



STRATEGIC ASSET ALLIANCE  
THE INSURANCE INVESTMENT SPECIALIST FOR 30 YEARS

# Artificial Intelligence

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The *(Potential)* Power of AI in Insurance Investments

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# A.I.

## Today's Overview

*Who?*

*What?*

*Where?*

*When?*

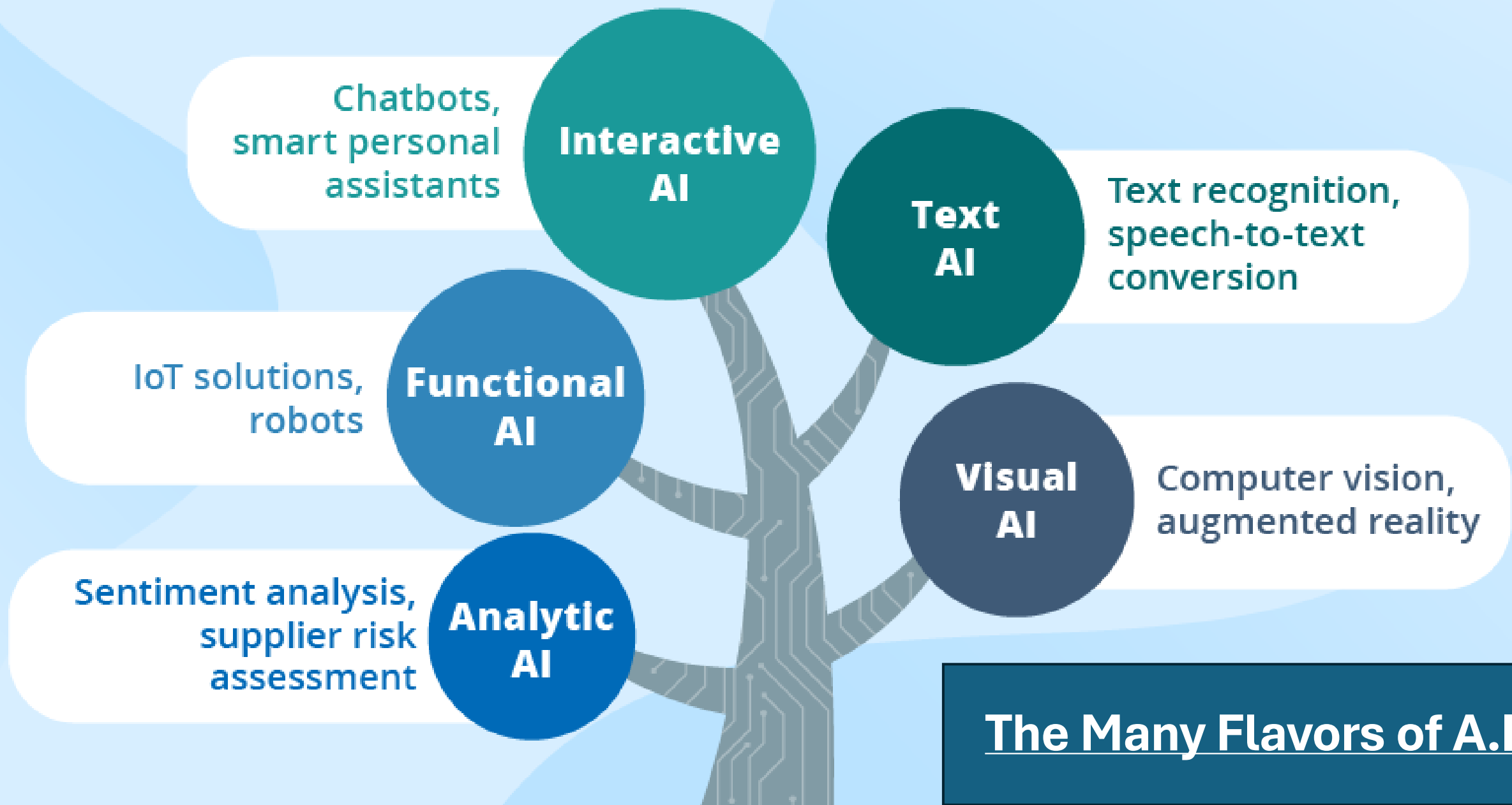
*Why?*

- Putting A.I. in Perspective
- How A.I. is Being Used Today
- Potential Uses in the Investment Process
- Mindfulness for Insurers:  
Ethics and Responsibilities
- Thinking About Next Steps

A person with short brown hair and glasses, wearing a grey sweater over a white collared shirt, stands in a server room. They are looking at several computer monitors displaying various data visualizations, including charts and code. The room is dimly lit with blue light from the screens. An orange horizontal bar is located in the top left corner of the image.

