

AI TRANSFORMATION FOR THE CFO

From Cost Reduction to
Competitive Dominance

**A 3-YEAR STRATEGIC ROADMAP FOR
ACHIEVING 30% CLAIMS COST REDUCTION**

December 2025 | Strategic Advisory



The Industry at an Inflection Point

76%

of global insurers now using Generative AI

A fundamental shift from experimentation to industrialization. The question is no longer "if" but "how fast."

Source: BCG (2025) "Insurance Leads in AI Adoption—Now It's Time to Scale"

7%

of carriers successfully scale AI to production

Despite high adoption rates, most projects stall at the pilot phase. The gap between intent and execution is vast.

Source: Deloitte (2024) "Scaling Gen AI in Insurance: From Experimentation to Industrialization"

Key Insight: A new generation of AI-native insurers is entering the market with radically different cost structures, achieving **90%+ automation** in core processes.

Source: Trixly AI (2024) "Agentic AI in Insurance: Lemonade Case Study"

[1] BCG (2025). "Insurance Leads in AI Adoption—Now It's Time to Scale." <https://www.bcg.com/publications/2025/insurance-leads-ai-adoption-now-time-to-scale>

[2] Deloitte (2024). "Scaling Gen AI in Insurance: From Experimentation to Industrialization." <https://www.deloitte.com/us/en/insights/industry/financial-services/scaling-gen-ai-insurance.html>

[3] Trixly AI (2024). "Agentic AI in Insurance: Lemonade Case Study." <https://www.trixlyai.com/blog/our-blog-1/agentic-ai-insurance-lemonade-case-study-28>

SITUATION

Claims processing is the largest operational cost center—and the biggest opportunity.

SITUATION

AI-native competitors are redefining what's possible—and what customers expect.

TRADITIONAL INSURER

CLAIMS AUTOMATION

5-10%

SETTLEMENT TIME

30-45 Days

COST PER CLAIM

\$100



AI-NATIVE COMPETITOR

THE THREAT

CLAIMS AUTOMATION

90%+

SETTLEMENT TIME

1-3 Days

COST PER CLAIM

\$15-25

FRAUD DETECTION

Real-Time

SITUATION

The cost of inaction **exceeds** the cost of transformation.

MARKET SHARE EROSION

2-5%

Annual loss of market share to AI-native competitors targeting younger demographics.

LOST OPPORTUNITY COST

\$50M+

Annual savings forgone by Year 3 if competitors move first to automate claims.

LEGACY MAINTENANCE

\$10M+

Annual spend on maintaining obsolete systems with declining ROI and increasing technical debt.

REGULATORY RISK

High

Increasing regulatory pressure for AI auditability and proactive fraud prevention.

Cumulative 3-Year Impact: Significant deterioration of competitive position and profitability.

The AI Opportunity: Transformative Cost Reduction

30%

Cost Reduction in Claims Processing

AI-driven automation, fraud prevention, and process optimization deliver measurable savings across the claims lifecycle.

57%

Improvement in Days Sales Outstanding

Faster claims settlement and improved cash flow through AI-powered underwriting and adjudication.

\$124M

Cumulative 3-Year Savings (Illustrative)

For a mid-to-large insurer with \$150M annual claims costs. Actual results vary by organization and implementation quality.

12-15

Month Payback Period

Typical ROI timeline for AI transformation initiatives with proper governance and change management.

[1] McKinsey (2024). "The Future of AI in the Insurance Industry." <https://www.mckinsey.com/industries/financial-services/our-insights/the-future-of-ai-in-the-insurance-industry>

[2] WNS (2024). "AI-First CFO: Strategies to Cut Costs and Drive Insurance Excellence." <https://www.wns.com/perspectives/articles/ai-first-cfo-strategies-to-cut-costs-and-drive-insurance-excellence>

Why 95% of AI Pilots Fail to Scale

95%

of enterprise AI pilots never reach production

Source: MIT Sloan / Centric Consulting (2024) "Why 95% of AI Pilots Are Failing"

1. Data & Legacy Systems

Poor data quality and fragmented legacy infrastructure prevent scaling. 60% of effort goes to data cleaning.

2. Use-Case Fragmentation

Disconnected pilots across departments create silos. No unified strategy or shared learnings.

3. Operating Model Gaps

Existing org structures and processes don't support AI-driven workflows. Change management is inadequate.

