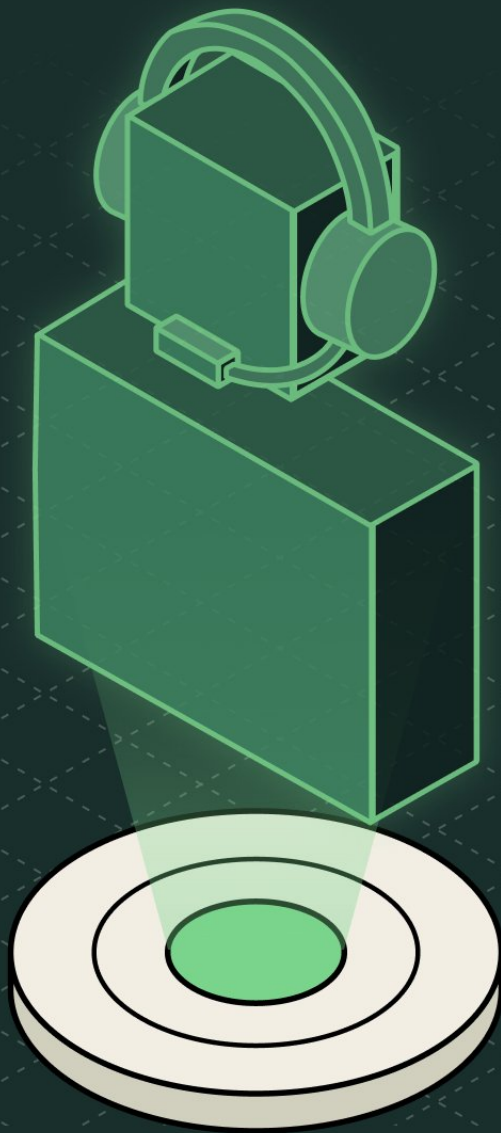




Insurance 2027

7 Predictions That Will Reshape
Claims, Sales and Service



The insurance industry has spent the past several years asking what artificial intelligence can do. By 2027, the more important question will be: what happens when AI becomes part of how insurance actually operates?

The signals are already visible.


38%

of homeowners insurance customers who file a claim now report their first notice of loss digitally.¹


96%

of first notices of loss at Lemonade are handled by its AI without human intervention.⁹


55%

of Lemonade's claims are automated for instant or near-instant processing from start to finish.⁹

Thirty-eight percent of homeowners insurance customers who file a claim now report their first notice of loss digitally.¹ Nearly half of auto insurance customers use multiple channels to interact with their insurer, yet satisfaction and renewal intent decline when customers are forced to switch channels to resolve a single inquiry.² And nearly half of new auto and home insurance policies are now purchased digitally.³

Meanwhile, insurers are moving AI beyond experimentation and into core workflows. Lemonade reports that its AI handles 96% of first notices of loss without human intervention, while roughly 55% of its claims are automated for instant or near-instant processing from start to finish. If the AI agent does not have authorization to settle, or if concerns are identified, the claimant is routed to human claims experts.⁹

The next stage will be less about adding AI to individual tasks and more about redesigning insurance workflows around what AI can handle, what people should handle and how the two work together.

Based on conversations with insurance leaders responsible for billions in premium and millions of claims, combined with emerging industry research, we see seven changes likely to reshape insurance operations in 2027.


These are not predictions. They are signals of a larger shift already underway.

