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PEOPLE AND THE AI REVOLUTION

HOW AI IS RESHAPING ROLES, SKILLS AND TALENT IN SPECIALTY INSURANCE

CONTRIBUTORS AND AUTHORS

Thank you to all of those who contributed to this report, sharing their perspectives and experiences through our roundtable discussion.



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Miqdaad started his career at Oliver Wyman and, before joining Oxbow Partners, held a range of operating and advisory roles, including leading the transformation of a small business in which he invested.



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Caroline has spent the last 35 years immersing herself in the financial and professional services, including commodity trading, spread-betting, accountancy, money broking, legal services and particularly commercial insurance.

After 25 years of working in the London Market, she has seen a wide range of issues come and go – and some come back again. In 1997 when she joined Lloyd's of London as Director of Marketing and Communications, it was a very different place but the common threads of collaboration and competition are as strong today as they were then.

Caroline was appointed CEO of the London Market Group in April 2021 and her priorities are the challenges of making the market fit for the future with the best business environment and by attracting and retaining young talent to speciality insurance.

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EXECUTIVE SUMMARY

The London Market is one of Britain's greatest economic success stories. According to the latest London Matters analysis, it's now worth $187 billion in gross written premium, contributes £61 billion to UK GDP, accounts for 37% of the economic output of the City of London, and holds 8.7% of the global insurance and reinsurance market.

These are extraordinary figures.

But every market has its season and these extraordinary figures don't change the fact that we are now in a soft market. A softening market increases scrutiny on the expense ratio and productivity – and everyone shares the same priority – profitability. Two of the key drivers of profitability in the London market are talent and technology. Together, they raise a fundamental question about how the London Market will develop and retain the expertise on which its success depends.

Talent – human capital – has made the London Market one of the most successful insurance markets anywhere in the world. In other industries, intellectual capital may be embedded in patents, software or manufacturing processes. In insurance, intellectual capital is embedded largely in human beings.

Technology – in the form of AI – is a game-changer that has the potential to super-charge that talent and transform business outcomes.

Some of the key questions facing Boards and their HR teams are how do we recruit, build and enhance our human capital over the next five, ten or 15 years and how can we best deploy AI to make that human talent as efficient, effective and profitable for our business as it can be?

To answer that question, the LMG and Oxbow Partners sat down with senior HR executives from across the market to explore how technology will drive change in roles, skills, workforce planning and talent strategies across specialty insurance.

What emerged clearly from these conversations is that success will depend on leaders' ability to balance investment in transformative technology with equal commitment to developing human capital. In effect creating cultures that support learning, adaptability and confidence in the face of rapid change.

The debate is definitely underway: how to build expertise and judgement, a fundamental rethink of the approach taken for apprenticeships, junior training, and how to transfer knowledge across generations. Getting this right will protect the specialist expertise that has always underpinned the London Market's success.

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TALENT AT A CROSSROADS

There is a structural imbalance in the London Market's demographics, which are very much skewed towards older employees.

Today, according to statistics collected by the LMG, less than a quarter (24%) are under 30 and on current hiring trends, that figure is projected to fall to just 7% by 2034. At the same time, technology is eating away at many of the admin-based entry-level jobs which have traditionally allowed a broad spread of talent to enter the market.

These trends suggest the number and diversity of young people available to fuel future growth could fall further and faster yet. Currently, the average age of an insurance worker is expected to rise to 46 years.

As one attendee commented:

> *"The 7% will cost you next to nothing today, but they're the ones on whom your future depends. In the meantime, while some of the over 50s are keen to exit the business (taking their unique skills and expertise with them) others are digging in, postponing retirement because of concerns over rising care costs and devaluing pensions, potentially blocking opportunities for advancement for younger staff."*

This means London market businesses face a future double whammy. Skilled and experienced senior managers are massing towards the exit ramp yet just a thin trickle of technically able but inexperienced talent is creeping up the entry-way to replace them.

This creates a talent paradox for the London Market. AI can remove the routine administrative work and enhance productivity across the business. However, these tasks have traditionally been the training ground where early talent learn and build their expertise and judgement. As experienced senior leaders are approaching retirement, insurers have to consider what AI can or should do today and how the next generation will learn enough and build the experience needed to be able to oversee and get the best out of AI in the future.

HOW IS AI IMPACTING PEOPLE?

Strategies for managing an ageing workforce

HR leaders are not blind to the issues created by structural imbalance in the workforce. They are responding to the challenges of an ageing workforce by finding more flexible ways to retain expertise, transfer knowledge and create opportunities for progression. Approaches include short-term contracts, mentoring, support for parallel careers and sideways moves that deploy experienced employees where their skills can deliver the greatest value.

