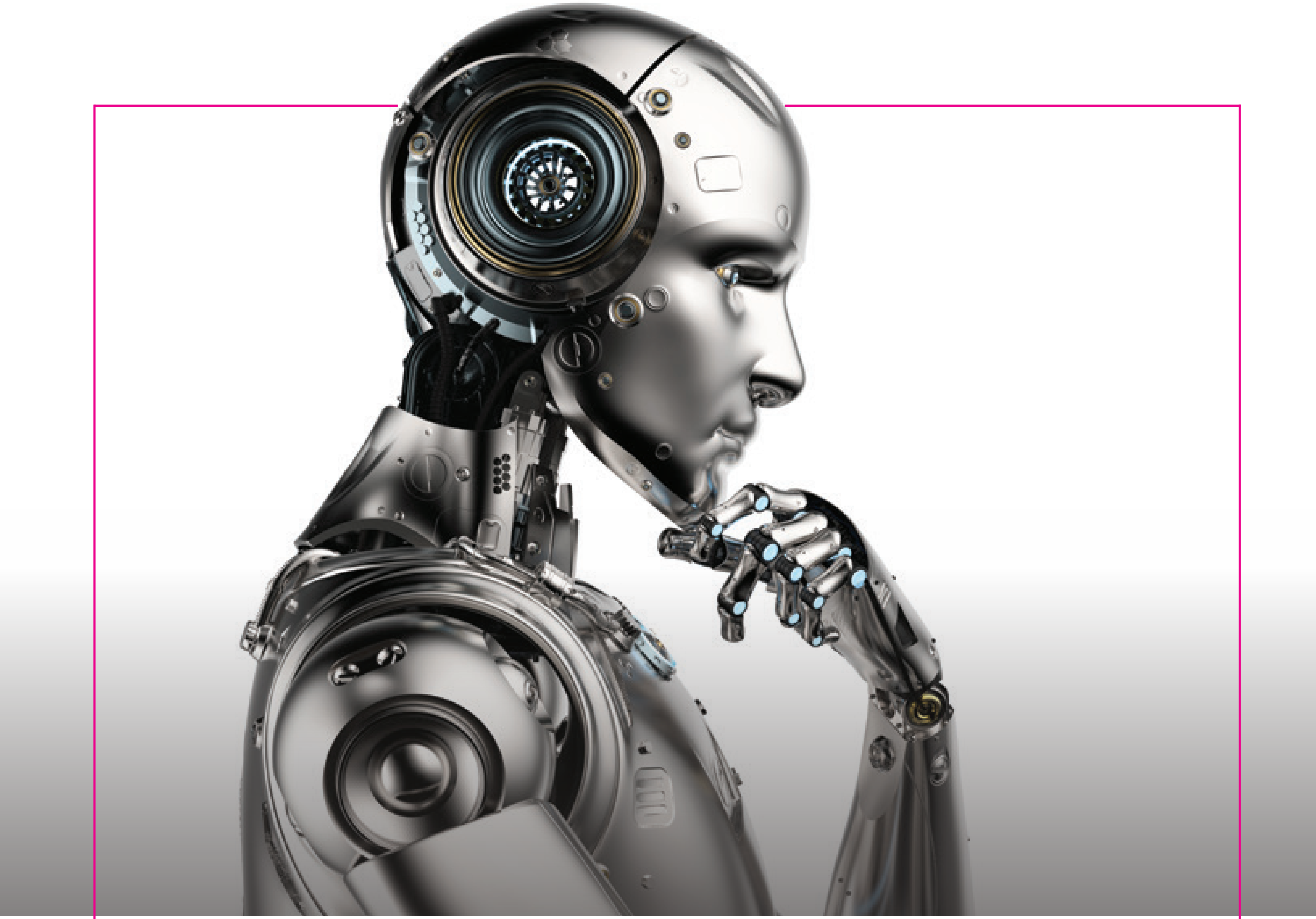
Practical AI Strategies

for Independent Insurance Agencies



Should independent insurance agency owners hop on the artificial intelligence (AI) bandwagon? Many agencies are in the process of adopting AI tools right now. If you select the right tools for your needs and implement them wisely, you could see significant rewards in terms of improved operating efficiency, better customer service, and lower costs. However, not all AI tools are equal, and if you lose sight of what really matters, you could end up worse off.

