



SAPIENS

Survey

AI's Big Impact on the South African Insurance Sector

Clearing Up AI Confusion

Artificial Intelligence (AI) has rapidly ascended from a niche innovation to a ubiquitous buzzword across industries. In **South Africa's insurance ecosystem**, AI is often discussed with both excitement and uncertainty. Global headlines tout AI's ability to revolutionise underwriting, claims, and customer service, but many local brokers, insurers, and administrators are still grappling with a fundamental question: How do we use it to grow our business?

Hili Avi, Director of Product Strategy & Marketing at Sapiens, notes the global confusion around AI implementation.



*"What's happening on the ground? **76% of insurance executives** say their organisations have implemented generative AI in at least one function, but most of these are point solutions that don't fundamentally change operations. They're AI Band-Aids slapped on traditional processes, not integrated, architectural symbiosis."*

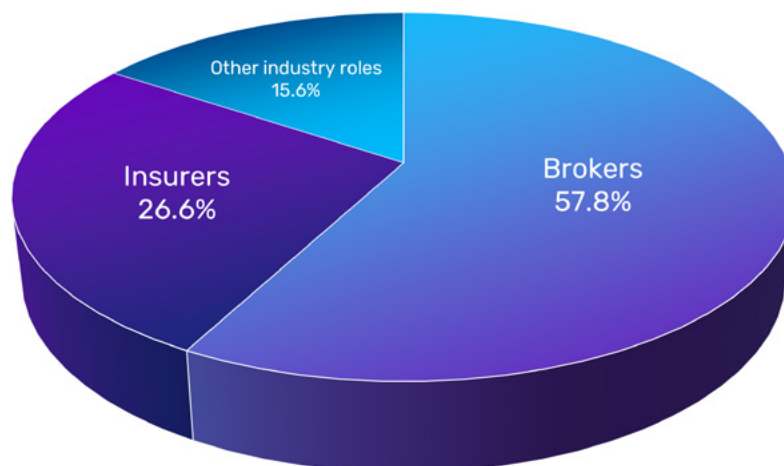
Sapiens' 2025 survey of 62 companies across the South African insurance ecosystem reveals a sector that is optimistic. From underwriting and claims processing, to client communications and compliance, intermediaries and insurers are experimenting with and deploying AI to create efficiencies and enhance customer experience.

But the data supports Hili's theory. While AI adoption is underway, it is uneven and often misunderstood. **This situation offers a huge opportunity for first movers and pioneers who understand how to capitalise!**

This report analyses the survey results, offering a clear view of what concerns are holding AI back, where it's making an impact, and how brokers, insurers, and others in the ecosystem can move forward together.

About the Sapiens AI Survey

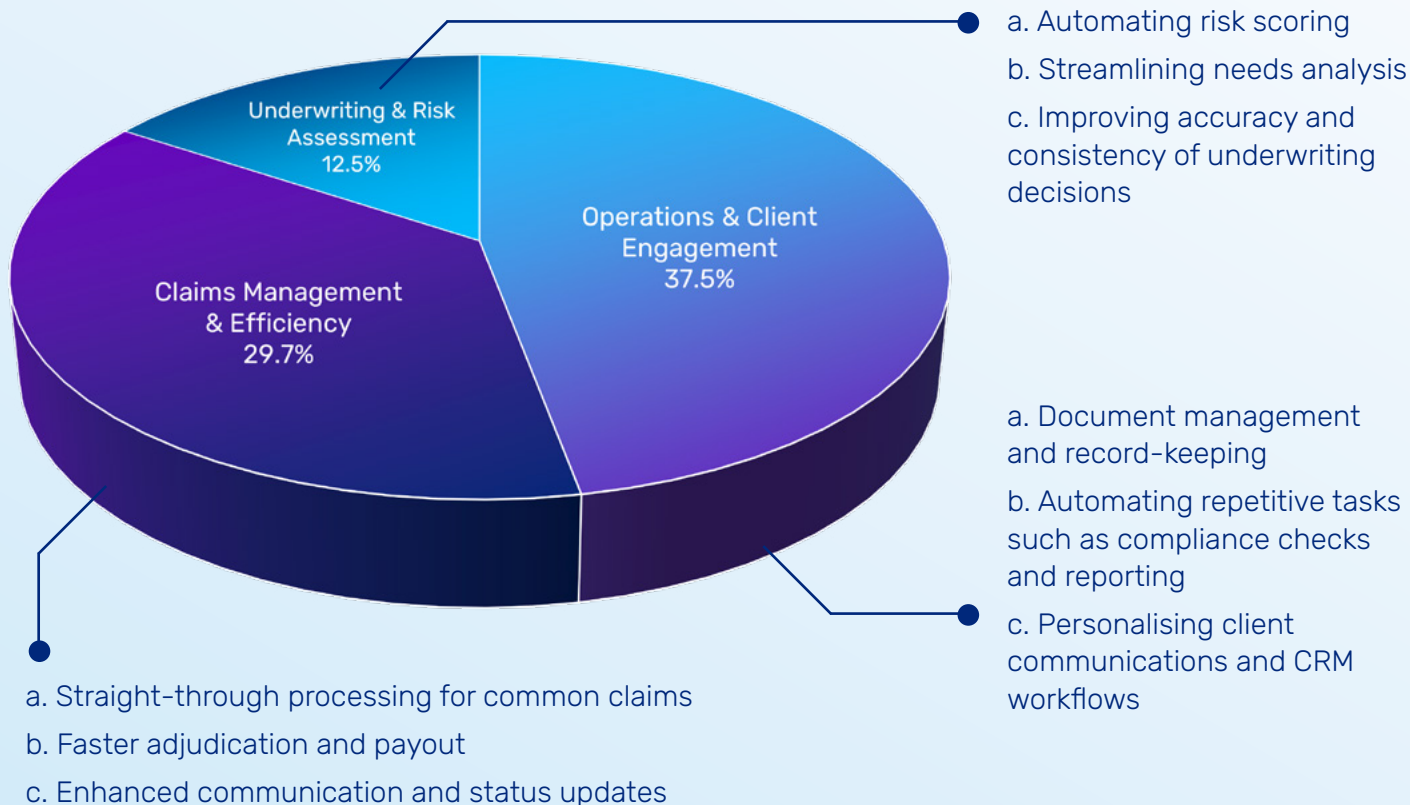
The survey's participants represented a cross-section of the insurance value chain, though **brokers made up the majority**.