# A.I. - What Is It, *Really?*

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**The Many Flavors of A.I.**



# Where Are We Today?

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*How is A.I.  
Currently Being  
Used?*





# A.I.: Speed of Adoption

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## ChatGPT Sprints to One Million Users

Time it took for selected online services  
to reach one million users



\* one million backers \*\* one million nights booked \*\*\* one million downloads

Source: Company announcements via Business Insider/LinkedIn

# How Is A.I. Being Utilized Now?

## Examples from Investment Firms

## Supports Research & Processes, But Does Not Replace Human Decision-Making

- Filtering Large Datasets
- Summarizing Documents

## Internal Development in Progress

- Large, Commercial Base Models
- Implementing Acceptable Use Policies
- Installing Safeguards to Protect Data



# Potential Uses in the Investment Process

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# How Could AI Be Utilized?:

## Applications for Insurer's Investment Process

- Predictive Analytics for Market Trends
- Portfolio Optimization:  
Maximize Returns / Minimize risks
- Assessing, Identifying, & Mitigating Risks
- Fraud Detection & Prevention

# How Could AI Be Utilized?

## Predictive Analytics



### AI can analyze vast datasets

Deeper Understanding of Correlations  
– Beyond Markowitz?

Better Prediction of Risks

Improved View: Over vs. Under  
valuation



### Dangers

Non-stationary process

Black box effect

Data security

# How Could AI Be Utilized?

## Portfolio Management

### Optimization of Asset Allocation

**Consider Business Factors More Effectively:**

*Reserves, Premiums, Reinsurance, Capital Efficiency, etc.*

**Potential to Find Unexpected Solutions to Investment Challenges**

### Portfolio Rebalancing

**Automatically Monitor and Adjust Portfolio:**

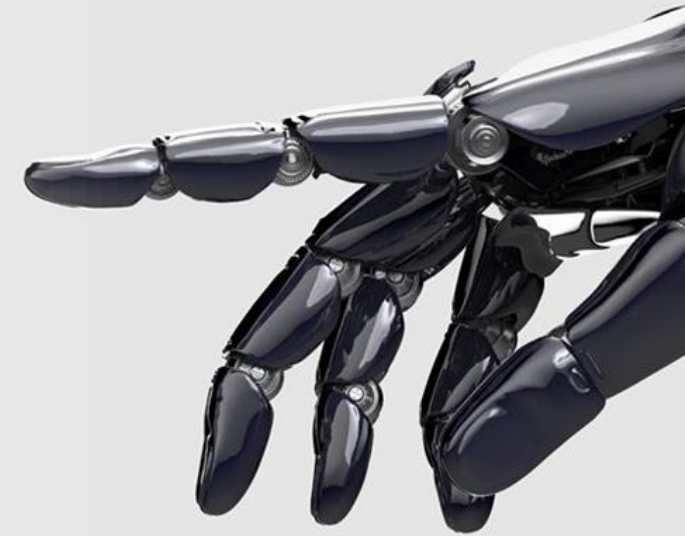
*Maintain Desired Asset Allocation Characteristics*