In this report, you'll learn:

- The state of AI adoption among insurance agencies
- AI options for independent insurance agencies
- How insurance agencies can implement AI
- Common AI pitfalls to avoid
- How one agency succeeded in adopting AI while staying human
- Best practices for AI implementation
- Additional resources to help you on your AI journey

The State of AI Adoption Among Insurance Agencies

AI adoption is happening fast.

The ACT Tech Trends 2026 report from The Big "I" found that 68% of agencies plan to increase their use of AI over the next 12 months. However, only 8.29% of agencies are currently using AI regularly and strategically.

> *The real opportunity ahead isn't about adopting more technology—it's about using it with intention.*
>
> *– ACT Tech Trends 2026 Report*

The goal for this year isn't just to adopt more AI. It's to adopt the right AI to help you achieve your business goals, and to use it in a way that maximizes its value while minimizing the associated risks and disadvantages. If you're just adopting AI for the sake of keeping up with the trend, you're missing the point.

AI for Independent Insurance Agencies: Your Options

Insurance agencies looking to implement AI have two basic options:

General-Use AI Tools. These tools include familiar names like ChatGPT and Google's Gemini. You can think of them as the "jack-of-all-trades" tools. They are not designed for one specific industry or application, but they can be powerful when leveraged effectively. Many options are free, although more powerful paid options may be available.

Specialized AI tools. These tools are designed with a specific function in mind. For example, one AI tool may only handle email marketing campaigns, while another only handles agency management. Some tools are also designed for specific industries. These are more limited, and they also generally require a paid subscription, but they can be extremely effective at the task they're designed to perform. Specialized tools may also be more secure, which may be necessary when sensitive information is involved.

What Is AI? Key Terms to Know

- **AI** stands for artificial intelligence. It's technology that's capable of human-like intelligence to carry out complex tasks.
- **Generative AI** is one specific type of AI. It's AI that's capable of generating new content, such as text, images, video, sound or code. Examples include ChatGPT and Midjourney.
- **Large Language Models** are a type of generative AI. These models are trained on large amounts of textual data and can generate human-like natural language text. Examples include Anthropic's Claude and Google's Gemini.
- **Agentic AI** refers to AI systems that can carry out complex, multi-step tasks with limited human oversight.

10 Ways
Insurance Agencies Are Using AI Now

Just as there are many different types of AI tools, there are also many different possible use cases. As the technology advances, the number of potential applications continues to grow.

1. **Strategic planning.** Some agency leaders use AI to help with planning. For example, you can ask AI for an analysis of your sales data and recommended growth activities. You can also share your goals and ask for a one-year action plan to achieve them.

2. **Customer service via phone, email or SMS.** AI agents can interact with customers to answer policy questions, collect information, resolve billing inquiries, and provide claim status updates. In some cases, AI agents can complete end-to-end workflows. In other cases, they can collect information and hand off to a human for completion.

3. **After-hours service.** Some agencies use AI to provide customer service after hours, so their customers' calls are answered 24/7.

4. **Multilingual service.** AI can provide service in many languages to help agencies stand out when serving populations who don't speak English.

5. **Document organizing/submission organization.** AI can extract data from PDFs and ACORD forms, summarize policies, populate applications and organize submissions, to reduce data entry and accelerate quote submissions.

6. **Certificate of Insurance (COI) processing.** If you operate in a niche that involves frequent COI verification calls, AI can manage those for you.

7. **After-hours quoting.** An AI agent can answer the phone, gather quote information, determine the best carrier fit, populate the carrier's app, and then text the prospect a secure link to the app, enabling them to instantly review/sign/submit their quote request. This helps agencies capture the after-hours quotes they might have lost in the past.

8. **Social media and email marketing.** Agencies can use generative AI tools to produce content to support email marketing and social media posts.