4. Governance & Risk

Unclear accountability, compliance gaps, and risk frameworks prevent enterprise deployment.

[1] MIT Sloan / Centric Consulting (2024). "Why 95% of AI Pilots Are Failing." <https://centricconsulting.com/blog/why-95-percent-of-ai-pilots-are-failing/>

[2] Sutherland Global (2024). "Why Most Insurance AI Projects Fail to Scale." <https://www.sutherlandglobal.com/insights/blog/why-most-insurance-ai-projects-fail-to-scale>

COMPLICATION

No single vendor can do it all—a portfolio approach minimizes risk and maximizes value.

DOCUMENT PROCESSING

Azure Document Intelligence
AWS Textract

Scalable, cost-effective, cloud-native foundation.

FRAUD DETECTION

Shift Technology
SAS Fraud Mgmt

Insurance-specialized, real-time scoring, high accuracy.

CLAIMS AUTOMATION

Simplifai
Duck Creek Claims

AI-native, rapid deployment, high STP rates.

PROCESS INTELLIGENCE

Celonis
SAP Signavio

Process discovery, continuous optimization & monitoring.

AGENTIC AI

AgentFlow

Workflow orchestration, autonomous decision making.

STRATEGIC INSIGHT

Avoid vendor lock-in by selecting best-of-breed solutions for specific layers of the technology stack.

COMPLICATION

A coordinated, phased approach delivers **3x better outcomes** than ad-hoc pilots.

AD-HOC PILOTS		PHASED ROADMAP	
Fragmented, vendor-driven, siloed		Strategic, integrated, value-first	
TIMELINE	3-5 Years	TIMELINE	3 Years
TOTAL COST	\$80M+	TOTAL COST	\$45-70M
YEAR 3 SAVINGS	\$20M	YEAR 3 SAVINGS	\$47-63M
RISK PROFILE	High	RISK PROFILE	Low
EST. ROI	25%	EST. ROI	183%+

Curated by Andy Chow with Manus A.I. 1.5. Dec 2025. Further verification on info/data recommended

COMPLICATION

Success requires a clear strategy, disciplined execution, and **balanced risk management**.

01

Lead with Cost, Build for Strategy

Deliver immediate financial returns to fund the journey while building sustainable competitive advantage.

02

Portfolio Approach

Leverage best-of-breed vendors to avoid lock-in, ensuring flexibility and access to top-tier capabilities.

03

Data-Driven Decision Making

Start with process discovery to target investments at the highest-value opportunities, not just hype.



QUESTION

THE QUESTION EVERY CFO MUST ANSWER

How can we design and execute a 3-year AI transformation that delivers on our financial targets while managing risk?



ANSWER

A clear, phased approach that delivers \$91M-\$124M in cumulative savings.

Year 1 is about building the foundation and securing quick wins that fund the journey.

1. Process Discovery (Celonis)

MONTHS 1-3

Map end-to-end claims process to identify bottlenecks, variations, and automation opportunities. Establish baseline KPIs.

Investment: \$2M - \$3M Outcome: Data-driven business case
2. Claims Document Automation (Azure/AWS)

MONTHS 2-9

Deploy Intelligent Document Processing (IDP) to automate data extraction from claims forms, medical reports, and estimates.

Investment: \$4M - \$6M Outcome: 70-80% manual entry reduction
3. Real-Time Fraud Detection (Shift Tech)

MONTHS 4-12

Implement real-time fraud scoring at First Notice of Loss (FNOL) to prevent payments on fraudulent claims.

Investment: \$4M - \$6M Outcome: 15-20% loss reduction

YEAR 1 FINANCIAL IMPACT

TOTAL INVESTMENT

\$10M - \$15M

ANNUAL SAVINGS RUN-RATE

\$12M - \$18M

8-12% Cost Reduction

PAYBACK PERIOD

8-15 Months

ANSWER: YEAR 1 BREAKDOWN

Year 1 savings are driven primarily by **labor automation** and **fraud prevention**.



DOCUMENT AUTOMATION

Automating the extraction of data from claims forms, medical reports, and repair estimates.

KEY MECHANISM

70-80% reduction in manual data entry time per claim.

FRAUD PREVENTION

Real-time scoring at First Notice of Loss (FNOL) to stop payments.

KEY MECHANISM

15-20% reduction in fraud losses (pre-payment).