This distribution is important: brokers and intermediaries remain at the heart of South Africa's insurance market. Their views carry weight, as they often serve as the first point of contact with clients and play a critical role in shaping perceptions of insurers' value. Listening to this group provides a frontline view of how AI might succeed, or stumble, in real-world adoption.

AI's Biggest Areas of Insurance Impact

Respondents gave a wide range of answers to Sapiens' survey when asked where AI will have the most impact, but the themes clustered into three categories (rounded percentages):



The remaining **20.3% of responses** cited areas such as fraud detection, investment planning, or product research.

The research indicates that insurers should prioritise use cases in claims and underwriting, where the benefits are most impactful, visible, and measurable. Success in these areas creates trust and momentum for the launch of broader AI adoption, and policyholder trust.

A recurring theme across responses was freeing humans from routine, low-value tasks so they could focus on higher-value activities: client advice, relationship building, and nuanced decision-making.

Most of the Surveyed are Already Benefiting

Respondents aren't just guessing when they say where they'll see the most impact.

92.2%

provided an example of AI improving efficiency or decision-making

7.8% (5/64)

indicated none/unsure/not using yet

Despite this relatively early stage of adoption, **around half of respondents** already reported tangible benefits from AI in their businesses. These included:

- **Policy administration:** supports the full lifecycle of insurance products
- **Market insights:** AI-powered research for competitive positioning
- **Client communication:** drafting and simplifying explanations to make things concise and easy to understand
- **Operational support:** report population, meeting note generation, and document preparation
- **Claims processing:** automating simple claims, such as glass or windscreen replacements

These examples demonstrate that AI is already embedded in day-to-day workflows. Far from being an abstract concept, it is delivering measurable efficiency gains. Real-world examples were shared by respondents, such as **85% automation in windscreen claims**, significant improvements in investment planning, and Copilot-powered meeting minutes.

One broker noted that AI has drastically reduced the time spent on communications, while another highlighted its role in fraud detection, identifying a syndicate through email pattern analysis.

The Numbers Validate The Approach

The survey results support Sapiens' day-to-day customer interactions and experiences, including in South Africa," said Hili, our Director of Product Strategy & Marketing. "Insurers are hungry for greater efficiency and personalised experiences via AI. Areas like policy administration and claims processing are obvious because they produce quick, tangible results, but agentic AI is quickly uncovering additional areas with great potential."

"Insurers still have concerns and a small minority aren't clear where AI can positively impact, so it's important to work with an experienced, trusted vendor who can demonstrate immediate value and use a phased approach."