*Simultaneously Considering Short- and Long-Term Costs*



# Potential Mindful Integration: Ethical and Responsible AI Use

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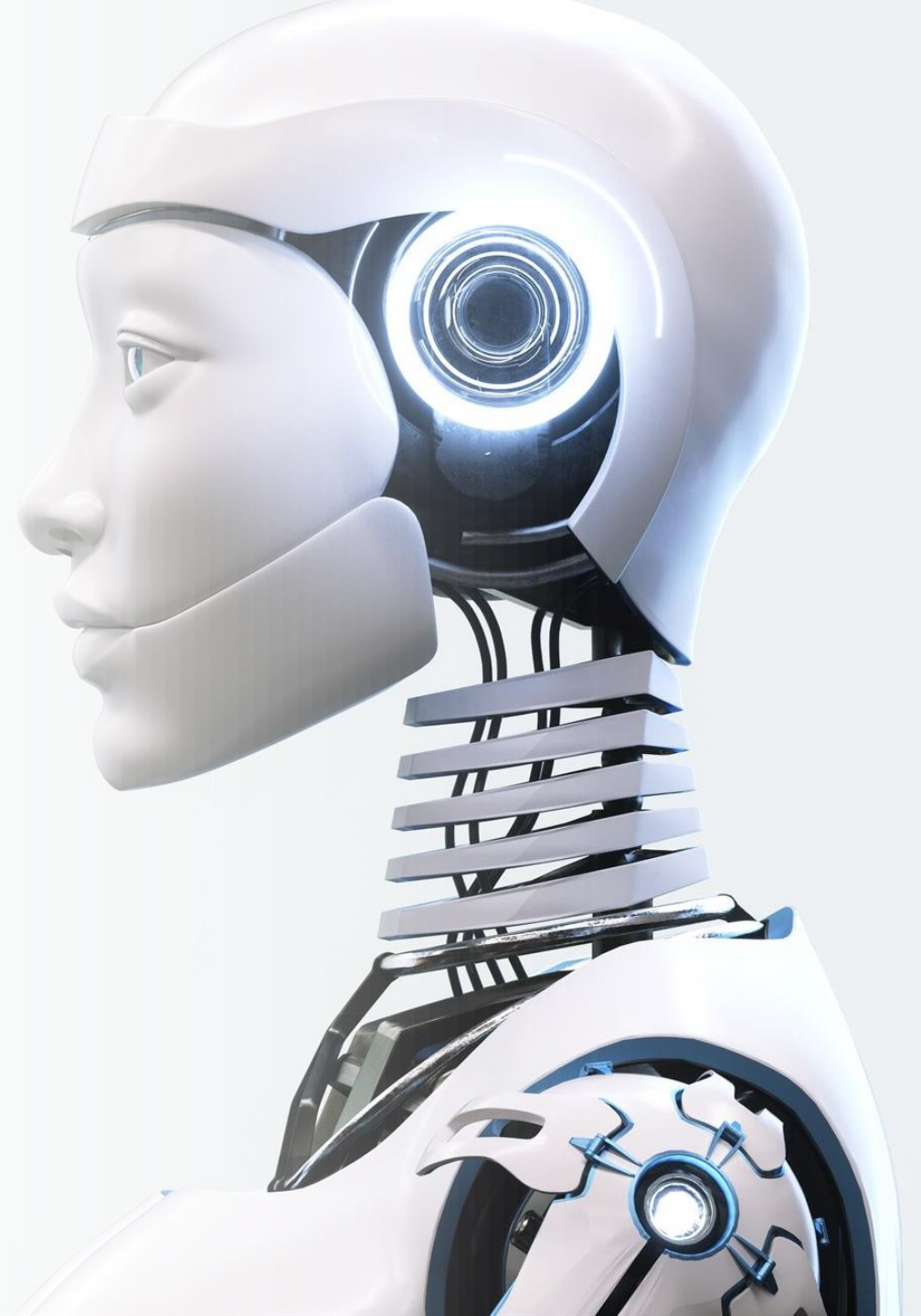
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## **Mindfulness for Insurers:** **Risks & Ethical Concerns**

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Potential Biases Inherent in A.I.  
Algorithms

Ensure Fair and Transparent  
Investment Decisions





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## **Mindfulness for Insurers:** **Challenges and Considerations**

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### **Potential Data Privacy:**

