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Macro Trends Shaping P&C - Part I

From Market Forces to Customer and Industry Perspectives

sapiens ignite 2026

Graham Gordon, Director of Value Engineering & Product Strategy

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Wow.







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Fifty-two

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~$One hundred & fifty billion

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~One hundred thousand

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~Thirty-seven million

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Fifteen thousand, seven hundred and eight-nine(ish)

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Thirteen thousand, five hundred and forty eight(ish)

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Wow.



Agenda

Better Together: P&C Insurance Breakout Sessions

1. Macro Trends Shaping P&C - Part I
2. Macro Trends Shaping P&C - Part II
3. An Insurer's AI Journey with Sapiens P&C AI Beta Program
4. Customer Spotlight: High-Volume Processing, Real-World Transformation
5. Exploring how to enable AI across your workflow
6. Preparing for SapiensAIP
7. The Road Ahead for P&C & Global Specialty: EMEA/APAC focus
8. Sapiens P&C Foundation *powered by CoreSuite* Roadmap: Underwriting Precision for a Tightening Margin: NA focus



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Creating Chaos

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Let’s begin

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Speakers Intro



Carey Geaglone

Senior Principal

Datos Insights

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October 6, 2026

Where P/C is Really Heading



Carey Geaglone
Senior Principal

datos INSIGHTS

One word for the force reshaping your business right now.

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The Lens: Confidence vs. Capability

Capability is everywhere. Confidence is not.

- The technology is no longer the constraint. Agentic AI, next-generation core, and intelligent document processing are commercially available in every region covered today.
- 40% of P/C leaders say AI is meeting their expectations. Only 10% convert that into a measurable edge.
- That top 10% achieved 21% higher revenue growth and 51% greater share price increases than mainstream insurers between 2021 and 2024.

Source: Capgemini, World Property and Casualty Insurance Report 2026.

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Strong Margins are Masking Unproven AI Investments

- U.S. P/C posted its best underwriting year in a decade in 2025: a 95.0% combined ratio, improved from 97.1%. The first half of 2026 came in even stronger at 92.5%, helped by a light cat season (AM Best).
- The pressure is ahead: AM Best forecasts a 96.9% combined ratio for 2026, premium growth has slowed to about 2%, and casualty severity keeps rising (AM Best; Verisk and APCIA).
- Reinsurer capital hit a record US$790 billion entering 2026, and property-cat reinsurance rates fell 10% to 25% at January and midyear renewals.
- Only 21% of P/C carriers report positive AI ROI. Most can't tell what the ROI is yet.
- In Datos carrier conversations, expense containment is a top 2026 priority, with AI positioned as the main lever.

Sources: AM Best; Verisk and APCIA; Aon; Risk & Insurance; Datos Insights, AI Implementations in 2026: The Pilot Phase Is Over for P/C Carriers; Datos Insights, What We're Hearing, Q2 2026: P/C.

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The Priorities Are The Same In Every Region

Winners pair deep expertise with data and AI, rather than treating technology as a substitute for it.

- North America, Europe, and Asia-Pacific share one priority list: AI, data modernization, underwriting effectiveness, talent productivity, and profitable growth.
- Data readiness, not AI, is the binding constraint. Carriers hold plenty of data, scattered across products, regions, and legacy systems. Most of that data is unstructured.
- Adoption is harder than the technology. Programs stall when people will not trust a new way of working.
- Investment is moving from automating processes to sharpening decisions. The focus should be where AI supports judgment, not where it replaces it.
- Specialty insurers moved first, using technology to improve underwriting decisions and broker relationships rather than to cut costs. Broker experience is now a differentiator across the market.

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Same Priorities, Three Different Bars To Clear

The priority list does not change by region. The governance bar, the growth rate, and the modernization starting point do.

Region	2025 premium growth	Governance bar	Core systems trajectory
North America	2.2% Down from 9.7% in 2024	**State by state:** NAIC Model Bulletin in 24 states plus DC; CA, CO, NY, and TX set their own rules; 22 states have issued nothing; and a federal executive order is challenging state authority over AI use	Many carriers remain mid-transition on legacy core replacement
Europe	5.3%	**One EU-wide rulebook, nationally enforced:** Product Liability Directive covers software and AI from December 9, 2026; AI Act high-risk duties follow in December 2027	Smaller-scale carriers move more directly to cloud-native SaaS cores
Asia-Pacific	4.0%	**No region-wide AI law:** supervisors issue sector guidance and press boards on AI oversight	Insurers often go straight to cloud-native SaaS cores, skipping a replacement cycle

Note: premium growth is reported for Western Europe and Asia; core systems positions are directional, not measured shares.
Sources: Allianz Global Insurance Report 2026; NAIC Adoption Map 2026; EU Regulation 2026/1744 and Directive 2024/2853; Deloitte Asia Pacific Regulatory Update Q2 2026; RNA Analytics; Datos Insights analysis.