TRIAGE

Automated routing.

KEY MECHANISM

Optimized assignment.

Year 2 is about industrializing AI and transforming **core processes** beyond claims.

1. Claims Automation (STP)

MONTHS 13-18

Deploy Simplifai or Duck Creek to implement Straight-Through Processing for 40-50% of simple claims.

Investment: \$10M - \$15M Outcome: 25% labor reduction

2. Underwriting Automation Pilot

MONTHS 13-24

Pilot automated submission intake and risk assessment for one line of business using IDP and predictive models.

Investment: \$5M - \$7M Outcome: 30% productivity gain

3. Scale Fraud Analytics

MONTHS 19-24

Expand fraud detection to underwriting (application fraud) and identify organized fraud rings.

Investment: \$5M - \$8M Outcome: 25% loss reduction

YEAR 2 FINANCIAL IMPACT

TOTAL INVESTMENT

\$20M - \$30M

INCREMENTAL ANNUAL SAVINGS

\$20M - \$25M

CUMULATIVE SAVINGS TO DATE

\$44M - \$61M

20-25% Total Cost Reduction

STP is the game-changer—automating 40-50% of claims without human touch.

THE MECHANISM

- 01 AI Ingestion**
Extracts data from FNOL documents and images instantly.
- 02 Multi-Point Validation**
Checks policy coverage, fraud indicators, and liability rules.
- 03 Auto-Decision**
Approves claim if all confidence thresholds are met.
- 04 Instant Settlement**
Triggers payment directly to the customer's account.

THE FINANCIAL IMPACT

PROCESSING COST	CYCLE TIME
\$100.00	30-Days
\$5.00	Instant
HUMAN TOUCHPOINTS	CUSTOMER SAT
10+	70%
Zero	95%+



Year 3 is about achieving autonomy and strategic differentiation through **advanced AI**.

1. Agentic AI Orchestration (AgentFlow)

MONTHS 25-36

Deploy autonomous AI agents to handle complex, multi-step workflows requiring decision-making and system interaction.

Investment: \$8M - \$12M Outcome: Autonomous operations

2. Predictive Pricing & Reserving

MONTHS 25-36

Implement AI-driven actuarial models for real-time risk pricing and dynamic reserve adjustments.

Investment: \$5M - \$8M Outcome: 2-3% loss ratio improvement

3. Continuous Process Optimization

MONTHS 30-36

Leverage process intelligence to automatically identify bottlenecks and trigger self-healing workflows.

Investment: \$2M - \$5M Outcome: Sustainable efficiency

YEAR 3 FINANCIAL IMPACT

TOTAL INVESTMENT

\$15M - \$25M

INCREMENTAL ANNUAL SAVINGS

\$15M - \$20M

CUMULATIVE SAVINGS TO DATE

\$91M - \$124M

30-35% Total Cost Reduction

Agentic AI moves beyond automation to autonomous decision-making and orchestration.

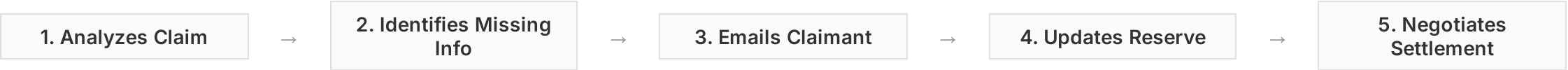
ROLE	Assistant	→	Agent
ACTION	Drafts & Suggests	→	Executes & Resolves
SCOPE	Single Task	→	End-to-End Process

What is Agentic AI?

Unlike standard LLMs that just generate text, Agents can **plan** multi-step workflows, **use tools** (email, databases, APIs), and **self-correct** if they encounter errors.



EXAMPLE: THE AUTONOMOUS CLAIMS ADJUSTER



ANSWER: FINANCIAL SUMMARY

Strategic investment yields \$100M+ net benefit and fully funds itself by Year 2.

TOTAL INVESTMENT (3 YEARS)

\$45M - \$70M

Includes tech, labor, and change mgmt.

CUMULATIVE SAVINGS

**\$91M -
\$124M**

From claims, fraud, and ops leverage.

NET BENEFIT

**\$46M -
\$109M**

Pure bottom-line impact.

Achieving 30% reduction requires pulling **five** specific operational levers.

