AI-enabled business model for InsureTech

Positioning model	Positioning of the business vis-à-vis its competition.	Positioned as a traditional insurer with manual processes and standard offerings, lagging behind digital-first competitors.	Reposition as an AI-driven, digital-native insurer offering hyper-personalized, real-time, and on-demand products.	Limited use of data & AI, lack of personalization, slow operations compared to agile InsurTech rivals.	Leverage AI to differentiate with dynamic pricing, predictive risk mitigation, instant claims, and superior customer experience.	Speed, personalization, cost efficiency, fraud detection, and scalable AI-driven innovation surpassing incumbents.
	Purpose of organisation in meeting the needs of society	Meeting basic insurance needs, but reactive and not tailored to individual or societal risks (e.g., climate change, mobility trends).	Proactively protecting customers & society by predicting risks, offering preventive advice, and affordable, inclusive coverage.	Unable to address emerging risks effectively or support underserved communities due to rigid, outdated models.	Use AI to offer affordable micro-insurance, climate risk solutions, and proactive health & safety recommendations.	Contributing to societal well-being through accessible, intelligent, and impactful insurance solutions tailored to societal needs.
Innovation model	Innovative offerings (Products & Services)	Standardized products & services, reactive claims, little customization.	Personalized, real-time, usage-based products with predictive & proactive services.	Lack of real-time data use, rigid pricing models, slow product development cycle.	Launch micro-insurance, dynamic premiums, preventive risk alerts, embedded insurance in digital ecosystems.	Unique customer experience through tailored products, faster to market, and higher customer retention.
	Innovative organisation culture	Hierarchical, risk-averse, limited cross-functional collaboration or experimentation.	Agile, innovation-driven, data-centric, encouraging experimentation & learning.	Resistance to change, low digital & AI literacy, siloed teams.	Foster a culture of continuous innovation, empower teams to experiment with AI-driven ideas, reward creativity.	Ability to adapt quickly, attract top talent, and sustain innovation over time.
	Organisational innovative capabilities (Incremental vs Disruptive)	Focused on incremental improvements to existing products & processes.	Capable of both incremental and disruptive innovation through AI & data insights.	No clear innovation strategy, limited resources for breakthrough ideas, fear of cannibalizing existing business.	Invest in disruptive business models (e.g., peer-to-peer insurance), partner with tech startups, explore entirely new customer segments.	Ability to disrupt the market with transformative offerings while continuously improving the core business.
Customer model	Customer segmentation	Broad, undifferentiated segments based on age, income, and geography	Granular, behavior- and data-driven micro-segmentation (e.g., by lifestyle, risk profile, preferences).	Inadequate use of real-time and behavioral data to segment customers effectively.	AI-driven dynamic segmentation that evolves with customer behavior and context.	Tailored offerings and communication that boost engagement, satisfaction, and loyalty.
	Customer needs & wants	Focused on basic coverage and claim settlement, neglecting evolving expectations for convenience and personalization.	Proactively addressing customer needs for personalized, flexible, and preventive solutions.	Limited understanding of latent needs and changing expectations.	Use AI insights to uncover hidden needs and deliver innovative, value-added services (e.g., wellness coaching, risk alerts).	Deep customer understanding that enables differentiated and value-rich products.
	Customer pain points	Slow claims processing, opaque pricing, generic products, poor digital experience.	Seamless, transparent, and instant interactions across all touchpoints with proactive risk mitigation.	Processes and systems not designed to eliminate friction or anticipate issues.	AI chatbots, predictive claims, transparent pricing, personalized recommendations to remove friction.	Superior customer experience that minimizes pain points and builds trust & loyalty.
Profit model	How the organisation generates revenues	Premiums collected from standard insurance policies, primarily long-term, low-margin products.	Diverse revenue streams from micro-insurance, usage-based products, data-driven value-added services, and ecosystem partnerships.	Over-reliance on traditional premium-based revenue, limited monetization of data and services.	Monetize risk insights & analytics, partner with mobility, health, and IoT players for embedded insurance.	Ability to unlock new markets and revenue streams through innovation and partnerships.
	How the organisation makes profits	Profit comes from underwriting surplus (premiums > claims) and investment income, with high operational costs eating into margins.	Higher margins achieved through automation, fraud reduction, dynamic pricing, and better risk prediction.	Inefficient processes, poor risk selection, and claims leakage reduce profitability.	Use AI to optimize risk assessment, reduce claims fraud, and minimize costs.	Significantly improved loss ratios, leaner operations, and stronger profitability through AI-driven efficiency.
