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- Artificial Intelligence
- Innovation

Interviewed Inside:



Rob Walling
Pinnacle Actuarial Resources

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Double-Edged Innovation in the Insurance Industry

Rob Walling, Principal and Consulting Actuary at Pinnacle Actuarial Resources, reminds us that actions have consequences, both foreseeable and unexpected. It would serve captive insurers well to understand that innovation and change come with unexpected outcomes. He asserts that while AI, for example, brings efficiency, it will likely bring some things that may be considered unwelcome: a classic double-edged sword. Following are excerpts from an interview.

You've said the captive insurance industry in particular must deal with double-edged swords. What do you mean by that?

While the insurance industry is not famous for creativity, captive insurance by its nature is where a lot of innovation happens. The captive space is where many difficult new issues are faced before they get to the admitted market. That includes forces such as AI, threats of emerging risks like cyber or credit enhancement coverages, and on occasion even regulatory changes. Consequently, the challenges taken on, and the solutions developed in the captive market have been at the vanguard. With captives we've seen a model for how to process and manage change. You have also seen how change in the form of regulations, technological developments and coverage innovations have also exposed captives to risk.

Why does the industry need to ask, is it insurance?

Specifically in the captive industry, there's a lot of activity on what I'll call the "fringe of insurance." These are solutions to coverages that aren't available in the traditional market that might stray from typical insurance and look a little bit like an investment hedge, for example. But we're seeing a lot of interest in bringing innovative insurance aspects to some of these transactions. I've worked with a company in the renewable energy space that is writing a policy that guarantees a minimum wholesale electric rate for 10 years, ensuring the project can get better finance terms. It's almost like back in the old days of hurricane insurance, property CAT insurance—we turned property CAT reinsurance into CAT bonds, essentially turning insurance into a security. And now we're seeing a lot of interest in turning investment vehicles into something that looks like insurance to get access to the insurance markets. The problem, however, is that these innovations can become double-edged swords quickly if a court or regulator rules that it is not insurance.



Rob Walling

Principal and Consulting Actuary
Pinnacle Actuarial Resources



"Even fast-follower companies right behind leading-edge innovators are scrambling to keep up with the pace of today's change."

Scan or click to watch an interview with Rob Walling.

Why should the property/casualty industry be wary of artificial intelligence?

I've been floored by how fast AI is being adopted and embraced. It's the fastest-moving technological innovation I've seen in the insurance industry since I entered it in the late '80s. Even fast followers are scrambling to keep up. Across the industry, AI is being applied to specific use cases where core functions are rapidly changing—handling cognitively rote tasks like extracting data from loss runs into pricing models or moving application data into policy systems. It's saving thousands of hours of work. But when those hours disappear, so do jobs. The real challenge isn't just staffing, it's how young professionals develop skills when traditional entry-level learning opportunities are replaced. The industry will need new ways to build expertise without relying on those foundational tasks.