Labor Automation 45% OF SAVINGS	Manual Data Entry → Intelligent Doc Processing & STP	TARGET KPI 80% Touchless
Fraud Prevention 25% OF SAVINGS	"Pay & Chase" Recovery → Real-time Prevention at FNOL	TARGET KPI 20% Loss Red.
Cycle Time 15% OF SAVINGS	30-Day Settlement → Instant / Same-Day Settlement	TARGET KPI 2 Days Avg.
Accuracy 10% OF SAVINGS	Human Error & Rework → Algorithmic Consistency	TARGET KPI <1% Rework

ANSWER: STRATEGIC VALUE

Beyond cost: AI creates a sustainable competitive moat.

Proactive risk management is **built into every phase** of the roadmap.

Data Privacy & Security

Potential exposure of sensitive PII/PHI during AI processing or model training.

MITIGATION STRATEGY

Enterprise-grade private cloud deployment; strict PII redaction before processing; zero-retention policies for vendors.

Model Reliability

Risk of "hallucinations," bias, or incorrect decision-making in automated workflows.

MITIGATION STRATEGY

"Human-in-the-loop" for all denials and high-value claims; strict confidence thresholds; continuous model monitoring.

Regulatory Compliance

Non-compliance with emerging AI regulations (e.g., EU AI Act) regarding transparency.

MITIGATION STRATEGY

Use of "Explainable AI" (XAI) models only; maintaining full audit trails of all AI-driven decisions.

Execution & Adoption

Internal resistance to change or lack of necessary technical skills.

MITIGATION STRATEGY

Dedicated Change Management office; "Co-pilot" mode rollout before full automation; upskilling programs.

Success depends on bridging the gap between **technology** and **talent**.

50% of transformation effort is change management.
Neglecting culture is the #1 reason for AI failure.

01 The Bionic Workforce

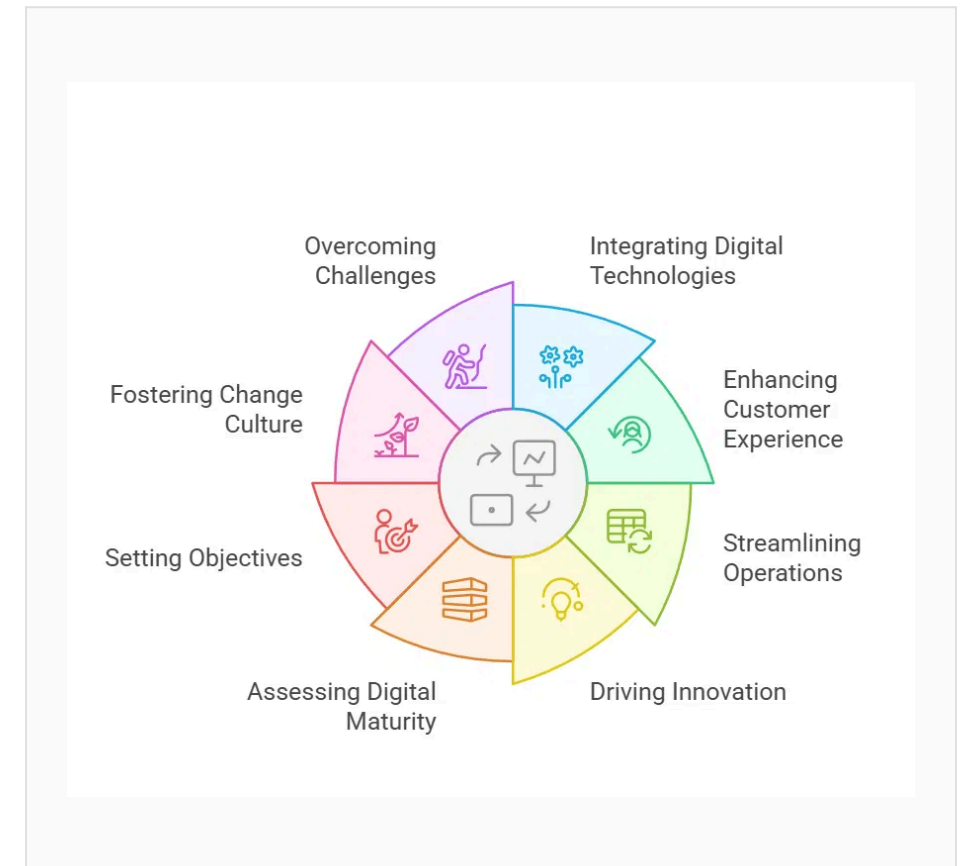
Upskill underwriters and claims adjusters to work *with* AI. Shift roles from manual data processors to high-value risk analysts and decision makers.