7 Predictions That Will Reshape Claims, Sales and Service

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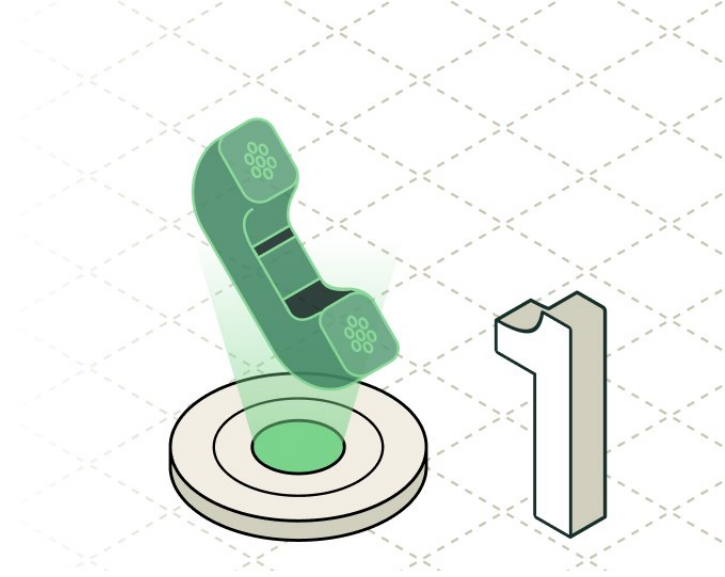
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FNOL will become claims orchestration, not claims intake



For decades, first notice of loss has largely been treated as an intake function: collect information, create the claim and send it downstream. AI changes the possibilities.

The opportunity is no longer simply to automate the FNOL call. It is to use the first interaction to capture better information and immediately put that information to work.

That could mean routing the claim, collecting a recorded statement, scheduling a repair, dispatching mitigation services, arranging a rental vehicle or escalating a complex loss to an adjuster.

In other words, FNOL can become the first action point in the claim rather than simply the first data collection point.

■ The signals

Digital claims adoption is already increasing. J.D. Power's 2026 U.S. Property Claims Satisfaction Study found that 38% of customers reported FNOL digitally, 49% submitted photos digitally and 45% received digital updates. Satisfaction was higher among customers using digital tools at each of these points.¹

The same study found another important connection: what happens early in the claim can affect what happens later.

Among customers using insurers' direct repair programs, work began sooner, and overall repairs for higher-severity claims averaged more than two weeks shorter than for customers who did not use those programs.¹

The implication is significant. Better intake has value, but the larger opportunity may come from connecting intake to immediate downstream action.

■ From the front lines

Insurance leaders are already thinking beyond simply collecting a claim. As one executive described it:

"If it's a simple glass claim, you go ahead and just schedule it for them right there."

The goal is not simply a faster FNOL. It is a more complete FNOL that gives adjusters better information and initiates the next appropriate action while the policyholder is still on the phone.

■ What changes in 2027

The most important claims metric may shift from **cost per FNOL** to **value created at FNOL**. Carriers will increasingly evaluate whether the first interaction:

- Captured complete and accurate loss information
- Initiated appropriate mitigation
- Routed the claim correctly
- Connected the policyholder to preferred vendors
- Reduced downstream adjuster work
- Accelerated the next step in the claim

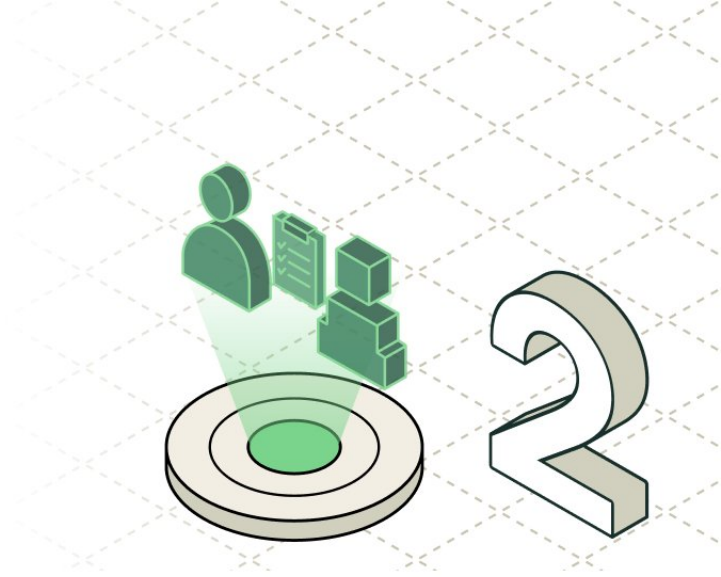
AI's biggest impact on FNOL may not be replacing the person who answers the phone. It may be eliminating the delay between reporting the loss and acting on it.

What claims leaders should do now

Audit what happens during and immediately after FNOL. Identify information adjusters routinely have to obtain later, actions that could be initiated earlier and delays that increase customer frustration or loss costs.