9. **Training and coaching.** AI tools can help agency owners train employees, track performance and provide incentives.

10. **Sales.** AI agents can act as your agency's front-line sales team - identifying prospective leads, placing outbound calls and performing warm transfers. It can also score leads, identify cross-sell recommendations or identify life-trigger events that prompt an insurance purchase.

Common AI Pitfalls to Avoid

As insurance agencies adopt AI, it's important to be aware of the risks involved and the guardrails needed. Always consider customer and employee experiences, potential liability exposures and ethical and regulatory concerns.

A few of the most common AI pitfalls are listed here:

- **Losing the human touch.** The idea of generating marketing emails with the push of a button or handling calls without a staff member sounds amazing, but don't forget to consider the interaction from the client's point of view. Some people are turned off when they encounter obviously AI-generated messages, and some people will get frustrated when they want to speak to a human and can't. Although AI can be a great way to supplement your efforts and provide behind-the-scenes support, be careful about losing the human touch.

- **Copyright snags.** Imagine you use an AI chatbot to generate an article for your insurance blog. After you publish it, a competitor accuses you of copying their article. You compare the two articles, and they are eerily similar. Generative AI tools have been accused of training on copyrighted material and sometimes reproducing similar material. In fact, The *New York Times* is suing OpenAI over this. Furthermore, content generated by AI may not enjoy copyright protection, meaning you may have no recourse if someone copies the AI-generated content you publish.

- **Databreaches.** If you're entering sensitive client data into AI tools, you need to ensure that the data will be kept safe. Some tools are more secure than others, and there have already been multiple incidents involving AI tools that expose potentially sensitive information, including chat histories. For example, Bitdefender says ChatGPT users who used the "Share" feature to enable collaboration were shocked to learn their chat logs were indexed by Google and available for the world to see. These logs were only supposed to be shared with specific individuals, such as colleagues, not random people searching the internet. Before uploading sensitive data to an AI chatbot, make sure it's secure and that all privacy settings are activated. If your platform has a setting to "improve the program for everyone," consider turning it off to prevent your material from being used for chatbot training.

- **Hallucinations.** AI chatbots are designed to provide answers that sound smart, but the answers aren't always accurate. When AI makes up facts, it's called a hallucination, and it's a common problem that has already landed professionals and companies in hot water. For example, Yahoo says a home warranty company refused to pay a man after a chatbot said it could provide the maximum $3,000 payout and that the money was on its way. There have also been multiple cases of lawyers getting caught using AI-generated materials with fake quotes and case citations, including a patent lawyer who was fined $12,000, according to Reuters. Insurance agents could have problems if an AI hallucinates conclusions while analyzing policy data, or if a client-facing AI gives customers incorrect policy information. When using AI, it's important to limit what it can do and always maintain human oversight.

- **Rogue employees.** A survey from Gusto found that 45% of employees say they've used AI without telling their manager. In some cases, this may be because they don't know whether it's allowed. The ACT Tech Trends 2026 report found that 56% of agencies have no written AI policy or guidance. This essentially means that the majority of agencies are approaching AI risk management without a defined framework during rapid adoption. If your employees are using AI tools you don't approve of, or using tools in ways that could create risks, you need to know, and a clear written policy can help with this.

- **Employee resistance.** While some employees may be eager to start using AI with or without permission, others are fearful of the technology, either because they don't think they'll be able to learn how to use it or because they think it will replace them. If employees resist adoption, they may undermine implementation, and workplace morale may plummet. Agency owners can help ease their workers' fears by showing how the technology will help them and by providing training.
- **Insurance gaps.** If your AI usage leads to lawsuits, will you have insurance coverage? Many policies don't mention AI specifically because they were written before AI became common. However, as AI losses mount, expect insurers to add policy terms that may exclude AI-related claims.

TIP: If you are hiring an AI partner, ask how they monitor performance. What metrics do they track? What guardrails are in place? How do they fine-tune the system over time? Most AI platforms have built-in tools, but you can also hire an independent provider to perform AI observability and evaluation for additional oversight.