Attendees reported a number of strategies for maintaining skills within the business while providing opportunities for growth:

> *"We offer people we don't want to lose 30-day-a-year contracts. They act as mentors or input on particular projects. It means we don't lose their experience and younger people have the opportunity to learn alongside."*

> *"We offer training for parallel careers – as non-executive directors or trustees – so that people are prepared for the transition to other ways of working."*

One business reported challenging the orthodoxy that you can't pay people more to move sideways, making the case that moving older employees to new roles can make them more useful within the organisation as a whole:

> *"Transferring people helps spread skills and builds agility, flexibility and critical thinking."*

Attitudes to AI vary among the workforce

As a general rule, organisations tend to think of older workers feeling more threatened. Some talked of senior underwriters not trusting inputs from AI; or under-valuing assistant underwriters who have not yet 'earned their stripes' but can still get 80% of the way to a successful risk assessment, pricing decision or investment case using technology.

But in claims it's the opposite. AI liberates senior staff from overseeing repetitive error-prone admin work; but some attendees reported that younger people are more anxious. With junior roles disappearing where will they get the necessary skills and experience to progress their careers?

While workers' response to AI often depends on where they are in the value chain and on personal factors like willingness and ability to embrace new ways of working, it was generally welcomed for removing repetitive admin tasks and enabling people to focus on building relationships and adding 'human' value.

Indeed, representatives from many businesses spoke about:

> *"The pivot from functional competency to interpersonal competence, relationship building and development. The kind of (human) value add that doesn't come from tech."*

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HOW IS AI TRANSFORMING INSURERS?

While acknowledging it's impossible to judge the long-term impact of AI because the scale and pace of change is unprecedented, attendees reported that a significant transformation is already underway.

> *"It's not eliminating any roles" said one attendee "but it's changing how people spend their time and where they focus."*

Many reported high adoption in tactical use of agents like Claude or Copilot, with some businesses aiming for 95% adoption across all areas of the business.

Other businesses reported investing where certain business units have been fleet of foot in putting together strategic AI initiatives, with one attendee commenting:

> *"Claims was the first cab off the rank."*

Others discussed the challenge of leveraging an AI platform that undertakes 80% of the underwriting – but still requires sign-off from senior staff.

> *"I always thought underwriters were technical, maths-based people. But when it comes down to it, they place less reliance on cold logic and more on gut feel, judgement and whether a risk just 'feels right'."*

Several attendees talked about bringing back roles that have been offshored so they can have those skills in-house once more, but embedding them within business teams rather than growing an independent function.

In this new model, more 'user-friendly' technical staff remain in-house, have a deeper interface within the business, and work to support and super-charge customer-facing teams.

Others pointed out that the impact of AI was not democratic, and that cost constraints made adoption of AI by smaller businesses slower in terms of timelines and less ambitious in terms of scope.

Whatever the size of the business, making a solid investment case for change requires HR leaders to understand how AI can be deployed for best effect within each area of the business.

A glimpse of the future?

In the London Market, an AI agent owner is the person that designs, deploys and governs autonomous AI agents across underwriting, claims and operations. They set the agent's objectives, permissions and data access, ensuring it operates within Lloyd's standards, FCA expectations and internal governance frameworks. As AI agents begin to triage submissions, analyse risk data, draft endorsements, process bordereaux or support claims decisions, the agent owner becomes accountable for oversight, auditability, bias controls and model performance. They are responsible for ensuring the AI agent behaves safely, consistently, while unlocking speed, efficiency and sharper decision-making across the market.

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ANXIETY IS RIFE

Alongside the opportunities AI presents, attendees described widespread anxiety about the pace and scale of change. HR leaders are under pressure to make the right decisions quickly, build skills across the workforce and secure long-term investment in people, often without clear answers or sufficient space to respond.

With investment in technology far out-pacing investment in people, several businesses felt a need to course-correct:

"Early work on upskilling is key but is it a pipe dream to think we can invest as much in people transformation as in technology?"

"Multiple agents can produce outputs concurrently. The volume of review that's required risks creating cognitive overload and a sense of 'overwhelm'."

A pretty much universal sentiment around the table was that AI is bringing stress at the organisational and human level, with people worrying whether they personally are sufficiently up to speed with AI and whether they are acting appropriately to enable their organisations to benefit from the change:

"Sleepless nights worrying about my ability to get across the AI challenge and the impact this could have on the business."

Another spoke about the pressure on the organisation to transform by:

"Moving fast; making the right decisions."

Questions that keep HR leaders up at night include:

"Reskilling is key but how? And how do we create the space to respond?"