*Ensuring the Protection of Personal Information*

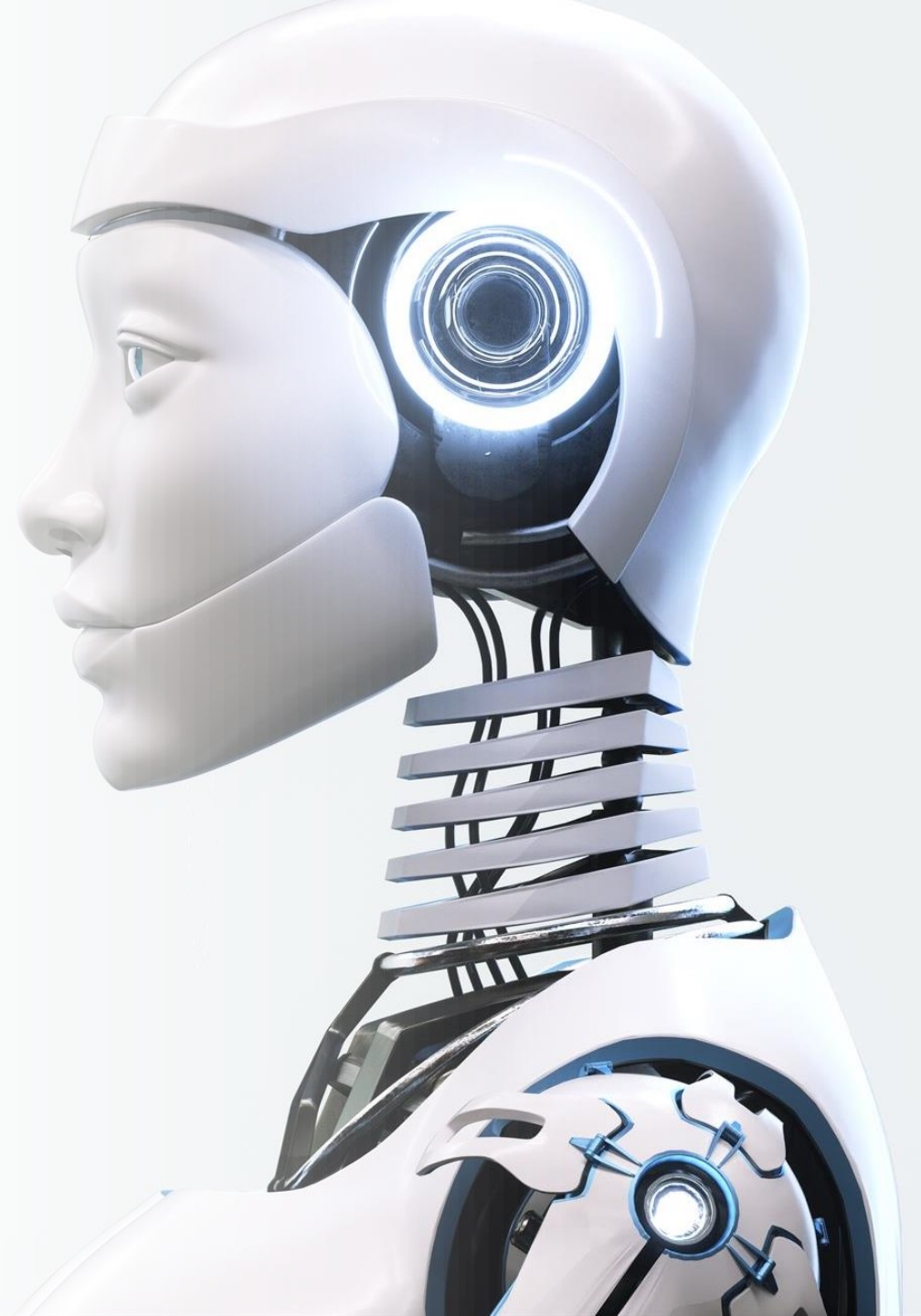
### **Ethical A.I. Use**

### **Regulatory Compliance**

*Adhering to Laws and Regulations*

### **Need for Skilled Personnel**

*Acquiring Any Necessary Expertise*



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## **Mindfulness for Insurers:** **Data Considerations**

