Why insurers need strong AI operations, governance and an AI control tower

Accelerating AI adoption with
governance, operational monitoring
and AI control tower capabilities

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Executive summary

AI is expected to be a top focus for insurance companies over the next three years with 68% of US insurance chief risk officers (CROs) prioritizing it in the 2025 EY/IIF Global Insurance Risk Management survey.[1] Its influence extends across every function of the insurance industry, including IT, human resources, finance, actuarial, underwriting and claims. The 2025 ServiceNow AI maturity index shows that only 14% of insurance companies are AI pacesetter even though data-driven insurance carriers can achieve significant efficiency gains through AI, and their books of business benefit the most by improving risk selection and building trust with their policyholders.[2]

Biased decision-making, unpredictable model behavior and other failures can lead to substantial brand damage and a loss of trust and profitability. To mitigate these risks, boards and executive teams require transparency regarding AI usage and associated risks throughout the organization. This transparency is essential for maintaining appropriate oversight and protecting the brand.

To harness the full potential of AI, insurance companies must establish strong governance frameworks and align AI initiatives with organizational goals. US CROs identified the use of generative AI (GenAI) as the area requiring the most CRO attention over the next five years, with 43% rating it as the transformation and growth initiative that demands the greatest focus.[3] Orchestrating AI governance and operational monitoring across the enterprise within a cohesive system is crucial to instill confidence in executive teams and boards, allowing them to accelerate AI adoption while quantifying its business impact and ROI.

[1] EY/IIF Global Insurance Risk Management survey, 2025. https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/insurance/documents/ey-gl-risk-managements-strategic-opportunity-05-2025.pdf

[2] ServiceNow AI maturity index, 2025. https://www.servicenow.com/content/dam/servicenow-assets/public/en-us/doc-type/resource-center/white-paper/wp-enterprise-ai-maturity-index-2025.pdf

[3] EY/IIF Global Insurance Risk Management survey, 2025. https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/insurance/documents/ey-gl-risk-managements-strategic-opportunity-05-2025.pdf

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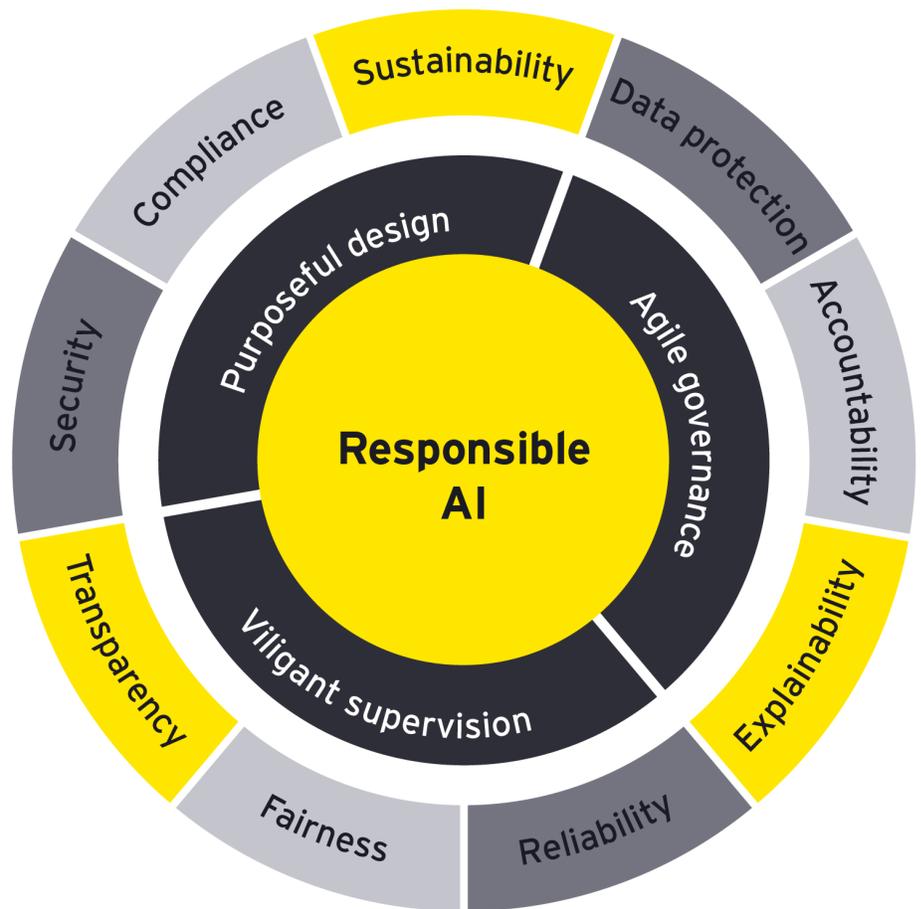
Risk management and the need for governance