Then measure AI against the quality and downstream impact of the claim it creates, not simply whether it completed the call.

The AI-human handoff will become as important as the AI itself



The debate over whether customers want a person or AI misses the larger issue. Customers want their problem solved.

Sometimes AI can complete the interaction. Sometimes a licensed agent, service representative or adjuster needs to step in. The customer experience depends on what happens when that transition occurs. Today, that is frequently where the experience breaks down.

■ The signals

J.D. Power's 2026 U.S. Auto Insurance Study found that 46% of customers used multiple interaction channels during the previous 12 months.²

Using multiple channels was not inherently a problem. Being forced to switch channels to resolve one inquiry was. Twenty-one percent of customers reported such an experience. Those customers were significantly less satisfied and less likely to renew.²

J.D. Power's claims research found a similar problem: 22% of customers relied on multiple channels to find answers to the same question.⁵

Deloitte's 2026 analysis of nearly 4,000 customer responses across 12 P&C insurers reinforces the importance of getting this balance right. The top four drivers of positive customer sentiment were tied primarily to human interactions: customer support, knowledge, communication and attitude. Deloitte recommends using AI to reduce friction and support claims professionals while keeping people at the center of high-emotion interactions.¹⁰

The lesson is clear. Customers may be comfortable moving among digital tools, AI and people. What they do not want is to start over every time they move.

■ From the front lines

A typical insurance workflow has multiple steps:

Authenticate the caller > capture the call summary > set up a claim and provide a claim number > write directly to claims and policy systems > dispatch services if indicated > call any witnesses to take witness statements.

A successful handoff can come down to details that are easy to overlook: whether the interaction reaches the right person, whether the relevant information appears with it and whether that person understands why the AI escalated the interaction and what has already been done.

That is the difference between a transfer and orchestration. A transfer moves the call. Orchestration moves the conversation, context and work already completed.

■ What changes in 2027

The most effective insurance AI will not be judged solely by containment rates. Carriers will increasingly ask:

- Did the AI know when to escalate?
- Did the right person receive the interaction?
- Did that person know what had already happened?
- Did the customer have to repeat information?
- Could the employee immediately continue where the AI stopped?

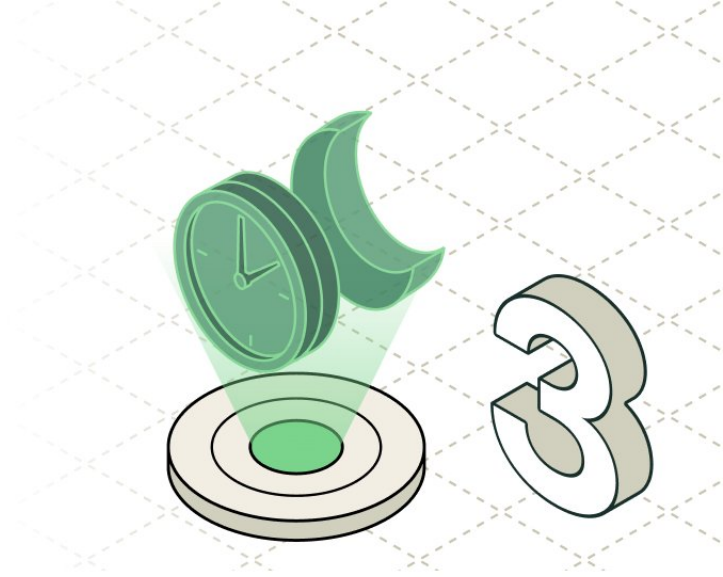
Human escalation will stop being viewed as evidence that AI failed. Instead, intelligent escalation will become part of the AI's job.

What service leaders should do now

Map the moments where customers move between AI, digital channels and people. Look specifically for lost authentication, repeated questions, missing conversation history and transfers that require the customer to explain the situation again.

The goal should not be eliminating human interaction. It should be eliminating unnecessary friction before the human interaction begins.

Business hours will become irrelevant for routine insurance service



Insurance problems do not occur only between 9 a.m. and 5 p.m.

