WHITEPAPER

The Future Divide: Generational Views on AI and Data Sharing in Life Insurance

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Introduction

For life insurers, AI adoption is no longer the hard part. Earning consumer trust across generations is. Every generation processes data, automation, and algorithmic decision-making differently. Understanding their approach and creating strategies for building trust is key to successful AI adoption. AI is powering your processes and easing the AI shift for all your customers is imperative.

Building the AI Trust Dynamic

The AI shift brings significant advantages – faster application processes, more accurate risk assessment, and personalized product offerings. Underwriting that once took weeks can now be completed in minutes through algorithmic analysis of health data, medical records, and lifestyle factors. Claims systems can leverage AI to detect patterns with insights that human adjusters might miss, improving accuracy and processing speed. AI-powered fraud detection systems can identify suspicious activities in real-time, allowing human representatives to focus on customer service while AI monitors for warning signs.

However, as digital capabilities advance, so do questions about data usage and algorithmic decision-making.

The industry's foundation is built on trust – consumers entrust insurers with sensitive information about their health, finances, and mortality. As digital processes enhance human judgment, this trust dynamic is evolving in ways that vary significantly across different consumer segments.

Consumer Attitudes Toward Life Insurance Data Sharing

Research shows that consumers generally display conditional openness to sharing personal data with life insurers. This willingness typically hinges on three critical factors: clear value exchange, transparency, and control.

When consumers understand the tangible benefits they will receive in exchange for their data – such as lower premiums, streamlined processes, or access to additional value-added services – they become significantly more receptive to sharing. Similarly, transparent communication about what data is collected and how it will be used builds confidence in the process. Finally, mechanisms that allow consumers to review, revoke, or limit access to their personal information provide the sense of control that many require before agreeing to share sensitive information.

When these conditions are met, consumers are more willing to share traditionally private information. Many are open to sharing fitness tracker data when it leads to premium discounts or health incentives. Similarly, digital health records access is acceptable when it eliminates medical exams or accelerates underwriting.

Meeting these conditions depends on your system architecture. Can it personalize the value by individual? Or surface plain language explanations? Giving consumers control without exceptions must be part of your system. Without that, messaging alone won't close the gap.



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Generational Perspectives on AI and Data Sharing

The most significant divide in attitudes toward AI and data sharing follows generational lines. Born into the digital age, younger consumers who constitute the Gen Z and Millennials cohorts intuitively understand digital exchanges and often prioritize convenience over privacy. Having grown up sharing personal information on social media, they show greater comfort with digital assessments and expect experiences tailored to their specific needs and preferences. They value speed, convenience, and digital-first interactions above all else. For these consumers, traditional life insurance processes often feel unnecessarily complex and time consuming. They respond positively to instant quotes, streamlined applications, and mobile-first interfaces. They are generally comfortable with algorithmic underwriting if it means faster approvals and more personalized pricing.

In contrast, older consumers who constitute the Gen X and Boomer cohorts approach new technologies with greater skepticism, value human interaction especially for complex or emotionally charged processes, express stronger reservations about data sharing and algorithmic decision-making, and place high value on professional judgment and expertise.

For these consumers, the shift toward AI-driven processes can feel depersonalizing. They often prefer hybrid models that combine technological efficiency with human oversight. While they appreciate digital convenience, they typically want the option to speak with a human representative, particularly for claims or complex policy questions.

This generational divide necessitates nuanced approaches to product design and communication. The same AI-driven process might need to be presented differently to different age segments – emphasizing convenience and personalization for younger consumers while highlighting human oversight and expertise for older ones.

Beyond generational differences, psychological factors also influence trust in AI. Consumers assess these systems based on perceived fairness, transparency, and their ability to maintain control over outcomes. When algorithms appear as inscrutable "black boxes," trust diminishes regardless of region or generation.

Building Trust in AI Systems

The insurance industry's greatest asset is trust: namely, consumer trust that insurers will be there to pay claims, to alleviate financial distress in a time of need.[2] With lifetime contracts, this trust must be held 'forever,' for as long as customers live.

For life insurers, building trust across demographics requires attention to several key elements. Explainability stands at the forefront – consumers increasingly demand to understand how algorithmic decisions are made, for consequential outcomes like coverage denials or premium increases. Develop approaches that explain complex models in accessible language along with key decision factors.

