

AI Can Replace the Work. Who Replaces the Expertise?

The claims operation reveals what a carrier must still know when AI does the work.

Carriers are asking the same AI question across the value chain.

In billing, policy administration, finance, HR, IT, sales and marketing, carriers are asking how much of the work AI can eliminate. Claims shows why the answer cannot be the same everywhere. In the claims operation, carriers are asking whether AI can eliminate the call center and whether it can eliminate the adjuster, usually without distinguishing between them.

THE MARKET IS ALREADY MOVING

Travelers	Has cut its claim call center population by a third and is consolidating four claim call centers into two.
Lemonade	Reports that its AI takes 96 percent of first notices of loss without human intervention, and that claims it is not authorized to settle go to human claims experts.
Allianz	Uses AI agents to process small claims, and states that payout decisions are never automated.
The labor market	Entry-level adjuster postings are down about half since early 2024. Senior postings are about 80 percent above 2017 levels.

The entry-level work is disappearing while demand for senior judgment rises. Yet both questions still treat claims as a labor pool waiting to be automated. The call center and the adjuster are not the same kind of work. One is processing. The other is made of decisions.

THE DISTINCTION

Zero call center is a strategy. Zero adjuster is a liability.

The call center holds no retained decisions. Claims holds 31.

I took every business capability in my Carlson BCM insurance model owned by service roles and by claims roles, and placed each in one of three categories: AI can run it end to end; AI can do part of the work while a person stays in it; or a person must make the decision. Each capability falls in exactly one, under the role accountable for it.

BUSINESS CAPABILITIES	CALL CENTER 76 assessed	CLAIMS 92 assessed
AI can run it end to end	44	23
AI does part of the work; a person stays in it	32	38
A person must make the decision	0	31

Claims findings come from the Group and Individual model; commercial claims is only lightly represented.

The difference is not how much work AI can perform. It is what the carrier must remain capable of deciding.

The call center can shed its mass-processing structure because no retained decision holds it in place. Its obstacles are execution, not authority. Claims cannot be judged on the same basis. A person must make the decision in 31 of its capabilities today, and every one is rated high for risk and compliance value: determining a coverage position, determining causation and liability, settling a claim, denying a claim, terminating a benefit.

WHAT DOES NOT MOVE

Those decisions may move to AI over time. The carrier's accountability for them does not.

The work AI takes is the work that builds the judgment.

HOW FAR AI CAN GO • THE WEAKEST LIMIT DECIDES

$$A(c, t) = \min [I(c, t), D(c, t), G(c, t)]$$

I Intelligence

What AI can do with the work.

MOVES FAST

D Delegation

What the carrier and its regulators allow AI to decide.

MOVES SLOWLY

G Governance

The capacity to make the decision, or govern the AI that does.

MOVES AS FAST AS PEOPLE DEVELOP

Today the carrier still has its experienced people, so intelligence and delegation set the limit and cutting the workforce looks free. One of the 31 decisions shows where governance comes from.

BUSINESS CAPABILITY

Ability to determine a coverage position

Accountable role: Senior Claims Examiner

AUTHORITY

Retained by the carrier **High**

HOW FAR AI CAN TAKE IT

Absorb **High**
Augment **High**
Accelerate **High**
Autonomize **Low**

INTELLIGENCE IT REQUIRES

Rules **High**
Analytical **High**
Generative **High**

READING THE POLICY AGAINST THE FACTS

01 Ability to identify an applicable benefit provision

02 Ability to identify an applicable exclusion

03 Ability to identify an applicable limitation

04 Ability to identify an applicable rider

TAKING AND RECORDING THE POSITION

05 Ability to determine a coverage position

06 Ability to register a coverage position

The four functional capabilities in gold are not simply tasks AI can perform. They are how an examiner develops the judgment to make this decision, or to govern the AI that makes it. Automate them without replacing the experience they provide, and governance becomes the limit: the carrier keeps its senior experts for now while losing the means of producing their successors.

THE PARADOX

The machine becomes more capable. The institution becomes less capable of governing it.

Delegating the decision does not delegate the answer for it.

If the AI is defective, its maker answers for the product. If it is applied badly, the carrier answers for the deployment. Either way, the carrier is still the one examined, sued and held to account, and someone inside it must still understand the decision.

Insurers have made this trade before. I worked on the transition at a specialty carrier that had handed the maintenance of its policy, claims, billing and sales systems to an offshore provider, and when it changed providers, no one inside could explain the systems its business ran on. It still owned them and still answered for them, but it no longer understood them.

01

Automate the processing completely

Where no decision is retained, the zero call center logic applies in claims too.

02

Design the apprenticeship on purpose

The 38 capabilities where a person stays in the work are the population to examine. Practitioners identify which experiences actually build judgment, and those are protected.

03

Measure the bench

For every retained decision, the people qualified to make or govern it, those developing toward it, and the time to proficiency.

THE BOARD TEST

Before approving an automation business case, require an assessment of the expertise needed to make or govern every decision it touches, and a funded plan to sustain that expertise as the workforce changes.

Automation can remove the person who performs a capability. It cannot remove the carrier's need to understand it, govern it and answer for it.