



# Survey: Revisiting A.I. and Its Use by Insurance Investment Managers



STRATEGIC ASSET ALLIANCE  
THE INSURANCE INVESTMENT SPECIALIST

## Introduction

**Two years ago, SAA conducted a survey focused on the ways insurance investment managers were beginning to consider or approach the use of Artificial Intelligence. Given the rapid changes that have occurred since then, SAA wanted to revisit the topic to see what's changed since the original survey, as well as better understand the advancements and limitations that managers have come across.**

The original survey primarily focused on how insurance asset managers were researching, developing, and implementing A.I. into its operations, and in turn, improving the portfolio management services they provide. In revisiting the topic, we once again asked these same questions to see how responses have changed, but also asked how firms are approaching A.I. from a policy, integration, and philosophy perspective.

### — Survey Overview:

SAA invited a myriad of fixed income managers working in the U.S. insurance space to participate in this survey - Twenty (20) firms submitted responses for this report.

Participating firms provided responses to fourteen (14) open-ended questions asked by SAA. SAA then reviewed each response and summarized the key takeaways and insights that will help insurance companies better understand how asset managers are approaching the use of A.I., while also highlighting what might have changed since 2024.

**For more information, please visit [www.saai.com](http://www.saai.com)**

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## Thank You to Our Survey Participants!

We'd like to thank the investment management firms that participated in this survey to share their perspective on the current role Artificial Intelligence within the insurance asset management space.

*\*Not all participating firms are listed below, per request*

— AAM – Insurance Investment Management



Insurance Investment Management

— Aberdeen Investments



— Community Capital Management



— Conning



— Federated Hermes



— Income Research + Management



— Longfellow Investment Management



— Loomis Sayles



— Madison Investments





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*\*Not all participating firms are listed below, per request*

Manulife Investment Management



PPM America



Neuberger



Principal Asset Management



Nuveen



TCW



Yousif Capital Management





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## Executive Summary:

- The most common theme across participating firms: A.I. supports workflows and research, but is not involved in any direct investment decision-making, such as security selection, investment policy exceptions, trade execution, etc.
- Human oversight over A.I. outputs and usage has essentially become an industry requirement.
- Microsoft Copilot continues to be the most utilized third-party A.I. tool / service provider, with Bloomberg A.I. on the rise.
- While some firms are starting to look at other (possible) uses cases, research support and parsing large data sets are still seen as the most useful applications of A.I.
- The central focus of every firm's A.I.-Use Policy is data privacy and security.
- As it relates to training staff on A.I., there's no single, dominant focus or practice shared across firms, but common themes include data privacy practices, ethical use of A.I., and effective prompting.
- In two-three years, most firms expect A.I. will improve the implementation of their investment philosophy, but don't expect it to have any effect on the philosophy itself.
- Most firms don't feel any direct pressure from competitors to adopt A.I., noting any pushes to implement it would likely come from internal or client expectations.

## — A.I. Tools: What Tools Are Being Utilized?

Similar to 2024, most firms utilize Microsoft CoPilot. One difference in this year's responses is that only one firm noted that they are not currently using any external A.I. tools; in 2024, nearly a quarter of participating firms weren't using A.I. tools.

Other third-party tools mentioned by multiple firms were Bloomberg A.I., OpenA.I. AWS Connect, and AlphaSense. None of the participating firms said they were trying to develop their own internal tools; opting instead to utilize the models and resources in the marketplace.

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Another carryover from the original survey: **A.I. is being used by firms to assist and support their research process, primarily filtering through and assessing large amounts of data or text (i.e. earnings call transcripts).**

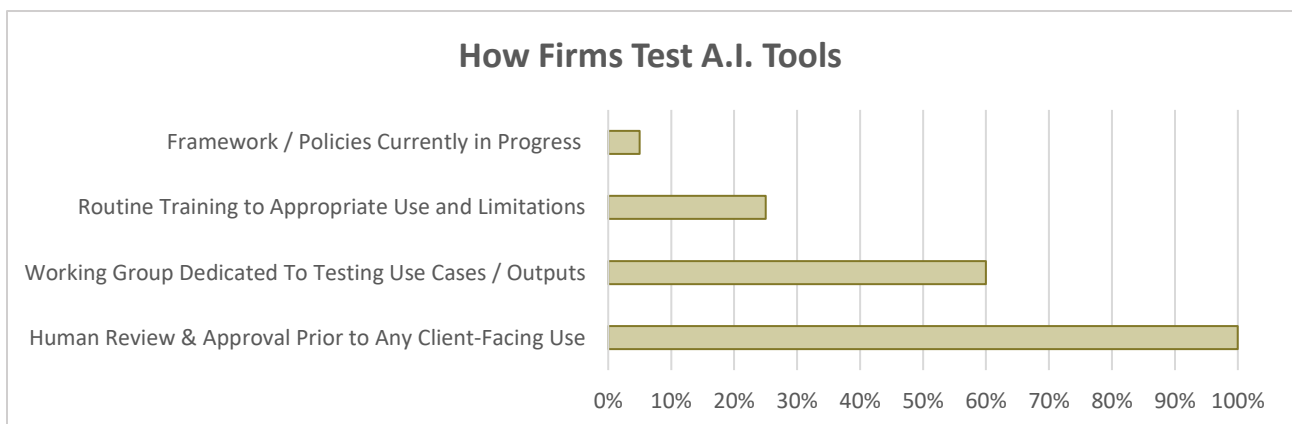
Some firms are expanding their use cases beyond summarization or data parsing, for example coding assistance or drafting transcripts. A few firms said they are exploring if/how A.I. might support certain workflows, including trading or generating certain models, but they are still being tested in controlled, secure environments.