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North America Builds Faster Than It Can Govern

- Insurers using more sophisticated analytics achieved combined ratios 6 percentage points lower and premium growth 3 percentage points higher than slower adopters in 2022-2024.[1]
- Carriers are moving from conversational generative AI (GenAI) to autonomous agents that use Model Context Protocol (MCP) and Agent-to-Agent (A2A) frameworks to route and execute underwriting, claims, and service tasks. Insurers that scale agentic AI for dynamic workflows can realize significant productivity gains.
- 24 states and the District of Columbia have adopted the NAIC Model Bulletin. California, Colorado, New York, and Texas wrote their own insurance-specific rules, creating a shifting compliance patchwork.
- Datos Insights recommends carriers inventory every third-party AI touchpoint and build governance programs now. Examiners in 12 states are already piloting an NAIC review that asks insurers for evidence of how their AI is governed.

Sources: Datos Insights, Top Trends in Property and Casualty, 2026; NAIC, Implementation of NAIC Model Bulletin, status as of April 1, 2026; Alston & Bird, NAIC Summer Meeting Sharpens Focus on AI, Data, and Technology Governance, September 2026.

[1] *Based on a survey of 59 P/C insurers in the U.S. and Canada. Source: WTW, "2026 Advanced Analytics and AI Survey," March 2026*

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AI Becomes A Risk Class, Not Just A Capability

- **Businesses are deploying AI faster than carriers will cover it**. Major carriers are writing blanket AI exclusions while innovative policy design lags.
- **No loss history exists.** Actuarial data takes five to seven years to develop; new AI models reach market in months.
- **Claims are emerging in professional liability, intellectual property (IP), and copyright**, with potential gaps in business interruption coverage for physical damage.
- **Cyber is the template**: temporary bounded policies first, full first- and third-party coverage later. Carriers building loss data will now lead the market; those relying on exclusions will cede it.

Source: BCG, Softer Rates and Bigger Risks Are Reshaping the US P&C Market, June 2026.

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Which of these trends is most urgent for you?

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Why Transformations Stall in the Race to Operationalize AI

The top three barriers to operationalizing AI reported by P/C carriers

46% **Data quality**

39% **Talent and Skills**

30% **Legacy integration**

15% **Regulatory and Compliance**

9% **Budget**

Source: Datos Insights, AI Implementations in 2026: The Pilot Phase Is Over for Property and Casualty Carriers, July 2026.

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Insurance is Entering a New Operating Era

We are not just improving insurance—we are redefining how it operates.

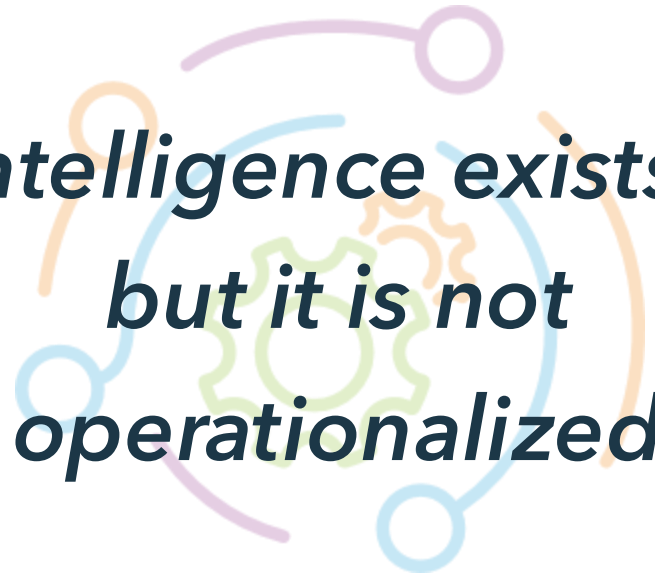
Traditional Model		Emerging Model
From **systems of record**	→	**systems of decisioning**
From **linear workflows**	→	**dynamic, event-driven operations**
From **human-led processes**	→	**human + digital agent orchestration**
From **static data**	→	**continuously learning intelligence**

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Most Carriers Are Not Built for This Shift

- Core systems **control workflows instead of enabling them.**
- Decisioning is **fragmented across people, rules, and systems.**
- AI is **piloted—but not embedded into execution.**
- Institutional knowledge is **trapped in individuals and documents.**
- Transformation is **slowed by legacy dependencies.**

The Result



Intelligence exists—but it is not operationalized

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Understanding and Planning for Change

Five dimensions where AI adoption differs from a systems implementation.