How One Agency Succeeded in Adopting AI While Staying Human

RIGHTSURE, described as North America's most-awarded insurance firm, and its tagline – "Famously Friendly Humans" – helps explain their success. RIGHTSURE is a very tech-forward agency that wanted to take advantage of modern AI capabilities.

> *We're not as big as some; we're bigger than others. So, after hours, our AI works great. During business hours, our clients prefer a Famously Friendly Human.*
>
> *- Jeffery Arnold, founder of RIGHTSURE*

The goal was to implement AI that could boost efficiency and improve customer service without sacrificing the friendly, human-centric reputation they'd worked so hard to build.

After some testing, RIGHTSURE leaders quickly ascertained that their customers preferred talking to their Famously Friendly Humans during business hours. (Who wouldn't?) However, after hours, their customers would gladly converse with a Voice AI Agent, particularly because it enabled better timing and convenience for them.

With this research in mind, RIGHTSURE succeeded by supporting (rather than replacing) their team with AI. Since enacting their after-hours AI service, they've been surprised to see just how many customers take care of insurance matters in the middle of the night!

RIGHTSURE's Human / AI Service Lineup

Behind the Scenes	During Business Hours	After Hours
AI tools help optimize insurance processes.	RIGHTSURE's Famously Friendly Humans continue to shine as the primary source of customer service.	Voice AI ensures that RIGHTSURE is always on, providing 24/7 customer service.

Best Practices for AI Implementation

Right now, agency owners may find themselves on one of two extremes in the AI adoption spectrum.

On one end are agency owners who are apprehensive of the new technology and want to delay implementation. If they're nearing retirement, they may decide to avoid AI completely. However, this wait-and-see approach can backfire. As other agencies implement AI to boost efficiency and customer service, they'll race ahead. Agencies that refuse to use AI may fall behind, and the longer they wait, the harder it will be to catch up. These agencies may also be less attractive to buyers as a result.

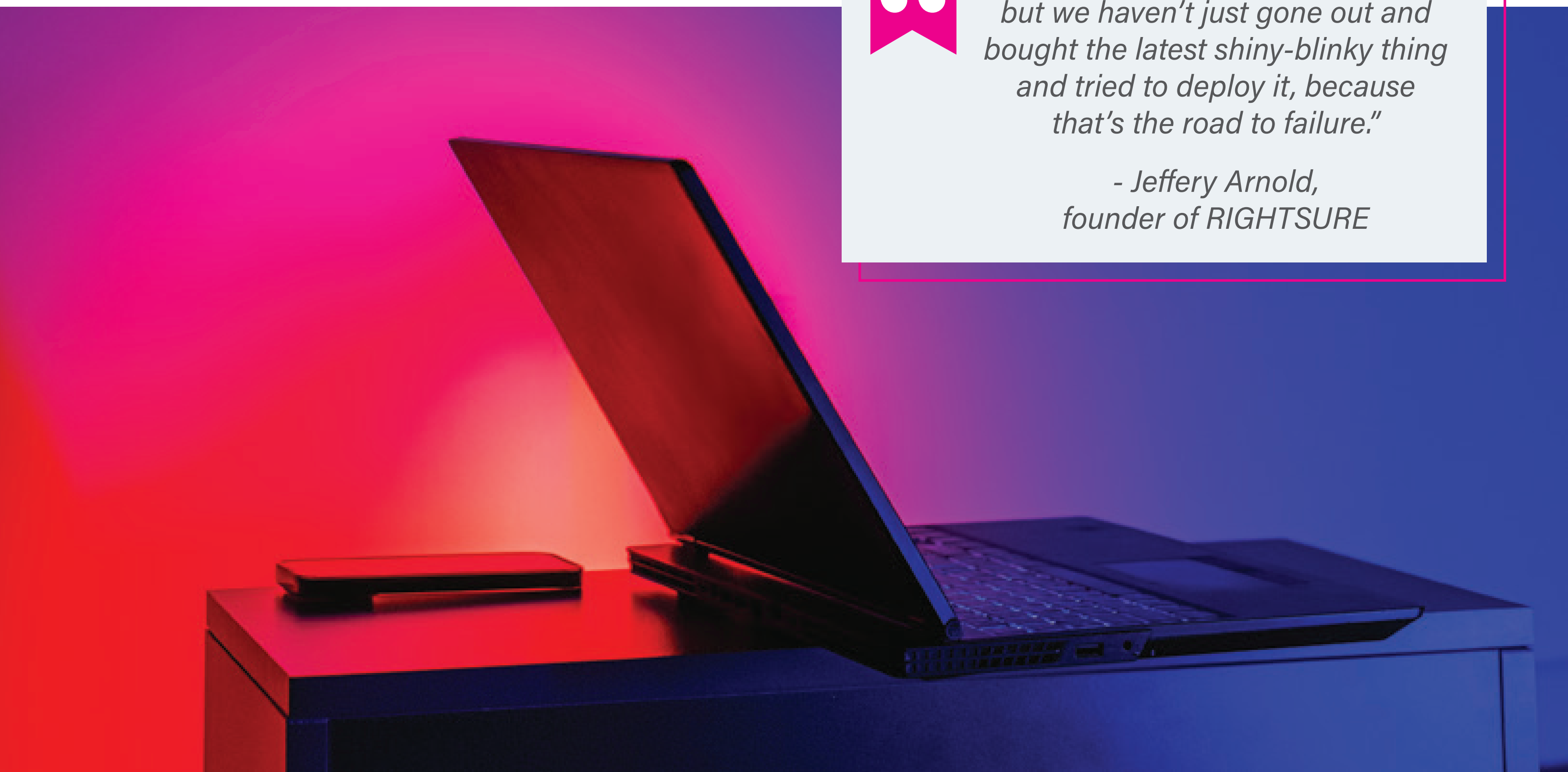
On the other end are agency owners who are enthused about AI and want to adopt as much of it as they can as soon as they can. This approach can also backfire. Not all AI tools are equal, and some good tools may not be a good fit for your operations. Adding AI just for the sake of it can waste resources and result in more complex processes – the exact opposite of what you're trying to do.

