India's AI journey: From AI potential to trusted decisions at scale

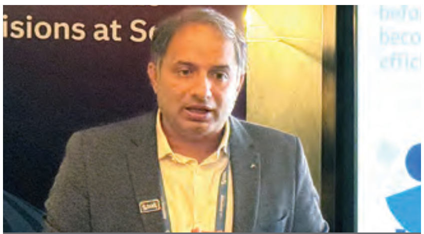
AI will reshape the Indian insurance industry, making it smarter, faster, and fraud-proof, said senior industry leaders at a joint SAS Institute-Asia Insurance Review conducted roundtable in Mumbai in June.

By Jimmy John

AI will be a game-changer for the Indian insurance industry as it moves towards achieving the task of insuring every citizen by 2047. The insurance industry currently grapples with low penetration, delayed claim settlement, fraud risks and poor customer service.

From AI agents to agentic AI

The conversation began with a presentation by SAS Senior Business Solutions Manager Prashant Rai, who highlighted the journey from AI agents to AI automation and finally to agentic AI. Automating AI, he said, is a function of tolerance of type 1 error, cost, ROI and governance. He spoke of the main considerations before agents can become the company's efficiency partners; the decision traceability and explainability which will reveal the how and why of a decision taken.



Mr Prashant Rai

"LLM powered agents often hallucinate, lack consistency and ignore business logic," he said. He emphasised that fully autonomous agents, as they are often conceptualised today, struggle in the enterprise environment but the application of agentic AI is absolutely dependent on type 1 error.

Insurers prioritising AI initiatives to drive transformation

A recent SAS-IDC data and AI impact report mentions that the APAC insurance sector is progressing deliberately in its AI journey, with insurance organisations seeing value in AI, but investment is modest. Only 33% of companies have an advanced (transformative or integrated) AI strategy, which is 5.2% below the regional average. Just 34.7% have modernised their data platforms with optimised or managed data infrastructure, falling behind the regional average by 4.9%.

Tata AIG General CRO Satyanandan Atyam highlighted that AI is fundamentally redefining how security analysts and insurers operate, shifting the focus toward faster decision-making rather than replacing human judgment. “You can do all that you want with AI, but there should be a human being at the very end to take the final decision,” he said.

Prioritising data readiness

The insurance sector is increasingly prioritising data readiness and governance for successful AI adoption. Royal Sundaram General Head of Underwriting, Western Zone Shashi Shekhar said that as an organisation, they are prioritising areas in AI they can implement without any margin of errors.

“As an organisation, we are looking at AI from an underwriting perspective and other best practices we can implement so that it will enhance the understanding and the knowledge of the underwriter itself, and also increase the confidence of the channel partner,” he said.

Investment in centralised data platforms

Insurers are investing in centralised data platforms to unify data silos, ensuring seamless data integration across departments. Kotak Life Senior VP of Underwriting and Claims Jayashree Singh said that they have developed a number of AI models to categorise risks.

“We developed a dynamic model, which is like AI/ML model and started categorising our risk into high, very high risk, low risk variables,” she said.

Plugging AI skill gaps

The insurance industry faces a growing AI skill gap, which is being tackled through strategic hiring and upskilling initiatives. Insurers are building multidisciplinary teams that combine data scientists, actuaries and domain experts to bridge the gap between technical expertise and business acumen.

Star Health Insurance Joint Executive VP of Underwriting Operations Nagarajan Ranganathan said that they use AI every day in their operations. The company has an in-house team, which consists of close to 50 AI engineers as well as AI scientists.

“We have 20 years of data from our experience in the market, and so as soon as the proposal comes there is an engine which runs over it, as we use AI at the time of onboarding,” he said.

Revolutionising decision making

AI is revolutionising decision-making in the insurance sector by enabling data-driven insights and predictive analytics. Insurers are using AI to assess risks more accurately, price policies dynamically and optimise underwriting processes.

Bajaj General Insurance CRO Avez Sayed said that AI is embedded in most of the functions in his company in some form or the other. “We are all tasked to achieve a particular number in terms of building up efficiency, reducing cost, and doing things using AI as a process,” he said.

The future of AI adoption in India’s insurance journey

From passive chatbots to active agents

India’s insurance industry is moving beyond Generative AI chatbots to AI agents that act. These agents manage end-to-end tasks like policy servicing, document processing, and automatic renewal triggers. IndusInd General Insurance VP of IT Nitin Ghope said that they are seeing faster development cycles in terms of IT team developing solutions using AI and also how migration from legacy systems is being pushed faster and ahead of time. “There are more innovative products in the market now that are reaching customers faster,” he said.