A common theme that has evolved over the past two years is the implementation of A.I.-Use policies; identifying how staff can/cannot utilize A.I., along with any required trainings staff must complete before using a permitted A.I. tool or platform.

Human oversight over A.I. usage has also become a pseudo-requirement; with many firms assigning key personnel (i.e. *portfolio managers*) that are accountable for reviewing the use and/or outputs developed by any A.I. tool.

### How Firms are Testing A.I. Use:

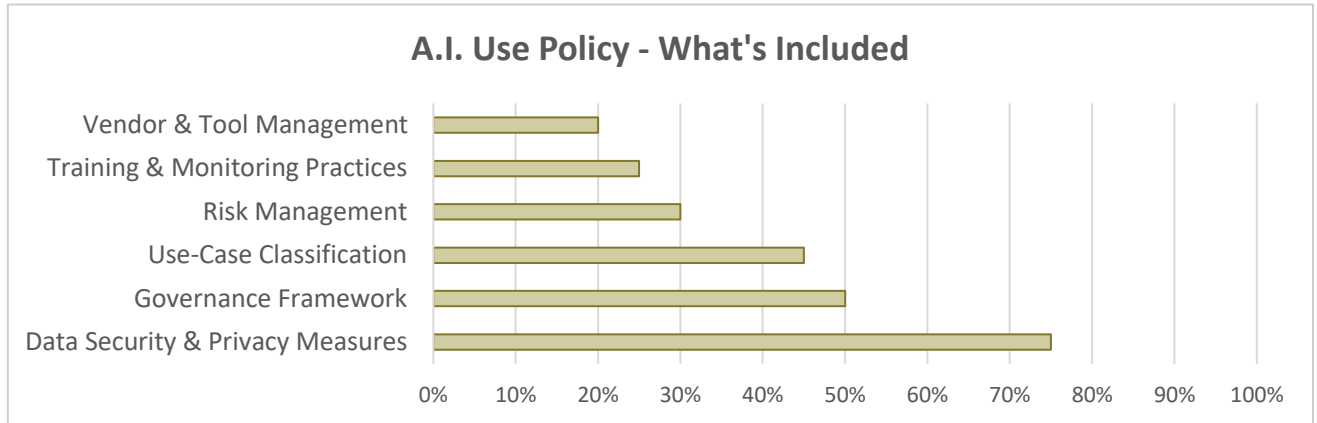
As expected, every participating firm requires human oversight over the use of any A.I. tool and output, especially in instances where the output may be client facing. Similar to 2024, most firms have formed a working group dedicated to testing and evaluating A.I. use cases. A quarter of firms have instituted required trainings by staff; in 2024 none of the participating firms had instituted any such requirements.





## Policy Implementation: No Longer Just About Restrictions & Limitations

Every participating firm, except one, has an A.I.-Use Policy in place; an increase from the 2024 survey (73%). The one firm without a policy in place noted that a policy is currently under review for firm-wide approval. In 2024, the central focus of survey participants' policies was outlining A.I. tools that staff could (or could not) access or utilize. Now, firms have expanded these policies to focus more on data privacy and security, as well as outlining governance frameworks.



## Hallucinations

Most firms understand that hallucinations are an inherent risk, but don't necessarily view them as a problem, IF proper human oversight and risk management efforts are put in place to catch and correct any inaccuracies or (potential) violations.

## Has A.I. Affected Firm's Trading Policies & Procedures?

**Consensus Across All Firms:** **A.I. has either had no effect and/or is prohibited from being part of the firm's trading process and procedures.**