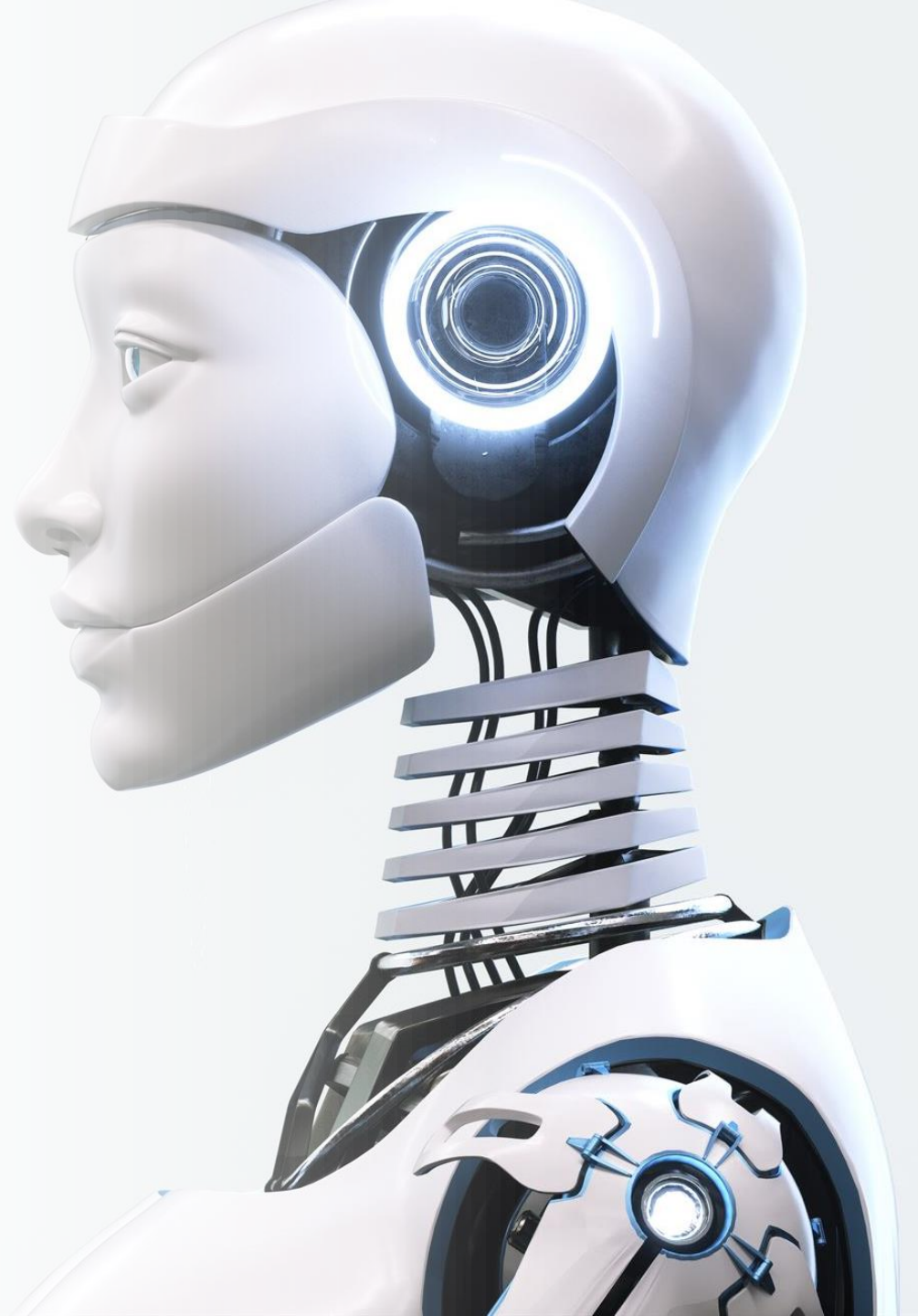
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### **High-Quality Data for Accuracy:**

*Ensures Reliable Predictions & Insights*  
*Reduces Errors & Biases*

### **Robust Data Security Practices:**

*Protects Sensitive Information*  
*Prevents Data Breaches*



# A.I.

## What Next?

*Who?*

*What?*

*Where?*

*When?*

*Why?*

- **Low Hanging Fruit:**  
Office 365 / Copilot
- **Understand Your Manager's A.I. Use**  
What Can Go Right? Wrong?
- **Align A.I. with Business Strategy**
- **Address Challenges of A.I. Implementation**
- **Education, Training, and Adaptation**