

Geneva Association report lays out key considerations to ensure AI regulation in insurance protects customers without compromising innovation

ZURICH, 14 September 2023 – Industries across a variety of sectors are embracing artificial intelligence (AI) for improved services, efficiency and costs. In insurance, AI is reshaping business processes, from underwriting to claims management and customer engagement. AI also has the potential to enhance the value of insurance to society by enabling protection and mitigation services.

Despite the benefits AI offers to both customers and insurers, however, there are concerns around privacy and the risk of potential discrimination, as well as the lag between the pace of development of AI technologies and corresponding regulatory frameworks. The recent emergence of more sophisticated generative AI tools has exacerbated these concerns and spurred a number of regulatory initiatives in several jurisdictions.

A new Geneva Association report provides insight into the evolving AI regulatory landscape for insurers. The report analyses the varying approaches to AI regulation and explores their impact on the insurance industry. Taking stock of these developments, the report provides key considerations for regulators and policymakers that encourage innovation while ensuring adequate protection for customers. In particular, it finds that existing, technology-neutral insurance regulatory frameworks can be leveraged to manage AI-related risks specific to insurance, whereas cross-sectoral regulation could hinder innovation.

Jad Ariss, Managing Director of The Geneva Association, said: “An AI-enabled approach to doing business allows insurers to offer more personalised products, and improved efficiency and costs may make insurance more affordable and attractive. Regulatory frameworks need to evolve in tandem, however, to ensure ethical, accountable and equitable use of AI technologies, without hindering insurers’ ability to innovate. The fast-moving nature of AI developments makes this challenging but a balanced approach to data governance with a focus on customer outcomes will help promote innovation in a fair manner.”

Dennis Noordhoek, Director Public Policy & Regulation at The Geneva Association and author of the report, said: “Though certain risks, such as compromised data privacy and potential discrimination, may be heightened by the growing use of AI in insurance, these risks are not new. Accordingly, they are already captured by existing regulatory frameworks, which can be built on and tailored to the use of AI in insurance. Also, as highlighted in the report, coherent approaches across jurisdictions would go a long way to helping insurers navigate the challenges and opportunities related to AI more effectively.”

The Geneva Association is the only global association of insurance companies; its members are insurance and reinsurance CEOs. Based on rigorous research conducted in collaboration with its members, academic institutions and multilateral organisations, The Geneva Association investigates

key risk areas that are likely to impact the insurance industry, develops recommendations and provides a platform for stakeholders to discuss them. In total, the companies of Geneva Association members are headquartered in 26 countries around the world; manage USD 21 trillion in assets; employ more than 2.5 million people; and protect 2.6 billion people.

<https://www.genevaassociation.org/publication/public-policy-and-regulation/regulation-artificial-intelligence-insurance-balancing>

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