02 Agile Operating Model

Break down silos between Business, IT, and Data. Form cross-functional "product squads" focused on specific outcomes (e.g., "Fast Claims Squad").

03 Adoption-First Metrics

Stop measuring success by "deployment." Start measuring by "adoption" and "value realization." If the front line doesn't use it, the ROI is zero.



Rigorous governance ensures value realization and risk control.

GOVERNANCE STRUCTURE

AI Steering Committee

CHAired BY CFO & CIO

Sets strategic direction, approves budget allocation, and reviews quarterly value realization against the business case.

AI Center of Excellence (CoE)

LEAD BY HEAD OF AI

Centralized hub for technical standards, vendor management, model development, and best practice dissemination.

Risk & Ethics Board

LEGAL, COMPLIANCE, RISK

Ensures AI models meet regulatory requirements, fairness standards, and data privacy laws before deployment.

KPI FRAMEWORK

Financial KPIs

COST REDUCTION

Target: 30%

ROI

Target: >150%

PAYBACK PERIOD

<18 Months

Operational KPIs

STP RATE

Target: 50%

CYCLE TIME

-90% Reduction

ERROR RATE

<0.5%

Immediate mobilization plan: **The next 90 days.**

Days 0-30

MOBILIZE

- ☐ Approve Year 1 seed budget (\$2M) for initial discovery and tooling.
- ☐ Select and contract Process Intelligence vendor (Celonis).
- ☐ Appoint "Head of AI Transformation" and core squad leads.

Days 31-60

LAUNCH

- ☐ Kickoff "Claims Process Discovery" sprint to map current state.
- ☐ Finalize Intelligent Document Processing (IDP) vendor selection.
- ☐ Conduct data quality audit for targeted claims workflows.

Days 61-90

EXECUTE

- ☐ Present discovery findings and detailed business case to Board.
- ☐ Launch "Quick Win" pilot: Document Automation for medical reports.
- ☐ Finalize Year 1 hiring plan for data science and engineering.

IMMEDIATE DECISION REQUIRED

Approval of \$2M seed funding to initiate Process Discovery phase.

Hyperscalers provide the most scalable foundation for Intelligent Document Processing (IDP).

Fraud Detection: Specialized AI vs. Enterprise Analytics.

RECOMMENDED Shift Technology Insurance-Native SaaS STRENGTHS 95%+ accuracy rate with pre-trained insurance models. - Network effect: leverages fraud patterns from 100+ carriers. - Rapid deployment (3-6 months). WEAKNESSES "Black box" models can be harder to customize. - Premium pricing model. BEST FIT FOR Carriers seeking rapid ROI and industry-standard fraud protection without building a data science army.	SAS Fraud Mgmt Enterprise Analytics Platform STRENGTHS - Complete "white box" transparency and customizability. - Deep integration with legacy core systems. - Enterprise-grade security and governance. WEAKNESSES - Complex, lengthy implementation (12+ months). - Requires significant internal data science resources. BEST FIT FOR Large incumbents with mature data science teams who demand full control over model logic.	Palantir Foundry Data Operating System STRENGTHS - Unifies siloed data across the entire enterprise. - Excellent at detecting complex, organized crime rings. - Powerful visualization tools for investigators. WEAKNESSES - Extremely high cost. - Steep learning curve for non-technical users. BEST FIT FOR Complex investigations of organized crime rings and integrating massive, disparate datasets.
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Claims Automation: Core Modernization vs. AI Overlays.

