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AXA Switzerland has become one of the first insurers to use an AI-based migration procedure

Use of neural networks – a novelty in the insurance sector

AXA

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The all-industry insurer AXA Switzerland has successfully migrated hundreds of thousands of individual life policies to the policy administration system msg.Life Factory. What is remarkable is that the innovative insurer opted for a completely novel AI-based migration procedure developed by msg insur:it. Driven by the motto 'We strive for the best migration ever', AXA Switzerland and msg insur:it have now supported the automated migration of actuarial settings with the assistance of machine learning for the first time – with great success.

Fast and efficient migration with artificial intelligence (AI)

Modernisation of IT systems

As part of the comprehensive modernisation of its IT landscape, AXA Switzerland rolled out the policy administration system msg.Life Factory for its individual life business. The cutting-edge standard solution went live in September 2019. The next step involves the migration of life portfolios from the source systems to msg.Life Factory. The portfolio migration project was planned, prepared and carried out with msg insur:it. AXA Switzerland bears overall responsibility for the project, whereas msg insur:it is responsible for building the target system, migrating the data and providing quality control. AXA Switzerland is responsible for acceptance, especially of the actuarial data.

AI-supported migration procedure

The project aims to migrate the entire life portfolio to msg.Life Factory with the support of artificial intelligence (AI). For the first time, methods are being used to reduce complex analyses in the source system and configure the migration automatically with the support of machine learning. The methods were delivered by msg insur:it and were improved and adapted continuously over the course of the project. Likewise, consistent alignment with the standard of msg.Life Factory and the consolidation of the source portfolios were of great importance to AXA Switzerland. This allows the insurer to benefit extensively from the advantages of a standard solution.

Successful use of neural networks

Highest quality requirements

It takes profound industry-specific know-how and extensive AI expertise to put AI-supported migration methods into practice. To accurately map the settings generated by AI, the architecture and training of neural networks must meet high standards in terms of quality, reliability and efficiency – and the procedures carried out with neural networks must be completely comprehensible and explainable.

Comprehensible, explainable and reliable

msg insur:it developed a procedure that meets all quality standards and requirements (comprehensibility, explainability, reliability, quality and efficiency). AXA Switzerland was impressed by the procedure too, so decided to apply the new method in cooperation with msg insur:it. Within two years (January 2021 to March 2023), around 280,000 policies were migrated to msg.Life Factory in two tranches. The final tranche of around 40,000 policies is scheduled for October 2023. It consists of term life insurance and capital life insurance, unit-linked insurance and old-age pensions.

Summary – the courage to innovate

AXA Switzerland is open to forward-looking technology and has the courage to head in new directions with innovative solutions. The use of neural networks in the productive migration of life portfolios is an absolute novelty and has tremendous potential for further optimisations. Despite the significant amount of research work, efficiency improvements have already been realised in multiple areas (product setting, project duration, use of resources , analysis and documentation) for AXA Switzerland as part of the project. AXA Switzerland and msg insur:it are pioneering the first live application of the procedure. The two companies have worked together and accomplished great successes in the past, and this project is no exception. Great trust, commitment and partnership were and are hallmarks of their collaboration.