A tree does not wait until Monday morning to fall on a house. A policyholder may discover a billing problem after dinner. A customer may need proof of insurance before starting work the next morning.

Historically, providing immediate service around the clock required people to be available around the clock. AI changes that equation.

■ The signals

The NAIC notes that insurers are increasingly using AI-powered customer service tools to answer questions and handle simple transactions at any time of day.⁶

At the same time, digital channels are becoming a central part of the insurance relationship. J.D. Power reports that 47% of new auto and home policies are now purchased digitally and describes digital channels as an increasingly important touchpoint between insurers and their customers.³

As customers become accustomed to immediate digital service in other parts of their lives, an unanswered insurance call or a voicemail promising a response on the next business day will increasingly feel like a service failure.

■ From the front lines

The opportunity becomes particularly clear during a catastrophe. One insurance executive described the scenario:

“Hurricane passes through Florida. They always happen at night. The phone rings at night. The carrier’s not there.”

With an AI agent answering, the interaction does not have to stop with a voicemail. The policyholder can report the loss, provide information and potentially begin emergency mitigation while the event is still unfolding.

■ What changes in 2027

AI will make always-on service economically practical for a much broader range of insurance interactions. That does not mean every problem should be resolved by AI at 2 a.m. It means routine work should not have to wait until 9 a.m.

AI can handle the interactions within its scope and create an intelligent path for everything else: complete the intake, capture the context, take permitted actions and route the situation appropriately when human judgment is required.

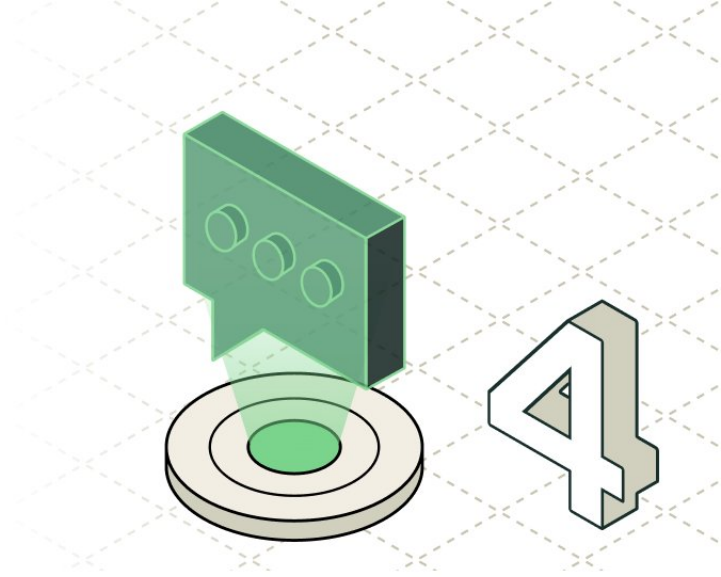
During catastrophes, that capability can also provide elastic capacity when call volumes suddenly surge.

What operations leaders should do now

Analyze after-hours, weekend and CAT-related volume. Determine which interactions could safely be completed by AI, which could be advanced but not completed, and which require immediate human escalation.

Then design the service model around the interaction rather than the clock.

Insurance service will shift from reactive to proactive



Much of insurance service today begins with the customer doing something.

- The customer calls for a claim update.
- The customer asks about a payment.
- The customer discovers that information is missing.
- The customer calls because a policy is about to lapse.

AI creates an opportunity to reverse that sequence. Instead of waiting for customers to identify a problem and contact the insurer, carriers can increasingly recognize what needs to happen next and initiate the interaction.

■ The signals

Claims provide a good example of the gap.

J.D. Power's 2025 U.S. Claims Digital Experience Study found that receiving adequate digital updates is one of the leading drivers of customer satisfaction with the digital claims process. Yet insurers delivered adequate updates just 22% of the time.⁵

The same research found a dramatic difference in loyalty associated with digital claims experience. Among customers who rated their digital claims experience as poor or just OK, 52% were likely to leave or not renew. Among those rating the experience excellent or perfect, just 4% were at risk of attrition.⁵

Customers should not have to repeatedly ask, "What's happening with my claim?" The system should already know they need an answer.