## Where A.I. Won't Play a Role in the Portfolio Management Process:

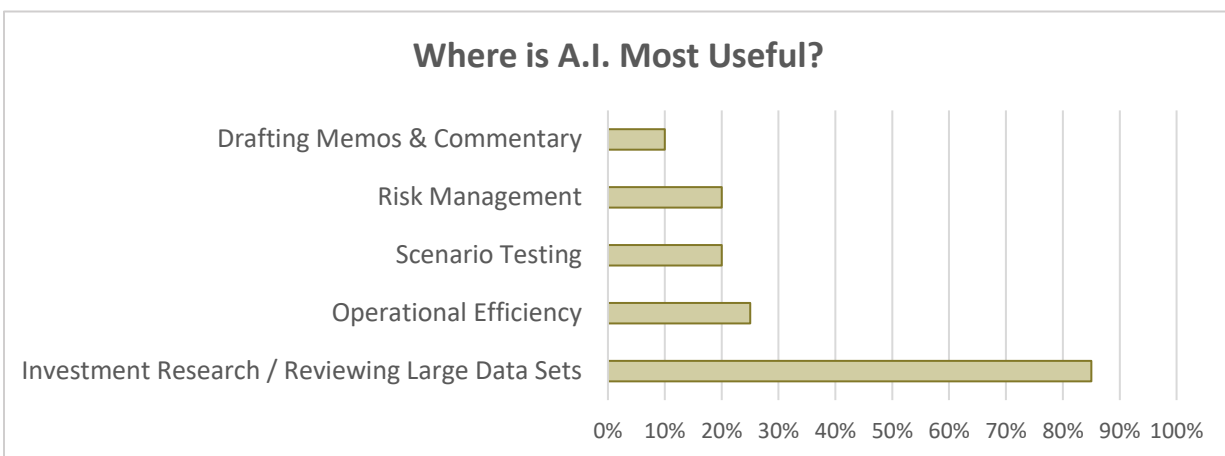
- Consensus Across All Firms:**
- Security Selection
  - Trade Authorization & Execution
  - Overriding Investment Guidelines or Compliance Restrictions
  - Asset Allocation Decisions or Policy Limitations

## Where Firms See A.I. Being Most Useful in Portfolio Management

Just like 2024, nearly every firm sees investment research as the area where A.I. use would be most useful, particularly with extracting or aggregating large volumes of data.

In a change from the original survey, some firms have found A.I. to be useful in areas outside of investment research, such as drafting memos, testing impact scenarios, and other more general workflows that may help staff become more efficient in their duties.

While they are still being explored, firms mentioned that monitoring events in real-time, along with finding other ways to analyze clients' investment policies, could be other avenues where A.I. could be useful.



## How A.I. Has Influenced the Firm's Investment Philosophy & Process:

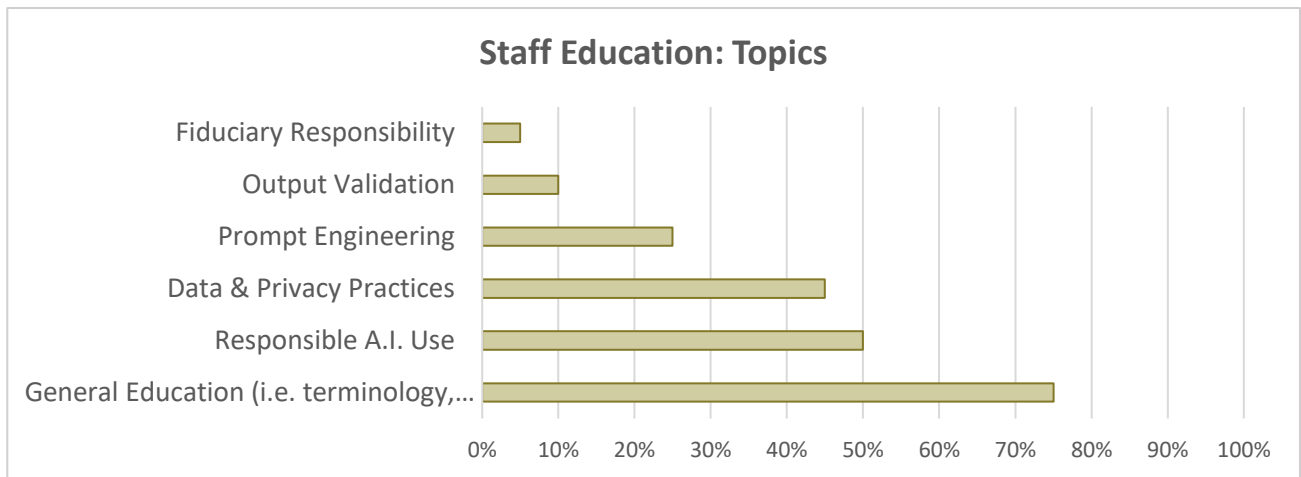
**Like the original survey, none of the participating firms have changed or adjusted their firm's investment process or philosophy since expanding their use of A.I.** In two-three years, most firms expect A.I. will improve the implementation of their investment philosophy, but don't expect it to have any effect on the philosophy itself.

What they believe will change over the next few years is the speed, as well as the amount and types of data, that A.I. tools will be able to process; further supporting firms' ability to serve clients.



## — Educating Staff on A.I.

A stark development over the past two years has been the implementation of A.I.-focused trainings and education that asset managers are providing to their staff. Three-quarters of participating firms now provide online training modules or other formal learning tracks/trainings to further their staffs’ understanding of A.I.



### About Strategic Asset Alliance:

SAA is an independent investment consulting firm that works exclusively with insurance companies and insurance-oriented public entities. Founded in 1994, our experience and focus enable us to help clients improve their investment process and enhance the value added by their portfolios; critical components of their business.

We provide insurers and risk pools with independent investment advisory services (we do not manage assets) to aid their board members and staff in meeting fiduciary responsibilities, along with strengthening their investment program.

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