AI ACCELERATOR		
Guidewire Market Leader (Core) STRENGTHS • Industry standard; massive ecosystem of partners. • Most comprehensive feature set for all LOBs. • "Safe bet" for long-term stability. WEAKNESSES • High TCO and lengthy upgrade cycles. • Can be rigid to customize without specialized talent. BEST FIT FOR Large global insurers needing a robust, proven system of record and willing to pay for stability.	Duck Creek Agile SaaS (Core) STRENGTHS • True low-code configuration enables faster product launches. • Continuous updates (SaaS) eliminate "upgrade hell." • More flexible architecture than Guidewire. WEAKNESSES • Smaller partner ecosystem. • Reporting tools can be complex to master. BEST FIT FOR Carriers prioritizing speed-to-market and agility over massive scale ecosystem support.	Simplifai AI Automation Layer STRENGTHS • Sits <i>on top</i> of legacy systems; no rip-and-replace needed. • Achieves 90%+ STP for email/document-heavy claims. • Rapid ROI (weeks, not years). WEAKNESSES • Not a system of record; relies on the core for ledger. • Narrower focus (unstructured text/email). BEST FIT FOR Immediate cost reduction and automation without the risk/cost of a full core system transformation.

**Process Mining provides the "MRI" needed to
diagnose inefficiencies before automating.**

The frontier: Purpose-built **agent orchestration** vs. General-purpose builders.

An AI-native operating model demonstrates the **art of the possible.**

THE "BOT-FIRST" ARCHITECTURE

AI Maya (Sales & Onboarding)

Engages customers in a 2-minute chat, collecting ~1,700 data points (vs. ~50 for traditional forms) to create a hyper-granular risk profile instantly.

AI Jim (Claims Handling)

Runs 18 distinct anti-fraud algorithms on every claim submission. If cleared, payment is wired in seconds. If flagged, it routes to a human with a "fraud score."

The Feedback Loop

Claims data is not siloed; it instantly updates the underwriting model, allowing pricing to adjust to new risk trends in real-time.

2,500

Policies per Employee

vs. ~400 for traditional incumbents

3 Sec

Fastest Claim Settlement

World record for end-to-end payment

70+

Net Promoter Score (NPS)

vs. ~15 industry average

Case Study: How a global incumbent achieved **60% STP** without replacing the core.

THE CHALLENGE

LEGACY DEBT

Operated on 40+ disconnected policy admin systems across 15 countries.

COST PRESSURE

Expense ratio stuck at 32%, significantly higher than digital competitors.

SLOW SERVICE

Average claims cycle time of 15 days; 0% Straight-Through Processing.

THE STRATEGY

ARCHITECTURE

Adopted "Two-Speed IT": Kept legacy core stable while building an agile AI/API layer on top.

FOCUS AREA

Targeted high-volume, low-complexity claims (glass, towing) for immediate automation.

TECHNOLOGY

Deployed computer vision for damage assessment and NLP for document intake.

THE IMPACT

EFFICIENCY

60% STP

Achieved in target lines within 18 months.

FINANCIAL

\$200M

Annualized cost savings realized by Year 3.

CUSTOMER

+20 NPS

Improvement in customer satisfaction scores.