Our responsible AI principles give leaders a decision-making framework to scale AI with confidence.

AI presents significant opportunities for innovation. However, insurers must commit to responsible AI practices, navigating the complexities of algorithmic decision-making. In the recent EY Responsible AI Pulse survey, the most common risks caused by inadequate controls are noncompliance with AI regulations (57%), negative impacts to sustainability goals (55%) and biased outputs (53%).[4] As agentic AI becomes more prevalent in the insurance industry, the risks and the need for controls are more critical than ever.

Organizations must establish and uphold effective governance to address these risks by clearly defining specific threats and potential impacts while updating current risk and security processes. Governance and oversight should be regularly updated to address evolving AI risks, improve oversight and better support business goals.
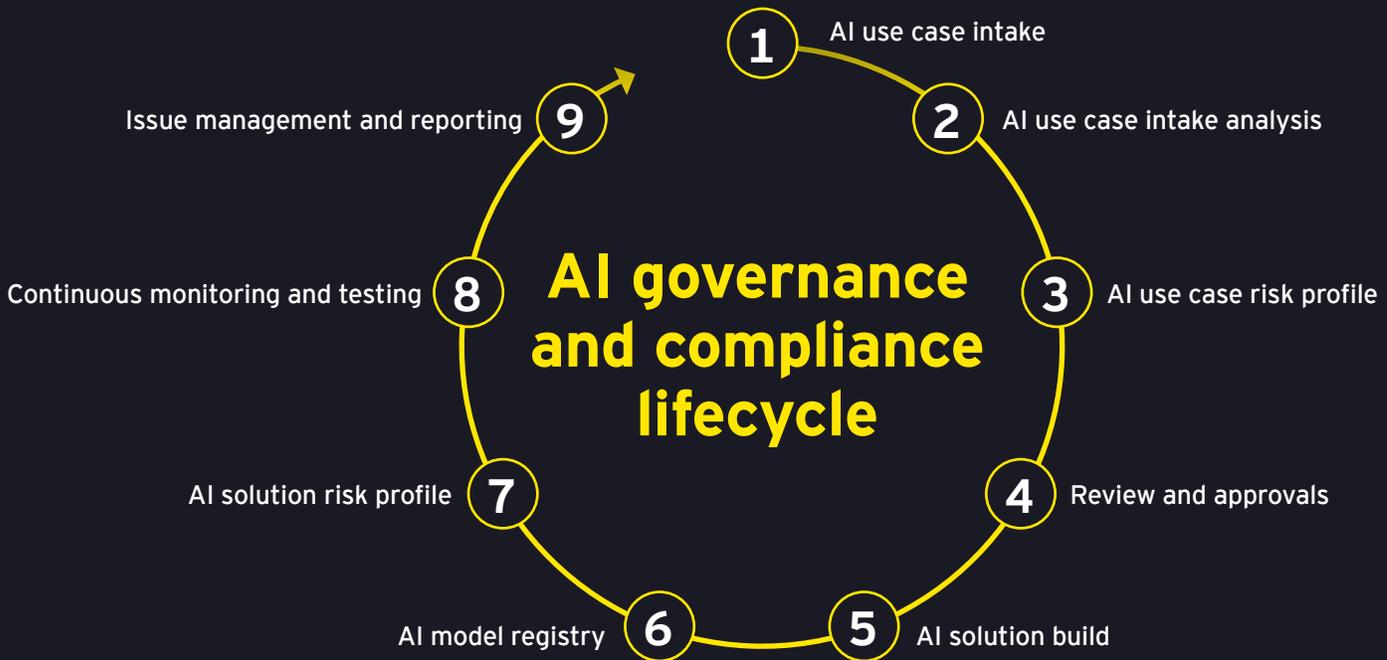