■ From the front lines

The same principle applies to payments. One insurance leader described the importance of responding at the customer's moment of intent:

"If somebody is calling and ready to pay, being able to take that when you have their attention, when they have the money, when they're ready to go ... having that ability is really important."

The next step is not merely answering that call more efficiently. It is recognizing the events that may require outreach before the customer ever has to call.

■ What changes in 2027

AI agents will increasingly initiate service based on events and workflow triggers.

- A payment is approaching.
- Information is missing from a claim.
- A policyholder needs a status update.
- A renewal requires action.
- A severe weather event is approaching an insured property.

Instead of waiting for an inbound interaction, the system can initiate an appropriate conversation through voice, text or email and continue the workflow from there.

That moves AI from a response mechanism to a system of action.

What insurance leaders should do now

Identify the highest-volume reasons customers contact your organization and ask a different question:

How many of these conversations could we have initiated first?

Those interactions may represent some of the most promising opportunities for the next generation of insurance AI.

The orchestration layer will become as important as the core system



Most carriers do not have one system. They have policy administration systems, claims platforms, billing systems, CRMs, document repositories, agency management systems and decades of other technology accumulated across products and business units.

Employees bridge those systems manually. They search. Copy. Paste. Re-enter. Toggle. Verify. Update.

AI will not make that complexity disappear. But it can change who has to navigate it.

■ The signals

Deloitte's 2026 insurance research describes an emerging "orchestration gap." Many insurers already have AI capabilities across claims, underwriting, distribution and operations, but those capabilities often remain disconnected.⁷

Deloitte argues that insurers moving toward agentic AI at scale need shared data foundations, common governance and an orchestration layer that connects capabilities rather than a growing collection of isolated AI use cases.⁷

McKinsey similarly describes AI's potential impact at the infrastructure level across the insurance value chain, including automation of routine back- and middle-office activities and policy servicing.⁴

The next competitive advantage may therefore come not from adding another application, but from making existing applications work together.

■ From the front lines

One insurance leader summarized the problem simply:

"The biggest challenge is our legacy systems can't talk to each other, so our service reps have to toggle between five different screens."

Another described the alternative as the ability to "tie all those systems together" and make it easier for representatives to operate.

The challenge is that insurance workflows contain both repeatable patterns and insurer-specific variations. Claims intake, policy servicing and authentication may follow familiar patterns, while field mappings, system configurations, transfer rules and compliance requirements can vary by organization. Effective orchestration has to accommodate both. That is where orchestration becomes more important than another interface.

■ What changes in 2027

Carriers will increasingly stop asking: What system do we need to replace before we can do this?

And start asking: Can an AI agent complete this workflow across the systems we already have?

An orchestration layer can retrieve information from one system, take action in another, trigger the next workflow and write the result back to the appropriate system of record.

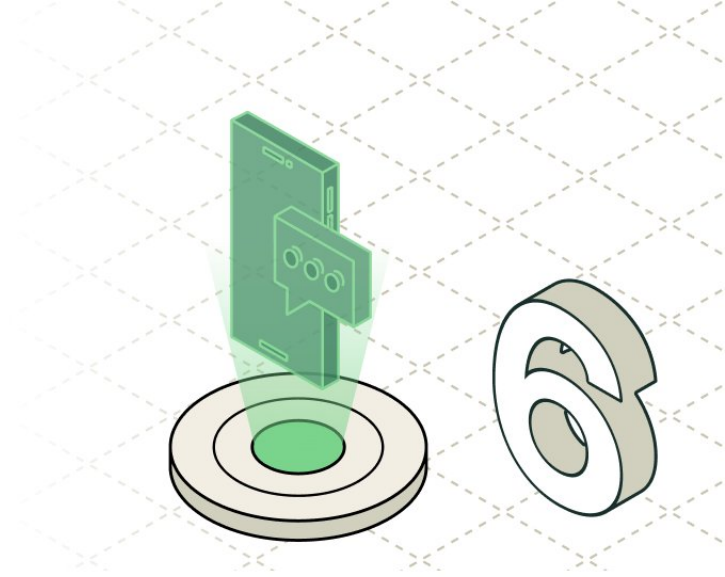
The core system remains important, but employees and customers should not have to understand the complexity behind it simply to get work done.