KEY LESSON FOR THE CFO

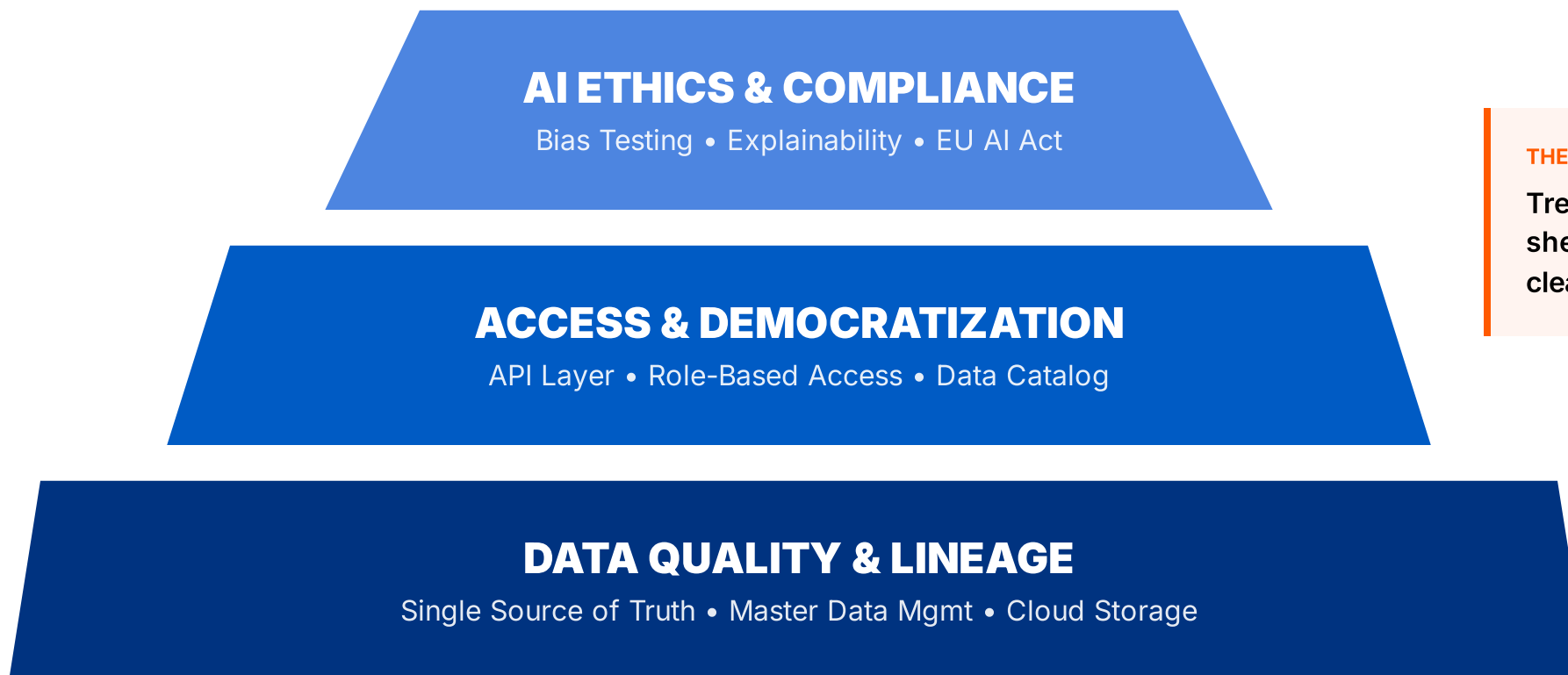
You do not need to wait for a 5-year core system migration to see results. An "AI Overlay" strategy delivers faster ROI and funds the longer-term transformation.

Three-year P&L view: From investment mode to cash-flow positive.

Illustrative projection based on a hypothetical \$150M annual claims operation cost base.

CATEGORY (\$ MILLIONS)	YEAR 1	YEAR 2	YEAR 3	TOTAL
INVESTMENT REQUIRED				
Technology License & Cloud	\$5.0	\$12.0	\$10.0	\$27.0
Implementation Services	\$6.0	\$10.0	\$5.0	\$21.0
Internal Labor & Change Mgmt	\$4.0	\$8.0	\$10.0	\$22.0
Total Investment	\$15.0	\$30.0	\$25.0	\$70.0
PROJECTED SAVINGS				
Claims Operations (Labor)	\$5.0	\$15.0	\$25.0	\$45.0
Indemnity (Fraud Prevention)	\$5.0	\$20.0	\$25.0	\$50.0
Indemnity (Accuracy/Leakage)	\$2.0	\$10.0	\$17.0	\$29.0
Total Savings	\$12.0	\$45.0	\$67.0	\$124.0
Net Benefit (Savings - Inv)	(\$3.0)	\$15.0	\$42.0	\$54.0

Garbage in, garbage out: The **non-negotiable foundation** for AI.



THE CFO'S ROLE

Treat data as a balance sheet asset. If it's not clean, it's a liability.

The hardest part isn't the code. It's the culture shift.

1

De-risk (Months 1-6)

Position AI as a "Co-pilot" to remove drudgery, not a replacement. Focus on "Augmentation" to build trust.

