NOTEBOOK

Generative AI for insurers

In the rapidly evolving landscape of the insurance industry, data-driven decisions and personalised experiences hold great value. This is where generative AI comes into play; actively influencing the insurance sector, reshaping traditional models and redefining how insurers operate their businesses. Speakers at the Insurance 2030 conference: From Science Fiction to Reality, discussed how insurers can leverage AI despite its drawbacks.

By Reva Ganesan

The integration of advanced technologies such as generative AI has paved the way for further evolution, offering improved efficiency, reduced costs and enhanced customer experience. Various AI applications are currently in use in the insurance industry, ranging from underwriting to claims processing.

Speakers at the Insurance 2030 conference themed AI, the future revolution and quantum leap, discussed how generative AI can help and change business models, how insurers can leverage AI for more streamlined operations and how AI can enhance customer experiences.

"When we were organizing the conference, we had many themes such as claims transformation, improving agency productivity, lowering persistently ratios, etc. But the question we need to ask ourselves as business professionals is how can generative AI help in our businesses? How we do we capitalize on them? How do we make them transformative?" said Oliver Wyman APAC head of insurance and vice chairman Chia Tek Yew in his opening address on the first day of the conference.


Mr Chia Tek Yew

"Generative AI has been a top priority for companies who have done transformation projects in the last few years. 49% of said companies looked at future-proofing their organization. Out of this percentage, more than half of them use AI as a tool to deal with fraud management, improve their agents' performances and for recruiting valid agents through AI."

The idea about open AI and ChatGPT catapulted the wholesome idea of AI. Insurers are seeing a lot of efficiency- many global insurers and financial institutions are exploring how to use AI for claims underwriting, decision-making processes and fraud management.

Low levels of data accuracy

Insurers 'co-piloting' with AI has been on the rise in many decision-making processes such as underwriting claims, recruitment and human capital decisions. One of the main challenges of insurers 'co-piloting' with generative AI is the level of data accuracy.

"I come from an engineering background and as engineers, I think there is a very strong point in understanding that we do not understand the human biological system. The data is not clean," said ZA Tech Global general manager Ian Yen Lee.

"Causal AI or causation is not often well proven in our research and thus a lot of that might be highly correlated with the lack of data accuracy because we believe things like walking 10,000 steps will improve health or we believe that wearing a watch that tracks of health routine will actually change health

L-R: Messrs John Spence, Varun Mittal, Ian Yen Lee, Dr Ramesh Rajentheran, and Mr Christian Glessner

outcomes but we haven't actually proven that."

Mr Lee believes that there is a massive gap in understanding the fact that AI will never be accurate because the data is not clean and there is no causal AI solution around the topic.

He, along with other panellists, also believe that data inaccuracy will continue to persist unless experiments and longitudinal studies are being conducted in real time, which might be tough for humans to conduct ethically.

Guardrails for using AI in healthcare

Speaking on using AI as a safe ground to provide advice to patients in the health care sector, Founder of MiyaHealth Ramesh Rajentheran said that the major issue around that tends to be patient consent.

"We have a rule at MiyaHealth- If it's not in the patient's best interest or if the patient has not consented, we do not drive an AI engine to process the data.

"When doing some research, we discovered that lines need to be drawn in terms of using AI to triage patients whereby the machine recommends diagnosis based on said symptoms," he said.

He moved on to speak about the integration of AI in telehealth, saying that telehealth in the wrong hands is dangerous and will end up being expensive for an insurer if a patient uses it wrongly.

"The standard of care for telemedicine is the same as physical diagnosis. Regulators are often sceptical about the level of diagnostic advice telemedicine offers but our AI machine does not touch diagnosis, it does not touch prescribing, nor do we ever intend to. The machines are not there to kill people and it is all about knowing where to draw the line," he said.

Allowing AI to take the wheel in matters of pre-authorization in the triage process is one example where Mr Rajentheran feels humans should be involved more than AI.

"Careful compromising needs to be there. AI is not there yet to provide patient empathy, or what we can bedside manner. For issues like claims denial or pre-authorization, the machines are not allowed to say no. We must be very careful and have that distinction between diagnosis," he said.

Ethical issues and holding AI accountable

The growing use of AI is reported to have the potential to increase efficiency and accuracy of insurance operations, however akin to any new technology, there are ethical considerations to be addressed.

Speakers at the second panel discussion of the conference spoke about how insurers can ensure ethical and unbiased use of AI in various decision-making processes.


Mr David Tan

"Ethical AI is about balance. It is about a combination of responsible use and knowing what is under the hood as much as we can so that when we as insurers apply it, we can balance the innovation and risk management from an insurer's perspective," said Income Insurance chief data officer David Tan.


Mr Leslie Teo

Speaking from a research institution that predominantly catalyses the use of AI, AI Singapore's senior director Leslie Teo spoke about how trust is the epitome to the use of AI in any financial service such as insurance and that ethics is highly valued during the process of gaining the trust.

"In the financial sector, insurance being a big part of it, trust is very important. Trust from our customers, from the society, from the regulators and the ecosystem but what is also complicated is the fact that insurance is there to discriminate," Mr Teo said.

"Don't blame the machine. Blame it on the use of the machine. The models are getting to a point where they are not explainable and if people try to claim they are, its untruths. You can start off trying to be ethical, but these models can also start to learn and behave in ways that if you are not conscious, you inevitably do wrong things whether it's data security, privacy or bias representations," he said.

"Being ethical is not just for AI, its for everything. I believe we must internalize AI. Internally, we have to understand new technologies and new solutions, new innovations such as generative AI to know more about what is under the hood and with that, we form guardrails that aligns with each company's vision and principles," Mr Tan said.

Large language models such as generative AI learn and improve very fast. Trained predominantly on Western data, generative AI models tend to hallucinate largely due to the design of the model being a predictor of the next generation.

"Insurers get AI in a form of service. Unless you are building it bespoke yourself, it goes back to the individual company's appetite and its policies or guidelines or how and when to incorporate AI.

"We need to have an internal view of what level of accountability and transparency is required. I find it fundamentally goes to the level of explainability," Mr Tan said.

Speaking about holding AI accountable for its actions, Mr Teo said, "You do not hold AI accountable; you hold the insurer accountable".