	Core suite implementation	AI adoption
Scope	Future state is fixed and knowable; change targets a specific go-live	Future state shifts continuously; change must build adaptive capacity, not acceptance of a static target
Who's affected	Primarily operations and IT; executives sponsor from a distance	Every function; senior technical staff and underwriters are often most at risk and most resistant
Resistance	Practical—harder UI, lost workarounds; addressed through training	Existential—job security, trust, professional identity; addressed through purpose and demonstrated value
Training	Role-based, process-anchored; teach the screens and the workflows	Judgment-focused; teach when to override, how to evaluate outputs, how to stay sharp as a practitioner
Success metrics	Adoption rates, processing time, defect rate post-go-live	Override quality, model drift response, human-AI collaboration, and preservation of practitioner judgment

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The Integration Advantage: Combining Traditional Platforms with AI

The successful insurers of tomorrow will master three imperatives.

- **Build the foundation:** Continued investment in modern core systems and robust data infrastructure remains essential. AI capabilities are only as strong as the platforms and data that support them.
- **Adopt AI strategically:** Generative AI (GenAI), large language models (LLMs), and intelligent automation reshape core processes, decision-making, and customer interactions. The pace is measured but the impact is transformative.
- **Prepare for the AI-first future:** Within the next decade, leading carriers will operate as AI-first organizations where technology drives operations and human expertise focuses on strategy, oversight, and complex decisions.

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Macro Trends – Our Panel



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40% of P/C leaders say AI is meeting expectations,
but only 10% turn it into a measurable edge.
What are you seeing? And how do you define measurable?



What did you underestimate:
the technology, the data, or the organizational change?



Do the companies scaling AI do certain things in their first 90 days that others don't?

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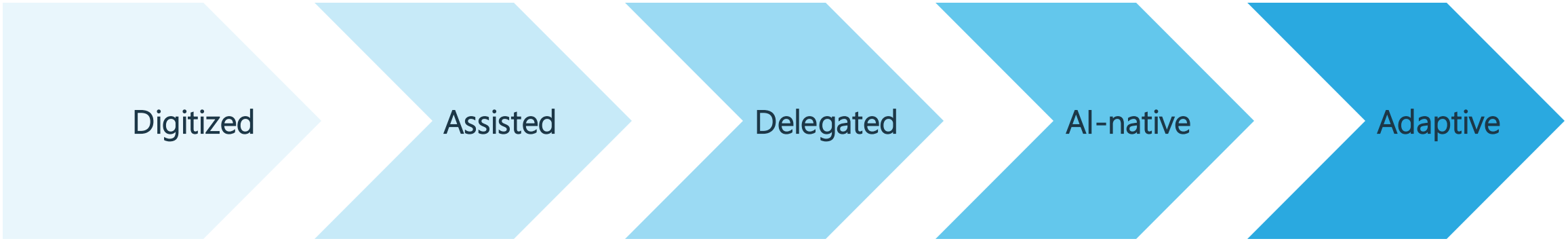
Regulatory changes are causing a lot of churn right now. How are carriers planning to address them, and who owns this in your organization?

And how will Sapiens help clients with attestations and traceability?

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Where Is This Room On The Confidence Curve?

Live poll: pick the stage that describes your organization today.



Less confidence

More confidence

Datos Insights Powers Financial Services Transformation

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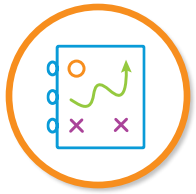
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Additional Information

- Emerging Technology for Property and Casualty Insurers, 2026
- AI Implementations in 2026: The Pilot Phase Is Over for Property and Casualty Carriers
- What We're Hearing, Q2 2026: Property and Casualty
- Top Trends in Property and Casualty, 2026: Building the Intelligence-Ready P/C Carrier

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Questions?

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Thank you

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