No more outsourcing

How insurance organizations are transforming global operations with AI

The insurance industry has harnessed offshore outsourcing for decades, using it for everything from claims processing to policy administration.

While this approach has helped to manage fluctuating demand, save costs and remove the headache of routine work from in-house teams, the trade-offs seen have been a lower standard of communication, control and quality.

With AI-powered solutions and agents handling routine and increasingly complex workloads, your people can feel more empowered to pursue high-value work. They can spend their time reimagining service delivery. Delighting customers. And identifying new revenue streams.

In this guide, we explore how to integrate AI across your business, for your people and your bottom line.

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From outsourcing to AI orchestration

Let's consider the possibilities AI can offer the insurance industry, looking at the near future of an imagined firm representative of today's organizations.

In 2025, AllProtect Insurance maintained three vast offshore centers with staff handling claims, policy administration and customer service.

By 2030, those functions are managed by a distributed scalable network of AI agents overseen by a team of specialists — some in London, others globally. These agents were able to automatically resolve 92% of the weekend's claims, as well as categorize and prioritize the remaining 8% for specialist review.

Elsewhere, one of AllProtect Insurance's AI architects is working with 'PolicyAI' to create a locally compliant variant of their standard home insurance product for properties with solar installations. What would have previously required weeks of work from a team of offshore specialists will be completed by the end of the day.

In the customer experience hub, 'CustomerAI' has identified that 62% of today's unusually high call volumes relate to a recent system update. It has drafted proactive communications that are reviewed and distributed, resulting in an immediate 40% reduction in inbound queries.

While today's outsourcing models would take significantly longer to achieve these results, AI's scalability and efficiency means that teams can do these multi-week tasks in a single day — and without the costs or complications that come with outsourcing.

40%
reduction in inbound queries.

62% of today's calls to AllProtect relate to a system update. 'CustomerAI' identifies this and drafts proactive responses for review, reducing inbound queries by 40%.

Building the business case for AI-enhanced operations

We just considered what insurers can expect of AI in 2030, but you can already begin to take advantage of its cost-saving opportunities.

Offshore center:	AI:
Can cost tens of millions per year to maintain	Basic applications start at affordable rates, with costs scaling in proportion to deployment
Steep charges for late-notice work in response to unexpected demand	Scalability that can rapidly respond to increased demand, avoiding outsourcing premiums
Additional costs onboarding new staff following turnover	AI retains all knowledge permanently, helping onboard staff faster and at a lower cost
Inefficiencies introduced by time zones or system failures if the center is in a single location	AI systems can be deployed and operational across multiple environments, eliminating single points of failure

> **"The gap between information-providing AI and action-taking AI is closing rapidly. And this paradigm shift isn't limited to consumer applications or IT functions — it applies across every industry, especially insurance with its transaction-heavy, information-rich processes."**
>
> – Joseph Toma, Director of Data & AI for Financial Services at Microsoft UK

How AI-ready are you?

The transformation from traditional outsourcing to AI orchestration will fundamentally reshape the insurance industry's operating model for the better.

Consider the following questions:

How will my team manage the pace of transformation?

Small steps lead to big change. The most successful organizations will develop a clear roadmap that balances ambitious goals with practical implementation realities.

How can my team maintain control and governance?

The most effective governance frameworks balance appropriate human oversight with the efficiency of AI automation, focusing human attention where it adds most value.

What happens to my existing outsourcing relationships?

Forward-thinking organizations are already engaging outsourcing partners in conversations about the evolution toward AI orchestration.

How will I address the human impact?

The transition to AI orchestration requires new expertise that may not exist within your current organization. Effective AI implementation means augmenting, not replacing human roles.

Engineering AI for impact

At Cognizant, we take a unique approach that starts with identifying the most relevant use cases for your teams. We then pilot them in small groups, measure and address the successes and challenges, and begin to roll out the use case in controlled waves.

To make teams more likely to adopt AI and use it in ways that are valuable to them, we'll also help you create an AI center of excellence. This includes nominating champions to support other teams with AI, training modules, AI-themed learning loops inspired by proven development models and educational emails and newsletters.

Why Cognizant?

To make the most of AI by scaling it across your insurance organization, you'll need a partner who can engineer AI for impact.

At Cognizant, we work with global insurance service providers who want to embrace new technologies to work smarter while creating the best work environments in their sector.

Using our people-led framework, we'll help you engineer meaningful change for every team, with intuitive AI capabilities tailored to your organization's unique needs.

1

Taking care of your people

We'll help uncover opportunities to enhance your human roles with AI.

2

Making methodical moves

Our teams will work with you to launch pilot initiatives, implement an integrated AI agent framework and scale use cases throughout your business.

3

Creating a culture of innovation

Use our experience to nurture an open culture of AI enhancement with humans and technology working together as one.

4

Putting your gains to good use

Together, we'll help you further integrate agentic AI to benefit your employees, customers and communities.

If you're ready to take the next step into AI reality, or want to talk through its many possibilities, get in touch with the experts at ukinsights@cognizant.com.

These insights have been brought to you by our industry experts at Cognizant and Microsoft:

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