The circular diagram shows "Responsible AI" at the center, surrounded by an inner ring with: Purposeful design, Agile governance, Viligant supervision. The outer ring contains: Sustainability, Data protection, Accountability, Explainability, Reliability, Fairness, Transparency, Security, Compliance.

Reference: Responsible AI in financial services | EY MENA

Enabling AI governance approvals and workflows

The nine steps below represent best practices for AI approvals and workflows, following a continuous cycle. This approach addresses each stage of the AI lifecycle effectively, facilitating responsible and efficient AI deployment.

AI governance and compliance lifecycle

1 — AI use case intake
2 — AI use case intake analysis
3 — AI use case risk profile
4 — Review and approvals
5 — AI solution build
6 — AI model registry
7 — AI solution risk profile
8 — Continuous monitoring and testing
9 — Issue management and reporting

These steps incorporate the latest standards and regulations from the outset, allowing risk-based decisions to be made from the initial intake stage. By integrating these attributes early in the value chain, organizations can avoid the need for retrospective adjustments or assumptions. Additionally, custom sector-specific questionnaires enable insurers to tailor the processes to their needs. By evaluating insurance-specific use cases and considering regional regulatory variations, organizations can effectively identify relevant standards and translate them into actionable key performance indicators (KPIs) and key risk indicators (KRIs), enhancing reporting and compliance efforts.

Not all models or use cases need the same level of risk oversight. This governance engine determines which use case requires review by which stakeholders. For low-risk use cases, the process may be streamlined for a more straightforward progression. Conversely, for novel or higher-risk use cases, the process may involve iterative loops. For example, an underwriting risk scoring model developed from an unstructured data use case may receive approval for proof of concept. This allows the carrier to demonstrate its feasibility before providing insights for further review, addressing regulatory needs, defining risk controls and ultimately seeking approval for full deployment.

Once an AI solution is approved and deployed, close monitoring of value metrics, KPIs and KRIs is essential. If risk thresholds are exceeded, actions such as recertification or retirement of the solution can be taken.

Operationalizing AI execution

Organizations must establish a comprehensive framework for monitoring AI systems that integrate various components of the enterprise, including security, architecture and risk management as AI assets progress through their lifecycle.

An AI Center of Excellence (AI CoE) plays a pivotal role in championing best practices. Centralizing knowledge and resources, the AI CoE aligns AI initiatives with organizational goals and standards. Under the leadership of the chief AI officer (CAIO), the AI CoE fosters a culture of accountability in AI governance, implementing robust frameworks that mitigate risks and enhance compliance across AI projects. Additionally, the AI CoE standardizes processes and methodologies related to AI model development and deployment, streamlining operations, and enhancing the reliability of AI outputs. By serving as a hub for collaboration among various stakeholders, the AI CoE facilitates knowledge sharing and innovation, integrating diverse perspectives into AI governance for more comprehensive and effective solutions. Continuous monitoring and evaluation of AI use cases enables the AI CoE to follow governance frameworks and promptly address emerging issues.

As organizations move AI models into production, applying intelligent automation and real-time risk monitoring becomes essential for deploying AI at scale and speed. Automating these functions is crucial to establish that AI can permeate various business processes effectively.

These practices enable organizations to increase AI's benefits while reducing risks and supporting strategic objectives. Effective monitoring and governance will not only enhance operational efficiency but also build trust among stakeholders, positioning organizations for success.

Effective monitoring and governance builds trust among stakeholders.

How a centralized control tower enhances decision-making and efficiency

Executive teams need visibility into the adoption, performance, governance and monitoring of AI within their organizations to achieve aggregate AI oversight. Board members require confidence that AI initiatives are being managed effectively and responsibly. To achieve this, enterprises must establish a clear understanding of the AI models in use and their impacts.

