapidly, creating a moving target for compliance.

Brandon Nuttall

Chief Digital and AI Officer
Xceedance



“By focusing on narrow but deep improvements, insurers are beginning to see meaningful efficiency gains, improved accuracy, and faster decision-making.”

Scan or click to watch an interview with Brandon Nuttall.

Organizations that fail to build governance into their AI strategies from the outset often struggle to keep pace. Avoiding these pitfalls requires aligning AI initiatives with business value and embedding regulatory awareness into every stage of deployment.

How should insurers think about trust, security and accountability as AI becomes embedded in decisions and customer interactions?

Customer expectations are shifting rapidly toward digital and AI-enabled interactions, making adoption less optional and more inevitable. As consumers increasingly choose how they engage—often through mobile and automated channels—insurers must adapt or risk falling out of step with the market. At the same time, trust must remain central. Insurers need to reinforce that accountability always rests with the organization, not the technology. Maintaining a human in the loop is critical to ensuring sound decision-making and addressing concerns about automation. Transparency in how AI is used will also be key to building customer confidence.



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Double-Edged Innovation in the Insurance Industry

Rob Walling, Principal and Consulting Actuary at Pinnacle Actuarial Resources, reminds us that actions have consequences, both foreseeable and unexpected. It would serve captive insurers well to understand that innovation and change come with unexpected outcomes. He asserts that while AI, for example, brings efficiency, it will likely bring some things that may be considered unwelcome: a classic double-edged sword. Following are excerpts from an interview.

You've said the captive insurance industry in particular must deal with double-edged swords. What do you mean by that?

While the insurance industry is not famous for creativity, captive insurance by its nature is where a lot of innovation happens. The captive space is where many difficult new issues are faced before they get to the admitted market. That includes forces such as AI, threats of emerging risks like cyber or credit enhancement coverages, and on occasion even regulatory changes. Consequently, the challenges taken on, and the solutions developed in the captive market have been at the vanguard. With captives we've seen a model for how to process and manage change. You have also seen how change in the form of regulations, technological developments and coverage innovations have also exposed captives to risk.

Why does the industry need to ask, is it insurance?

Specifically in the captive industry, there's a lot of activity on what I'll call the "fringe of insurance." These are solutions to coverages that aren't available in the traditional market that might stray from typical insurance and look a little bit like an investment hedge, for example. But we're seeing a lot of interest in bringing innovative insurance aspects to some of these transactions. I've worked with a company in the renewable energy space that is writing a policy that guarantees a minimum wholesale electric rate for 10 years, ensuring the project can get better finance terms. It's almost like back in the old days of hurricane insurance, property CAT insurance—we turned property CAT reinsurance into CAT bonds, essentially turning insurance into a security. And now we're seeing a lot of interest in turning investment vehicles into something that looks like insurance to get access to the insurance markets. The problem, however, is that these innovations can become double-edged swords quickly if a court or regulator rules that it is not insurance.



Rob Walling

Principal and Consulting Actuary
Pinnacle Actuarial Resources



"Even fast-follower companies right behind leading-edge innovators are scrambling to keep up with the pace of today's change."

Scan or click to watch an interview with Rob Walling.

Why should the property/casualty industry be wary of artificial intelligence?

I've been floored by how fast AI is being adopted and embraced. It's the fastest-moving technological innovation I've seen in the insurance industry since I entered it in the late '80s. Even fast followers are scrambling to keep up. Across the industry, AI is being applied to specific use cases where core functions are rapidly changing—handling cognitively rote tasks like extracting data from loss runs into pricing models or moving application data into policy systems. It's saving thousands of hours of work. But when those hours disappear, so do jobs. The real challenge isn't just staffing, it's how young professionals develop skills when traditional entry-level learning opportunities are replaced. The industry will need new ways to build expertise without relying on those foundational tasks.