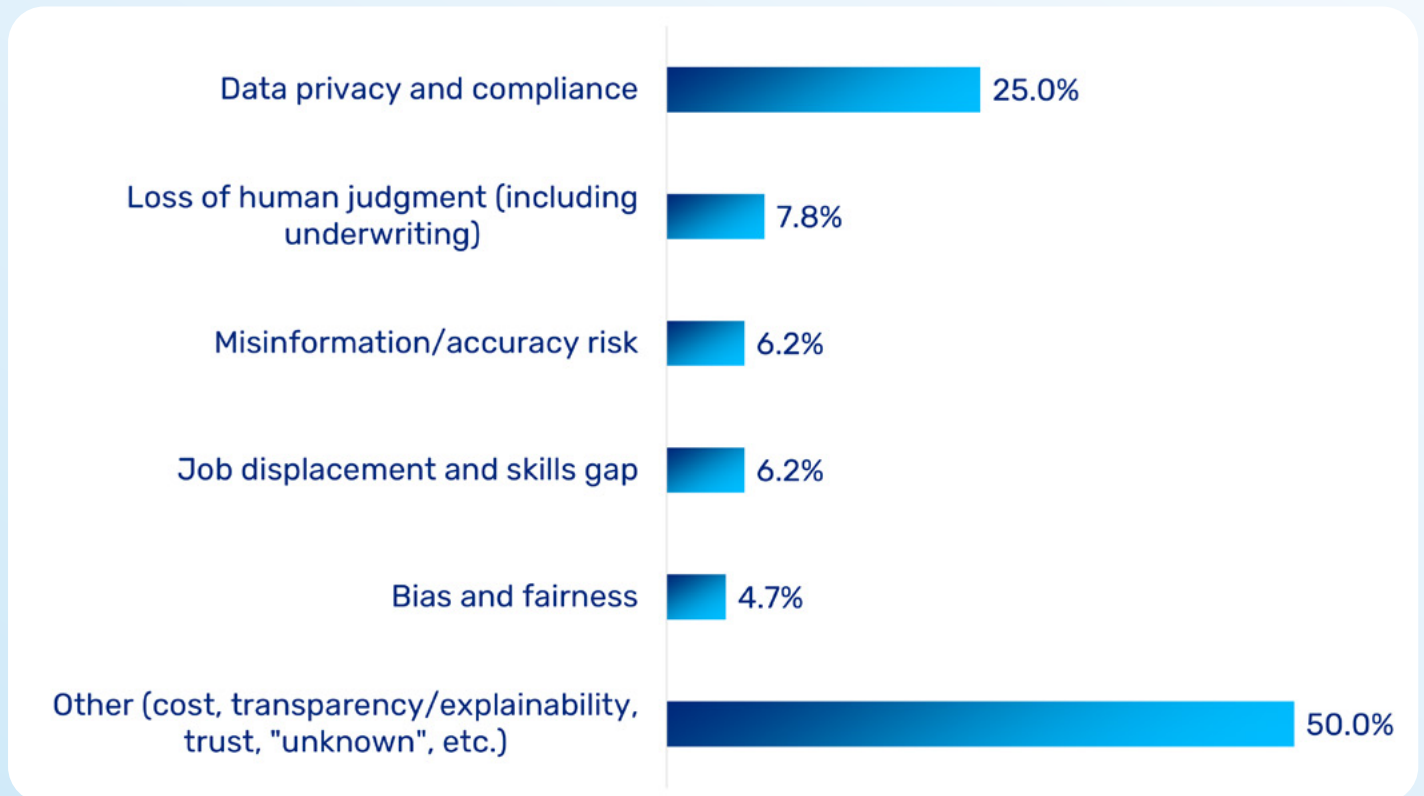


Concerns About AI

But all is not sunshine and rainbows when it comes to AI adoption in the insurance ecosystem...

AI Integration Issues?

Enthusiasm for AI is tempered by significant worries about how the technology will be integrated into core insurance processes. Respondents highlighted five recurring themes:



Insurers must embed governance, transparency, and explainability into AI deployments. AI is optimally used to complement human knowledge, freeing up senior professionals to focus on the more complex claims and underwriting cases. A “human-in-the-loop” model – where algorithms support, but do not replace, human oversight offers a way to balance efficiency with trust.

Environmental Concerns Are Not a Top Concern...Yet

When asked whether they had environmental concerns about AI, 90.6% of respondents answered “No.” A small minority of participants, 9.4%, flagged the issue. Their concerns centred on:

- High energy consumption of large-scale models
- The resource intensity of upgrading systems
- Broader questions about AI’s carbon footprint

One respondent noted, “AI models, especially large-scale ones, require significant energy to run.” Another highlighted “high energy consumption” as a barrier to adoption.

While not a major barrier today in the region, this is something that will likely change sooner than many expect. Environmental sustainability is already massive in other parts of the world. Forward-looking insurers can differentiate themselves by addressing AI’s environmental impact proactively, for example through transparent reporting of data centre usage, or offering carbon-neutral policy options.

Hybrid is the Winning Approach



Despite the rise of insurtech, non-digital channels still dominate (62.5%), especially among brokers. But digital channels (37.5%) are gaining traction with direct sales, self-service portals, and chatbot-driven claims.

