

**Class Title:** Artificial Intelligence (AI) and Insurance Ethics

**Instructors:** Steve Froikin and Andrea Swank (from RegEd)

**Description:**

This class explores the use of artificial intelligence (AI) in the insurance industry and the ethical issues raised when it is used. It discusses the risks of unintended discrimination resulting from the use of AI in underwriting, hiring, and prospecting for clients. It discusses the risks of relying on AI in making recommendations to clients and communicating with them. It discusses telematics and the need for ethical uses of AI in claims handling and the potential of the technology to improve fraud detection. It discusses privacy issues and the need to defend against AI-augmented hacking. And it discusses initial steps by regulatory bodies, to promote the AI's ethical use.

**Learning Objectives:**

After completing this class, you will be able to:

- Define artificial intelligence and give some specific examples of areas in the insurance industry where artificial intelligence is being used or may be used in the near future;
- Discuss how it is possible for an intentionally neutral artificial intelligence program to make decisions that discriminate against protected classes of consumer (and insurance staff) and measures that can be undertaken to mitigate this risk;
- Explain the use of generative artificial intelligence applications in marketing to potential customers and in crafting recommendations for them that are in the customer's best interest, and the areas of risk that must be eliminated or minimized;
- List the ways in which telematics and other remote sensors, as well as artificial intelligence, are used in adjusting claims, including the assessment and settlement of claims and in combating claims fraud, and discuss the ethical requirement of those uses;
- Explain how using artificial intelligence application might inadvertently expose private client information to the public, how criminals use artificial intelligence to improve their hacks (including phishing) and things you can do to be safer from these risks; and
- Discuss the requirement that firms establish artificial intelligence systems (AIS) programs and the risk-management approach of mitigating the possible harms that AI might inflict on customers.
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**Timed Outline**

	Minutes
<b>1.0 AI is No Excuse for Unethical Behavior (and Intro of Speakers)</b>	10
<b>2.0 What Exactly Is Artificial Intelligence</b>	15
2.1 Types of AI and AI Processes	
2.2 Common Features of AI Apps	
2.3 Specific Insurance Industry Uses of AI	
2.4 Outsourcing of AI to Vendors	
<b>3.0 AI and Bias-Free Underwriting, Pricing, and Hiring</b>	15
3.1 "Why Can't We Have Nice Things?"	
3.2 Biased Data and Underwriting Based on Proxy Factors	
3.3 Coping with Bias in the Data and in the App	

	Minutes
3.4 When the App Creates Its Own Proxy Factors	
<b>4.0 The Marketing and Sales Process</b>	15
4.1 Selecting Prospects	
4.2 Marketing, Sales, and Communicating with Clients	
4.3 FINRA Rules for Communications with the Public	
4.4 Recommendations and Predictive Data Analytics	
4.5 Websites and Social Media	
<b>5.0 AI in Claims Adjusting</b>	15
5.1 Customer Experience	
5.2 Automated Claims Handling	
5.3 Remote “Lookers” and Drones	
5.4 Fraud Detection	
<b>6.0 Protecting Client (and Company) Information</b>	10
6.1 Inadvertent Security Breaches	
6.2 AI-Assisted Hacking (and Prevention)	
6.3 What You Can Do	
<b>7.0 Keeping on Top of AI</b>	10
7.1 Artificial Intelligence Systems (AIS) Program	
7.2 Checking Your Work and Supervision	
<b>8.0 Summary</b>	10
<b>TOTAL MINUTES:</b>	
	100