What technology leaders should do now

Document the systems touched during high-volume workflows such as FNOL, policy service, billing and claims status inquiries.

Then identify where people are functioning as the integration layer. Those manual bridges between systems are prime candidates for orchestration.

Insurance conversations will become channel- and language-independent



Customers do not think in channels. They think in tasks.

They may begin an interaction by phone, receive a document by email, respond by text and return to the website later.

What matters is whether the insurer remembers what happened.

■ The signals

Nearly half of new auto and home policies are now purchased digitally.³ J.D. Power also reports that 46% of auto insurance customers used multiple interaction channels during the previous year.²

The problem is not that customers use different channels. It is that insurance workflows often treat those channels as separate conversations. That creates duplicate work for employees and forces customers to repeat themselves.

Language creates another layer of complexity. A customer may prefer to speak in Spanish while the employee, claims system and documentation operate in English.

AI increasingly makes it possible to separate the customer's preferred method of communication from the carrier's internal workflow.

■ From the front lines

Insurance leaders are already thinking about this possibility. One asked whether an AI system could continue translating when a conversation needed to transfer to a live employee.

Another described the value of conducting an interaction in Spanish while making an English transcript available on the back end for processing.

These capabilities point toward a fundamentally different service model.

■ What changes in 2027

Voice, email, SMS and web will increasingly become different entrances into the **same conversation**. Context will follow the customer.

A claim started by phone can continue through text. A photo received digitally can become part of the same workflow. A conversation conducted in one language can produce the structured information employees need in another.

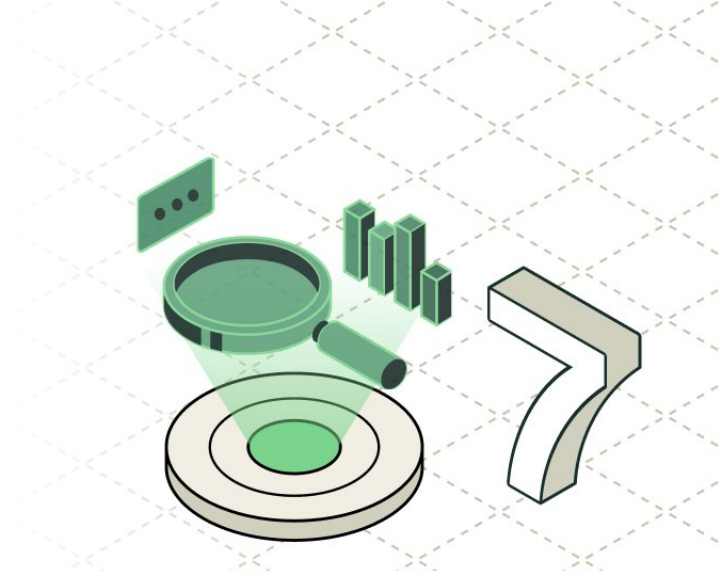
The competitive question will become less about which channels an insurer offers and more about whether those channels operate as one connected experience.

What customer experience leaders should do now

Look for workflows where customers frequently move among channels or where language creates service constraints.

Then evaluate whether the underlying workflow preserves identity, authentication, history and context regardless of how the customer chooses to communicate.

“Show your work” will become the standard for insurance AI



Insurance AI is entering a new stage of maturity. It will no longer be enough to demonstrate that an AI system can complete a task.

Carriers will increasingly need to demonstrate how it performed the task, what happened during the interaction, how it was governed and where human oversight exists.

This is not simply a prediction about future regulation. The regulatory foundation is already being built.

■ The signals

The NAIC makes clear that using AI does not change an insurer's legal responsibilities. Existing state insurance laws apply whether decisions are made by humans, algorithms or third-party vendors.⁸

Its Model Bulletin on the Use of Artificial Intelligence Systems by Insurers establishes expectations around governance, documentation, testing and third-party oversight.⁶

Regulatory supervision is also becoming more operational. In 2026, the NAIC began piloting an AI Systems Evaluation Tool with 12 states. The tool is designed to help regulators gather information about insurers' AI use, governance and risk mitigation practices, potentially high-risk models and the data used as inputs into AI systems.⁶

The direction is clear: AI governance is moving alongside AI deployment.