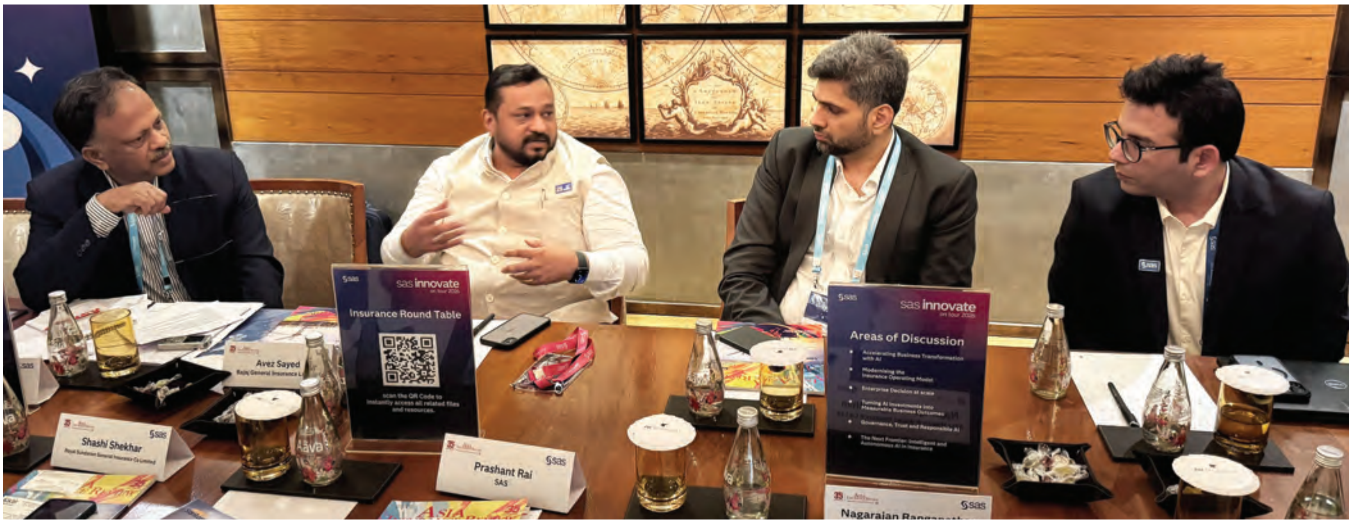
Transforming routine office activities

AI is transforming routine office activities in insurance companies, by automating manual data entry, reviewing complex documents, and speeding up claims processing. SBI General VP and Lead Technical and Internal Audit Anish Trivedi said that AI has impacted their work as an auditor.

“We have adopted AI into our audit function and also to scale up our operations and enhancing coverage within a limited amount of time and in a cost-efficient way,” he said.

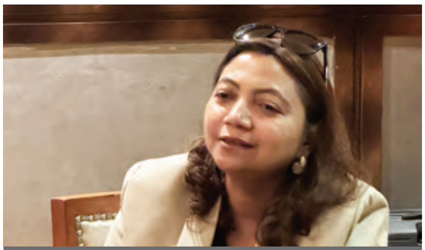
Proactive underwriting & risk management

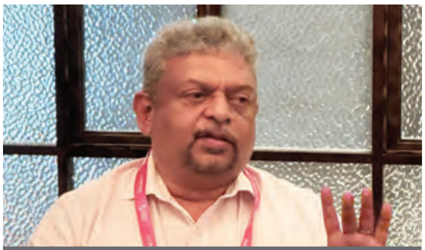
AI can help analyse complex data to assist underwriters, or in some cases, handle simple to medium-risk underwriting automatically. This includes AI that actively flags fraudulent claims by scanning hospital records and prior claim patterns.



Insurance – General

Mr Ranganathan said that insurers are majorly hit by frauds and the cost of fraud is quite high. “Using AI will help us to reduce the cost and also the cost benefit will be better for the company,” he said. On the other hand, he mentioned that from an audit function, there must be responsible use of AI, for which auditability has to be maintained to ensure logical reasoning and explainability.


Ms Jayashree Singh


Mr Nagarajan Ranganat

Unified customer journey

AI helps insurers connect every touchpoint — from onboarding to claims and renewals — into a single, seamless experience.

Ms Jayshree Singh said that AI will shift human talent away from mundane data entry and manual processing. “AI will help employees transition from executing routine manual activities and processes to shaping business objectives and plans,” she said.