Ethical principles need to underpin all AI implementations. Systems should be built and operated according to clear ethical guidelines that prioritize fairness and consumer protection. This includes regular auditing for bias in algorithms and decision models, governance frameworks with diverse stakeholder input, and commitment to using AI that

2 Ibid.

enhances rather than replaces human judgment in critical decisions.

Human oversight remains critical across all demographics. Consumers prefer having humans involved in consequential decisions. Even Gen Z and Millennial consumers appreciate the option to escalate to a human representative when necessary.

Effective human-AI collaboration models include AI systems that flag edge cases for human review, allowing consumers to request human appeals of algorithmic decisions, and maintaining human contact points for emotionally sensitive processes like claims.

Clear communication in data practices builds trust across generations. Effective approaches include plain-language privacy policies that clearly explain data usage, gradual permission requests that establish value before requesting sensitive information, and regular updates about how shared data benefits the consumer.

Your Path Forward

To succeed in today's complex insurance landscape, several key strategies should be implemented. Strategic AI implementation decisions are paramount – making critical choices about whether to build AI capabilities in-house or adopt external solutions. Building in-house offers potential competitive advantages, but requires significant investment in talent and resources. From an alternative perspective, a business strategy where a company imitates a competitor's successful product or innovation to gain a competitive edge in the short term reduces initial risk or resource expenditure, but may place you at a competitive disadvantage in the long term due to a lack of vision. Work with partners who have solved the domain intelligence problem and know what AI looks like in a workflow. This shifts AI to a strategic place on your roadmap. These strategies are exactly where we focus.

Prioritize education and transparency in customer communications. Proactively educate consumers about AI use and data policies in simple, easy-to-understand language. This means moving beyond legal compliance to true transparency about what data is collected, how it is used in decision-making, what safeguards protect sensitive information, and how humans and AI collaborate in key processes.

Flexible, personalized experiences should reflect the different ways generations engage with technology. Effective digital experiences offer multiple engagement channels (digital, phone, in-person), create tiered data-sharing options with corresponding benefits, and allow consumers to adjust their preferred balance of automation and human interaction.

Ethical AI governance frameworks ensure AI systems deliver fair, unbiased outcomes. This includes regular auditing and testing for bias, diverse development teams that represent various perspectives, clear principles for when human judgment should override algorithmic recommendations, and compliance with evolving regulatory frameworks.

Generationally tailored approaches recognize the different needs across age segments. Design educational materials that address generation-specific concerns, communication strategies that respect different technological comfort levels, and product features that accommodate varying preferences for human involvement.

The implementation of AI will also transform how insurance operates internally through workforce transformation. This enables employees to "upskill" by incorporating AI into their workflows, redefines traditional roles like actuarial and underwriting to leverage new data sources and analytical capabilities, and creates new roles that integrate human judgment with AI capabilities.

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Conclusion

The future of life insurance will be shaped by how successfully the industry bridges the divide between technological capability and human trust. AI offers unprecedented opportunities to improve pricing accuracy, operational efficiency, and customer experience, exactly what we've been perfecting for over 40 years.

There are significant risks in both overreliance on AI and in the failure to adopt it. The key lies in finding the right balance – namely, the complementary hybridization of work between people and AI.[3]

By taking a human-centric, transparent approach to AI and data use, you can build trust across demographic divides. This means not just advancing technical capabilities, but also developing a nuanced understanding of how different consumer segments perceive and interact with these technologies.[4]

To earn trust across generations, you need an intelligent system that knows what to do when. You can reach completed underwriting in minutes, or a complicated conversation backed up by data at hand with the right architecture.

3 Ibid, 4 Ibid.

Talk to Our Team

About Sapiens

Sapiens International Corporation N.V. is a global leader of AI-centric, SaaS-based insurance software, delivering hyper-relevant experiences that are efficient, compliant, and innovative. With agile intelligence, Sapiens' solutions turn real-time data and human insight into precise action at every moment, across every risk. The Sapiens platform includes agentic workflows accelerating every capability across policy, underwriting, claims, reinsurance, decisioning, and finance and compliance. With more than 600 insurers in over 30 countries running on Sapiens, our deep industry expertise is the foundation of our long-term relationships, from initial implementation through to modernization and market transformation. Sapiens is headquartered in London, serving customers in property and casualty, life, reinsurance, specialty, and workers' compensation from offices across North America, Europe, the Middle East, and Asia Pacific.

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