■ From the front lines

Insurance leaders want visibility into what AI is doing. As one described the desired environment:

“Everything is logged, tracked, auditable. You can see every conversation. You can see a transcript of every conversation.”

That level of visibility matters for compliance, but it also matters operationally. Supervisors need to know where AI succeeds, where it struggles, when it escalates and why.

■ What changes in 2027

The AI performance dashboard will begin to look less like a technology dashboard and more like an operational management system. Leaders will want to see:

- Every interaction
- Actions taken
- Outcomes
- Escalations
- Exceptions
- Accuracy
- Compliance performance
- Customer experience
- Human overrides

The ability to reconstruct what happened will become an essential part of deploying AI responsibly at scale.

In insurance, auditability cannot be an afterthought. It has to be part of the architecture.

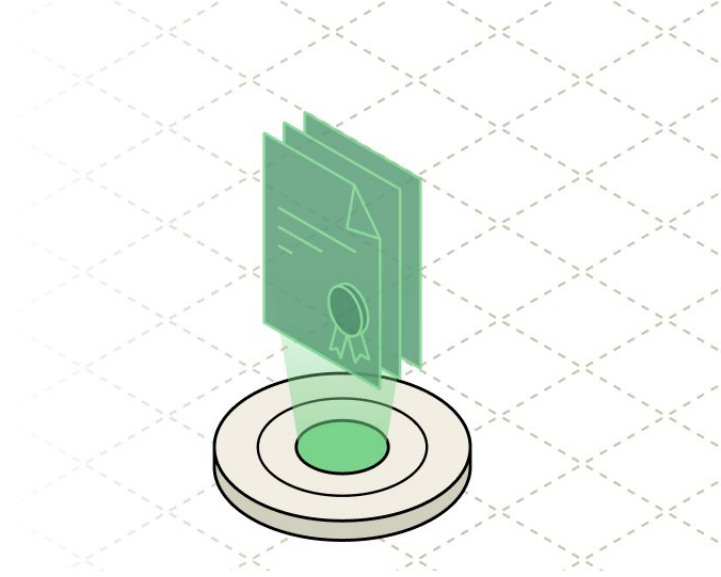
What compliance and technology leaders should do now

Ask whether every AI interaction in production can be reconstructed and reviewed.

Determine who is accountable for monitoring performance, how exceptions are identified, how problems are escalated and how third-party AI providers fit into your governance framework.

The organizations that build those controls now will be better positioned to scale AI as regulatory expectations continue to evolve.

From AI experiments to AI operations: A readiness checklist



The dividing line in 2027 will not be between insurance organizations that use AI and those that do not. It will increasingly be between organizations running isolated AI experiments and those building AI into their operating model.

That transition does not require transforming the entire enterprise at once. It requires starting with the right workflow.

Before moving another AI use case toward production, ask:

☐ Is the workflow clearly defined?

Identify what AI should complete, where human judgment is required and what constitutes a successful outcome.

☐ Are the systems ready?

Map the core systems, APIs, data sources and other technology the workflow needs to access.

☐ Are the operational dependencies understood?

Identify authentication requirements, transfer rules, telephony dependencies, field mappings and other details that could stop an otherwise successful implementation.

☐ Are the right people involved?

Establish ownership across operations, technology, compliance and the business teams that will ultimately work alongside the AI.

☐ Have escalation and handoffs been designed?

Determine when AI should stop, who receives the work and what context needs to follow.

☐ Are governance and auditability built in?

Define what will be logged, monitored and reviewed and how exceptions will be identified and addressed.

☐ Has the workflow been tested beyond the happy path?

Test real-world variations and exceptions, not simply the ideal interaction.

☐ Is there a plan for what happens after launch?

Monitor production behavior, identify patterns before reacting to isolated incidents and continue refining the workflow as real-world variation emerges.

The real prediction for 2027

The insurance industry's AI conversation is changing.

The first phase was about capability:

Can AI answer the call?

The next phase is about execution:

Can it complete the work?