2

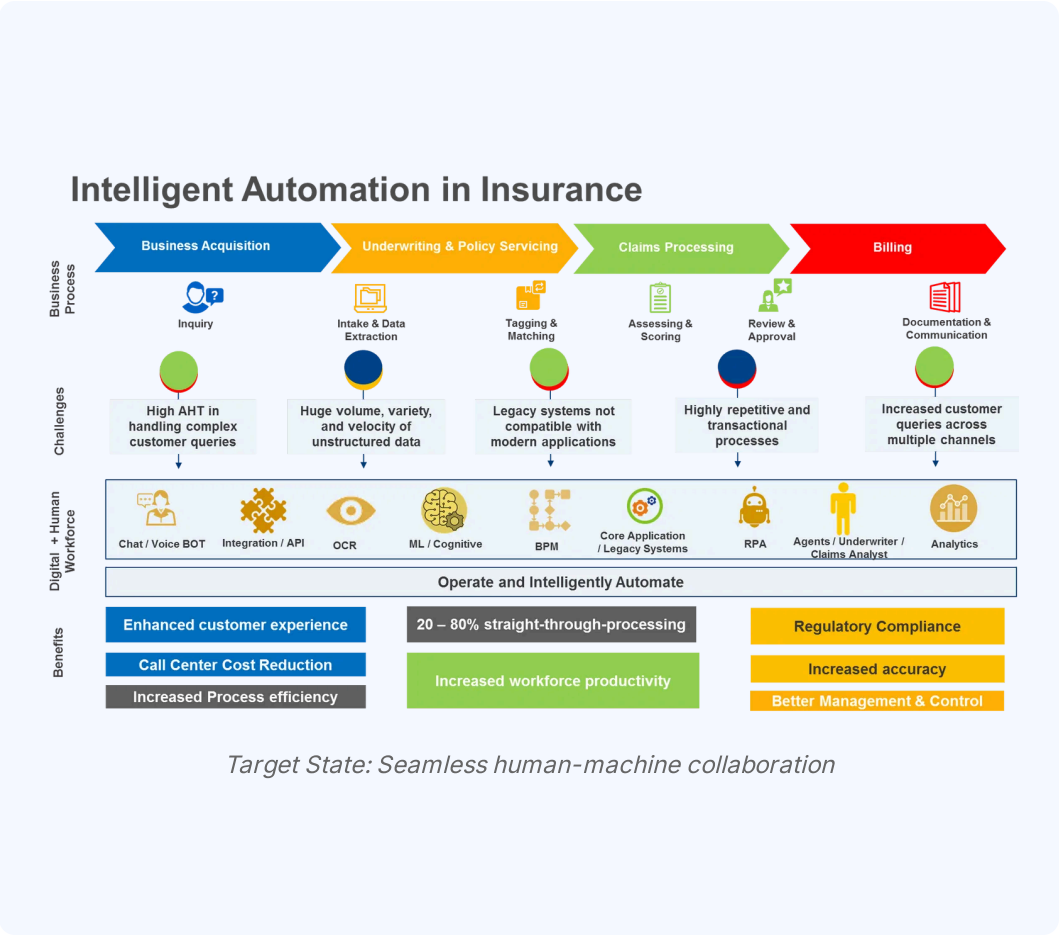
Upskill (Months 7-18)

Launch "Data Literacy" academies. Every underwriter and claims adjuster must understand basic AI outputs.

3

Re-org (Months 19+)

Introduce new roles: AI Ethics Officer, Prompt Engineer, and Process Architect. Shift KPIs from "volume" to "value."



References & Sources

INDUSTRY ADOPTION & TRENDS

BCG (2025)

"Insurance Leads in AI Adoption—Now It's Time to Scale"

Deloitte (2024)

"Scaling Gen AI in Insurance: From Experimentation to Industrialization"

MIT Sloan / Centric Consulting (2024)

"Why 95% of AI Pilots Are Failing"

FINANCIAL IMPACT & COST SAVINGS

McKinsey (2024)

"The Future of AI in the Insurance Industry"

WNS (2024)

"AI-First CFO: Strategies to Cut Costs and Drive Insurance Excellence"

BCG (2025)

"How Finance Leaders Can Get ROI from AI"

OPERATIONAL METRICS & CASE STUDIES

Trixy AI (2024)

"Agentic AI in Insurance: Lemonade Case Study"

UST Global (2024)

"How Top Insurers Are Using AI to Speed Up Settlements and Deliver ROI"

Sutherland Global (2024)

"Why Most Insurance AI Projects Fail to Scale"

TECHNOLOGY & IMPLEMENTATION

Simplifai (2024)

"How to Use Straight-Through Processing (STP) in Claims Handling"

EY (2024)

"How Finance Data Strategy Transforms the Insurance CFO Role"

Workday (2024)

"The CFO's Ultimate AI Survival Guide"

Disclaimer: All sources were accessed and reviewed in December 2025. Financial projections (e.g., \$124M 3-year savings) are illustrative estimates based on industry benchmarks and a standardized cost base of \$150M annual claims processing. Actual results vary by organization size, current efficiency, implementation quality, and market conditions. All data should be independently verified before making strategic decisions.