In many businesses, optimising human resources and aligning them successfully with technology strategy is fundamentally a question of culture. Attendees commented:

"Contrast the views of a capital-rich new market entrant versus an established multinational with a 25-year planning horizon. These companies are at opposite ends of the patience scale."

"How do you argue the case for investment in people who will outlive your tenure? Most businesses are highly annualised, some even struggling to think beyond the next quarter."

The representative from the Financial Services Skills Commission noted high levels of anxiety in the room but commented:

"Everyone feels like this. Everyone worries they don't understand it well enough or that they're moving too slowly or being too cautious. It's not the case. We're all in this together."

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WHAT SKILLS ARE REQUIRED IN AN AI-ENABLED MARKET?

As AI reshapes roles and the tasks people perform, insurers are rethinking the skills they need at every level of the workforce. Alongside technical expertise, attendees emphasised curiosity, critical thinking, adaptability and interpersonal skills, while recognising the growing challenge of maintaining accessible entry routes into the market.

At the entry level, businesses are very much still hiring graduates, but re-thinking what they are needed for:

> *"AI offers infinite labour. It's not changing who we want, but freeing people up to make them more productive at the top and bottom of the organisation."*

> *"We want people who are curious and lifelong learners. People with solid critical thinking skills. People who can question the data and think independently."*

> *"We want people who are confident and curious but also humble – people who still need and want to ask questions."*

For some organisations, the preference seems to be for better qualified individuals with four-year first degrees, Masters or PhDs under their belt from any specialisation, not just technical.

A representative from the Financial Services Skills Commission commented:

> *"The government hypothesis is that most jobs will have 50% of tasks change and that there will be a pivot towards skills around critical thinking and adaptability, but we may face a challenge in sustaining entry routes for higher volumes of higher-level students."*

With AI transforming businesses at pace, one attendee focused on flexibility as a key attribute for staff at every level:

> *"Hiring more generalists and adopting a strategy to build more 'unicorns' who understand all areas of the business and have cross-cutting skills will be critical."*

Alongside the need for more skilled entry-level staff, attendees observed that macroeconomics are making it much harder to pay salaries which enable apprentices or entry-level admin and back-office staff to live and work in London, even though such roles (though diminishing in number thanks to AI) still require filling.

STRATEGIES FOR SUCCESS

While the big picture remains complex and nobody has all the answers, HR leaders have already learned many valuable lessons about how best to integrate and leverage AI in day-to-day operations. In the discussion, they laid out practical ways to preserve expertise, accelerate AI adoption and create new routes for learning.

1. Strategic workforce planning

One participant highlighted how their parent company built for the long-term not the short-term. They were already planning their workforce of the future given the changes in talent requirements, with implications for job descriptions, recruitment and development.

2. Preserving and transferring expertise

One insurer produced flexible contracts to retain senior talent.

Other insurers described pairing older and younger employees so that they can each get the best out of the other:

> *"We try and pair fast adopters and slow. Young and old. This can be a very powerful combination for helping people get up to speed."*

3. Embedding AI capability across the insurance company

One company uses forward-deployed engineers to sit directly with underwriters and other functions to understand the business problem and build the right solution. These tended to be based in UK, rather than US, due to the lower cost base.

Another described trialling a small team of Economics and AI graduates to work within the business to act as a sounding board, ideas generator or alternative strategy group.

Others talked about introducing AI globally, sharing learnings about AI adoption in different territories and how making good use of established comms channels or platforms within a business can enable smoother adoption of AI.

4. Creating safe opportunities to learn

Companies agreed relatively little AI training can make a major difference, especially initially.

Every insurer, but particularly those with budget challenges, can benefit from understanding the art of prompt-engineering, using AI to understand:

> *"How do I ask better questions to get better answers?" "How do I spend better on AI, rather than how much do I need to spend or how can I make the budget stretch?"*

One business had held a "Promptathon" – a competition within the business to source the best AI strategies.

Sandboxes had been trialled in different ways by several organisations to encourage consequence-free trial and error using AI. Freed from the risk of expensive, public failure, staff feel empowered to see what might be possible.

For less confident individuals, the suggestion that they might want to trial AI in private or at home has proved very successful. One leader spoke about using AI to help manage the behaviour of a challenging family member; others used AI to help plan travel or events.

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Our Market Intelligence team offers unique industry analysis and maintains our suite of market models including Magellan (our insurance technology navigator), our UK Market Model, and our Lloyd's and reinsurance analysis tools.

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The London Market Group is the only body which speaks collectively for all practitioners in this significant market, representing the views of insurance brokers, those insurers and reinsurers operating within Lloyd's, and branches of overseas insurers and reinsurers operating in London – reflecting the full extent of the Market.

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