That distinction matters.

Answering a policyholder is useful. Understanding the request, authenticating the customer, accessing the right systems, taking the appropriate action, documenting the interaction and knowing when to involve a person is transformational.

That is why the seven predictions in this paper ultimately point toward the same change.

AI is moving from a tool that assists insurance work to an operational layer that helps get insurance work done.

The real opportunity in 2027 is not simply to automate more insurance work. It is to make insurance work better.

That means faster action when a policyholder needs help, fewer handoffs and delays, less routine work for employees and more time for the moments that require expertise, judgment and empathy.

Sources

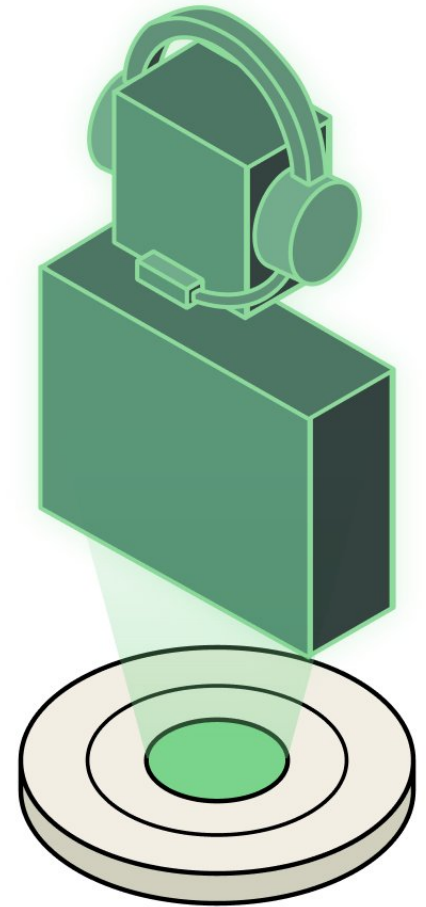
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- 2 **J.D. Power, 2026 U.S. Auto Insurance Study, June 9, 2026.** Based on responses from 52,216 auto insurance customers. Findings cited include 46% of customers using multiple interaction channels and 21% reporting a forced channel switch for a single inquiry.
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- 6 **National Association of Insurance Commissioners, Artificial Intelligence insurance topic resource, updated through 2026.** Includes information on insurers' use of AI, the NAIC Model Bulletin and the 2026 AI Systems Evaluation Tool pilot involving 12 participating states.
- 7 **Deloitte Canada, The AI Orchestrator: A Deloitte Canada Insurance Point of View, July 22, 2026, and The Orchestration Gap: A Deloitte Canada Insurance Point of View, Sept. 9, 2026.** The research discusses the shift from isolated AI use cases toward connected architecture, common orchestration layers, shared data foundations and governance.
- 8 **National Association of Insurance Commissioners, Artificial Intelligence and State Insurance Regulation, March 2026.** The issue brief states that existing state insurance laws continue to apply whether insurance decisions are made by humans, algorithms or third-party vendors.
- 9 **Lemonade, Inc., 2025 Annual Report (Form 10-K), filed Feb. 25, 2026.** Lemonade reports that as of Dec. 31, 2025, AI Jim handled 96% of FNOL without human intervention and roughly 55% of claims were automated for instant or near-instant processing from start to finish. Claims AI Jim was not authorized to settle, or where it identified concerns, were assigned to human claims experts.
- 10 **Deloitte Center for Financial Services, A Poor Claims Experience Can Drive Customers Away. How Can Insurers Use AI to Help?, July 23, 2026.** Deloitte analyzed nearly 4,000 customer responses across 12 P&C insurers. The research found that the leading drivers of positive customer sentiment centered on human interactions and recommends combining AI-enabled improvements with human judgment to reduce friction while preserving trust and loyalty.



About Liberate

We're here to make insurance work better.

Insurance is full of important work. And far too much busywork. Liberate uses AI to take on the routine, repetitive tasks so insurance teams can move faster and focus on the moments where people make the biggest difference.



Proven in production.

\$100B+

In premium processed

80%

Of routine calls resolved without human intervention

25%

Lower operating costs

10%+

Revenue growth