Outlook

The methods used by AXA Switzerland for the first time will be refined continuously by msg insur:it as part of a subsidised research project. White-box models that are explainable and comprehensible, just as we are used to with conventional methods, are already available.
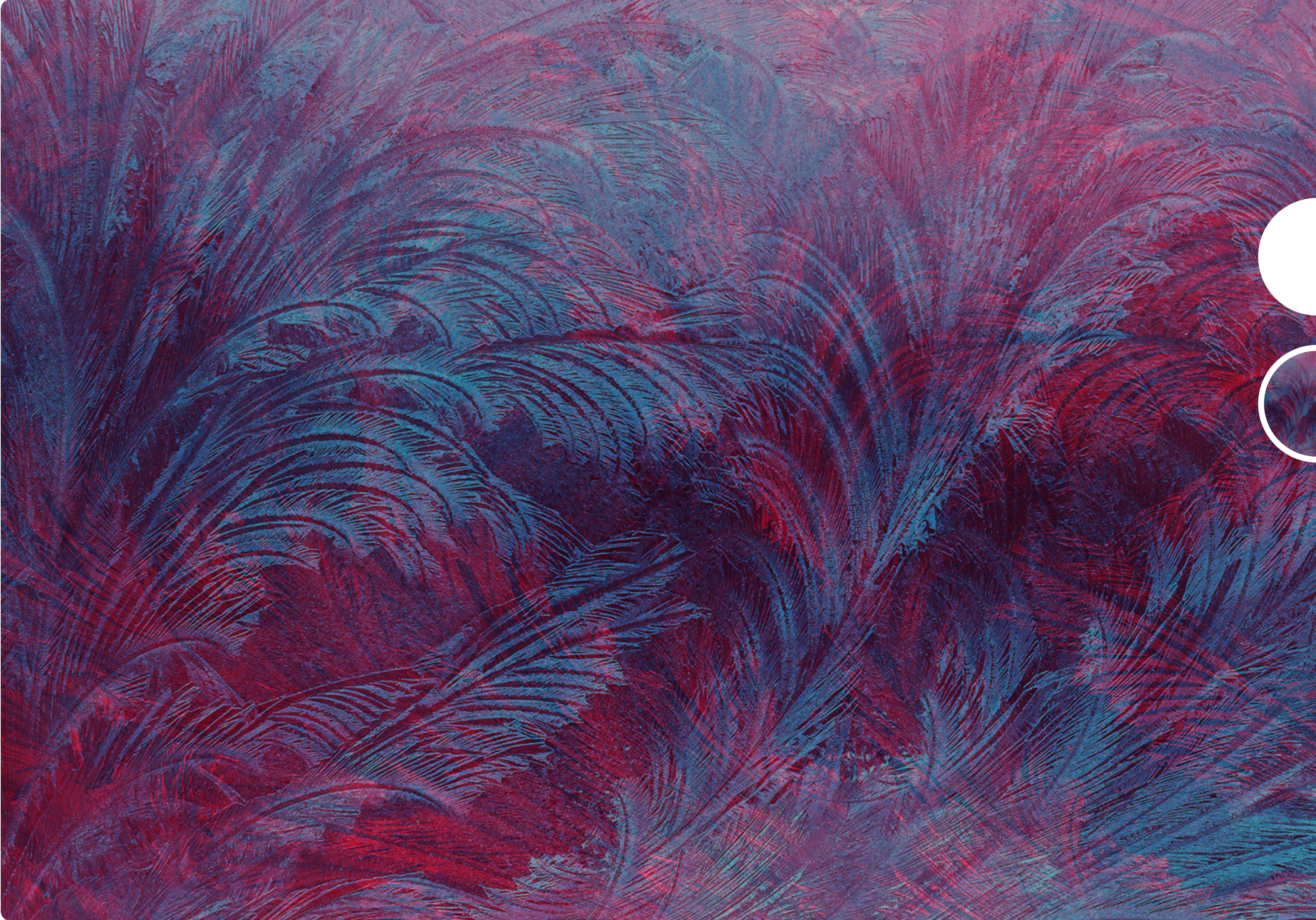
The new AI-based migration procedure will improve efficiency and lower costs in future migration projects. Depending on the respective framework conditions of a migration project, it could be possible to realise savings in the double-digit percentage range in future.

About AXA Switzerland

AXA is the leading insurance company in Switzerland. Around two million customers trust in AXA's expertise in personal, property, liability and life insurance as well as healthcare and occupational benefits insurance. With innovative products and services in areas such as mobility, healthcare, pensions and business together with simple, digital processes, AXA is a supportive partner for its customers. Around 4,500 employees and the 3,000-strong sales force personally dedicate themselves to this vision. AXA Switzerland is part of the AXA Group and generated business volume of CHF 5.6 billion in 2022.

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