A smart approach lies somewhere in the middle, with well-researched, purposeful AI implementation that includes human controls.

- **Match AI tools to your needs.** To do this, you'll need to identify your agency's current weaknesses and pain points. Prioritize the distinct challenges or bottlenecks you want to solve and then find an AI solution to achieve those goals.
- **Verify data security.** Never upload sensitive data to a tool that is not secure. Also verify whether your inputs will be used to train an AI system, which could result in your inputs showing up in someone else's outputs.
- **Keep a human in the loop.** AI is not perfect, so human oversight is critical. Don't accept any analysis or AI-generated text without verifying its accuracy and keep an eye on chatbot interactions.
- **Get your entire agency on board.** In addition to providing your team with training and written policies, plan an AI launch party and generate excitement so your team is ready to embrace your new AI tools.

"We've leaned into technology, but we haven't just gone out and bought the latest shiny-blinky thing and tried to deploy it, because that's the road to failure."

- Jeffery Arnold, founder of RIGHTSURE



Additional Resources to Help You on Your AI Journey

In addition to being the founder of RIGHTSURE, Jeff Arnold is also the author of 11 books that provide valuable insights and guidance for agents and agency owners. If you're looking for more in-depth information on how you can leverage AI to improve your agency, two of his books may be especially helpful.

- *AI Forward Leadership* is "a practical, story-driven guide for executives, entrepreneurs, and decision-makers who are ready to harness artificial intelligence without losing sight of the human touch." In it, you'll find advice on how to avoid being AI-shackled, how to move beyond surface-level AI enablement and how to become an AI-forward leader.

- *Tech-Enabled, Tech-Forward, and Tech-Shackled* shows how technology can interfere with insurance processes (tech-shackled), integrate with key processes to make them more efficient (tech-enabled) or speed up and revolutionize processes (tech-forward).

Here at Smart Choice, we're always looking for ways to support our agents and help them thrive, whether it's by offering information on AI for independent insurance agencies or by providing access to top carriers with agent-friendly contracts.