The AI governance and operational controls system should incorporate the following seven components:

1. **AI model management:** Tools that help track and manage the lifecycle of AI models, providing visibility into which models are in use, their performance and governance.

2. **Risk management and compliance tools:** Solutions that enhance risk controls, facilitate assessments and maintain compliance with regulatory requirements related to AI usage.

3. **Monitoring and analytics solutions:** Platforms that provide timely monitoring of AI systems, enabling visibility into AI usage with minimal intervention and helping to quickly identify performance issues.

4. **Business intelligence and reporting tools:** Essential for monitoring business value and assessing the specific, measurable impact of AI use cases. Organizations should focus on the tangible outcomes generated by the business use case, such as resource efficiencies, revenue generation, risk mitigation and business agility.

5. **Approval workflow management:** Solutions that streamline the approval process for AI models reduce the time required to track approvals and embed all necessary checks.

6. **Model performance monitoring:** Tools that continuously monitor the performance of AI models in production to verify they remain effective and available for business needs.

7. **Data governance solutions:** Tools that help manage data quality and governance so that the data used for AI models is reliable and compliant with regulations.

Organizations can achieve the visibility and confidence needed to leverage AI effectively while mitigating risks and enhancing governance by implementing these components in a standardized platform. This comprehensive approach supports informed decision-making and fosters a culture of accountability and transparency in AI initiatives.

Case study: ServiceNow AI Control Tower

As AI touches nearly every system, there is not a single off-the-shelf tool that provides all the features and capabilities needed to provide a consistent and integrated view of AI risk and operational monitoring across the enterprise.

Our alliance partner ServiceNow establishes central oversight across enterprise teams with the ServiceNow AI Control Tower (AICT). Built on the foundation of the ServiceNow AI platform that runs over 75 billion workflows for more than 85% of the Fortune 500,[5] AICT gives organizations holistic visibility into their AI estate through the onboarding and discovery of AI systems, models, datasets and agents. Whether AI is internally developed, sourced from third parties, or embedded in SaaS and external platforms, AICT delivers the visibility and control needed to scale AI responsibly.

Purpose-built for AI CoEs and CAIOs, the AICT helps align AI strategy to business objectives, operationalize governance and measure value across the enterprise. It provides dedicated workspaces for every stakeholder – including AI stewards, product owners, and risk and compliance managers – to collaborate on responsible AI adoption and performance.

The AICT unifies strategy, operations and oversight. With embedded integrations across governance, risk, and compliance (GRC), strategic portfolio management (SPM), Vault and Now Assist Guardian, organizations can:

▪ Discover and inventory all AI assets.

▪ Assess and mitigate risk with frameworks like National Institute of Standards and Technology AI Risk Management Framework (NIST AI RMF) and the EU AI Act.

▪ Continuously monitor compliance, security and value realization.

By connecting AI strategy to governance and measurable business outcomes, the ServiceNow AICT increases visibility, accountability and trust, allowing organizations to innovate safely, securely and at scale.

[5] What is ServiceNow, 2025. https://www.servicenow.com/what-is-servicenow.html#what-we-do

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Conclusion

Given the potential of AI models and agentic AI to significantly impact business success or failure, the urgency for action cannot be overstated. To navigate this landscape effectively, insurers should focus on the three key actions on the right.

By allowing clear visibility into AI usage, performance, and governance, insurers can deploy AI responsibly while building trust with stakeholders. Implementing robust governance frameworks and continuously monitoring AI initiatives will position insurance companies to harness the transformative power of AI, shifting from caution to confidence in their AI strategies.

1 Assess the integration of your risk and IT monitoring systems so that they provide real-time risk assessments for AI models across the enterprise, maintaining consistency across all models.

2 Foster collaboration between the chief information officer (CIO) and CRO to simplify AI monitoring for the executive team and board.

3 Establish a roadmap for the AICT, prioritizing your highest-risk AI models first.

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