	How the organisation prices its goods and services	Static, one-size-fits-all pricing based on broad risk categories and historical data.	Dynamic, real-time pricing personalized to individual behaviors and risk profiles.	Lack of capability to offer competitive, risk-adjusted pricing at scale.	AI-powered dynamic pricing models that adjust premiums in real-time.	Ability to price competitively while maintaining profitability and meeting customer expectations.
	Cost of goods and services, offerings	High costs due to manual processing, paper-based workflows, and inefficient claims management.	Reduced cost base through automation, self-service, and predictive maintenance of policies & claims.	Outdated processes inflate operational costs.	Cut costs by deploying AI to optimize every stage of the insurance lifecycle.	Lower costs allow for more competitive premiums and higher margins
	Triple bottom line approach (financial, social, ecological)	Focused primarily on financial returns, with limited attention to social impact and sustainability.	Balanced approach delivering financial profits, social inclusion (affordable coverage), and ecological responsibility (e.g., green insurance products).	No formal sustainability strategy; underserved markets neglected.	Create eco-friendly insurance products, promote inclusive access, and demonstrate corporate responsibility.	Appeal to conscious consumers & regulators, enhance brand reputation, and access new segments through sustainable practices.
Operating model	Role of people	Heavy reliance on people for manual, repetitive tasks (e.g., underwriting, claims), limited focus on strategic and creative roles.	People focus on higher-value tasks like strategy, customer relationships, and innovation while AI handles repetitive and data-intensive work.	Workforce lacks AI skills; resistance to adopting AI-driven workflows.	Upskill employees in AI tools, foster collaboration between humans & AI, enhance employee satisfaction.	Agile, empowered workforce that can deliver better service and innovation faster than competitors.
	Role of business processes, activities (value adding, non-value adding)	Many non-value-adding activities (manual data entry, paper-based approvals) create delays and costs.	Streamlined, automated processes focused on delivering customer value efficiently and eliminating waste.	Legacy workflows not optimized for digital or AI environments.	Automate claims, underwriting, fraud detection, and customer service to increase speed and accuracy.	Lean, efficient operations delivering faster, better outcomes at lower cost.
	Resources allotment	Majority of resources tied up in maintaining legacy systems, manual operations, and compliance.	Resources allocated toward innovation, AI capabilities, customer experience, and strategic growth.	Imbalanced budget & time allocation, underinvestment in technology & innovation.	Redirect resources toward digital transformation, partnerships, and AI R&D.	Optimal use of resources to achieve sustainable growth and differentiation.
	Integration of technology	Fragmented technology landscape with siloed systems and limited automation.	Fully integrated, cloud-based AI platform seamlessly connecting all business functions and data sources.	Outdated IT infrastructure, poor data integration, and lack of real-time capabilities.	Implement end-to-end AI and data platforms to unify operations and enable predictive, proactive decision-making.	Scalable, resilient, and intelligent operations that adapt quickly to market and customer needs.
Partnership model	Role of suppliers	Dependence on traditional suppliers (IT services, data providers) with transactional relationships.	Strategic partnerships with AI vendors, cloud providers, and data aggregators to co-create value.	Lack of integration and collaboration with innovative suppliers.	Build ecosystems with tech suppliers to enable faster innovation and better customer outcomes.	Strong supplier networks that drive agility, innovation, and cost efficiency.
	Role of employees	Employees as task executors with limited autonomy or innovation focus.	Employees as partners in innovation and AI adoption, empowered to shape customer-centric solutions.	Low engagement, lack of skills to work alongside AI.	Train and involve employees in AI strategy, foster intrapreneurship.	Motivated, skilled workforce aligned with business goals and customer needs.
	Engagement with regulators	Reactive compliance focus, minimal dialogue with regulators.	Proactive collaboration to shape AI-friendly and customer protective policies.	No clear strategy for influencing or adapting to emerging AI regulations.	Act as a thought leader in ethical AI use in insurance, strengthening trust.	Early compliance, regulatory goodwill, and reputational benefits.
	Engagement with societal stakeholders	Limited outreach beyond direct customers and investors.	Active engagement with communities, NGOs, and advocacy groups to address societal risks and needs.	Weak presence in societal conversations around inclusivity and protection.	Collaborate on initiatives to improve financial inclusion, risk education, and access to insurance.	Enhanced brand reputation and deeper societal trust through visible impact.
	Engagement with nature (climate change issues)	Not fully accounting for environmental risks or contributing meaningfully to climate action.	Integrate climate risk analytics into products & operations; offer green insurance products.	Lack of expertise and offerings aligned to sustainability and climate resilience.	Develop products supporting renewable energy, disaster resilience, and eco-conscious customers.	Leadership in sustainable insurance, appealing to climate-conscious consumers and investors.