This hybrid reality calls for solutions that preserve human empathy, while accelerating digital transformation.

These percentages reflect the enduring importance of human brokers and agents, particularly for complex products and higher-value clients, alongside a growing appetite for digital tools.

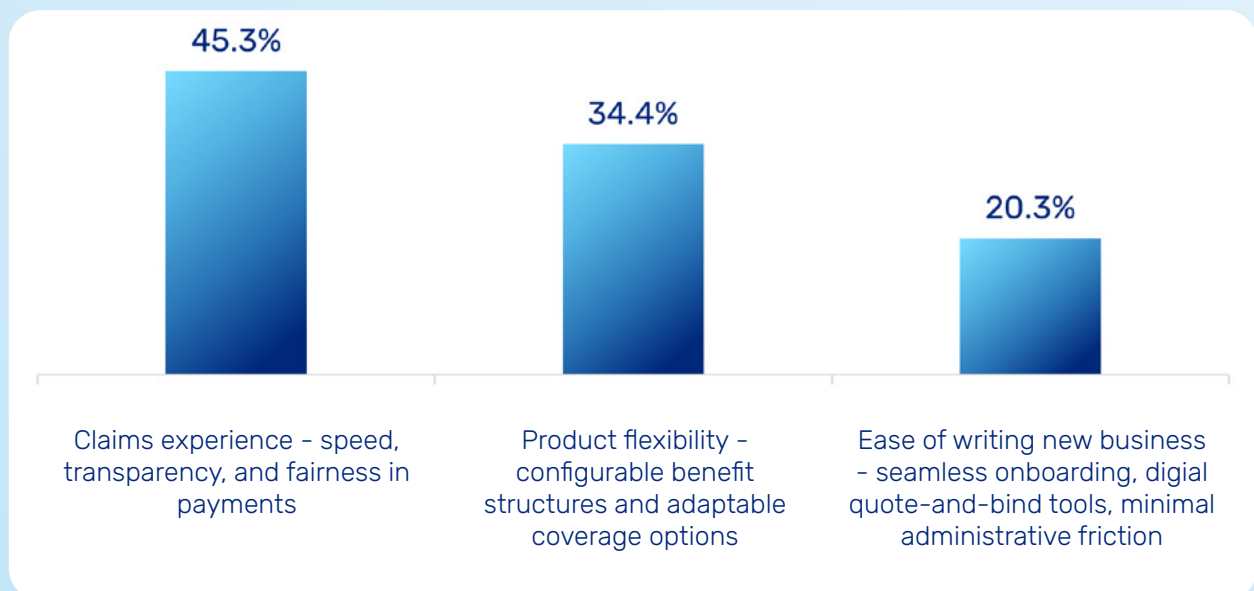
But the fact that so many are still so heavily reliant on non-digital channels could generate a huge advantage for AI first movers and early adopters!

The winning approach will be hybrid. Insurance ecosystem personnel should invest in digital experiences that are AI-powered and seamless, but also maintain clear escalation paths to human support and funnel complex cases requiring judgement calls to humans.

Clients expect both convenience and empathy – AI must deliver the first, without eroding the second.

How Insurers Can Differentiate

When asked to rank their top priorities in insurance, respondents were clear:



Insurers should position AI as a tool to significantly **enhance the claims journey**, rather than simply as an efficiency driver. Faster payments, real-time updates, and transparent adjudication will resonate most with both brokers and customers.

From Ideas to Actionable Insights

The South African insurance industry is at a crossroads. AI is no longer a futuristic concept – it's a present-day tool with real-world applications. But adoption remains uneven, and concerns about privacy, bias, and human empathy persist.

The path forward requires more than just technology. It demands trusted partnerships, tailored solutions, and transparent implementation. Sapiens is uniquely positioned to guide insurers and brokers through this journey – offering tools that are not only powerful but also ethical, explainable, and compliant.

Whether it's fast-tracked claims automation or bias-busting analytics, the future of insurance is intelligent, but only if it's implemented with care. Contact us to learn more.

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About Sapiens

Sapiens International Corporation (NASDAQ and TASE: SPNS) is a global leader in intelligent SaaS-based software solutions. With Sapiens' robust platform, customer-driven partnerships, and rich ecosystem, insurers are empowered to future-proof their organizations with operational excellence in a rapidly changing marketplace. Our SaaS-based solutions help insurers harness the power of AI and advanced automation to support core solutions for property and casualty, workers' compensation, and life insurance, including reinsurance, financial & compliance, data & analytics, digital, and decision management. Sapiens boasts a longtime global presence, serving over 600 customers in more than 30 countries with its innovative offerings. Recognized by industry experts and selected for the Microsoft Top 100 Partner program, Sapiens is committed to partnering with our customers for their entire transformation journey and is continuously innovating to ensure their success.

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