



Informing Progress - Shaping the Future

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Ethics of AI in Insurance – Article 2

In the second instalment of our coverage of a recent panel discussion on the morality of Ai, hosted by the Forum of Insurance Lawyers in London, we get into the nitty gritty of the ethics of using Ai and the decisions it makes.

Joining panel chair Mark Huxley of Huxley Advisory, were Adi Hazan, Founder of Ai developer Analycat, Aura Radu, Technology Practice Leader at CFC Underwriting and Ludwig Bull, CEO and Founder of case management firm, CourtCorrect.

Moving on from the basics of [what Ai is and what it can do](#) Mark got into the detail of the discussion asking: "Where do the ethics behind Ai lie?"

"Morals are things you feel are important and ethics are what you impose on a person or a system," replied Adi, "And you have to understand that Ai has no internal morals. It doesn't care what it says to you or what it does."

And he had some worrying advice for anyone operating Ai in their business - whatever happens after the Ai has been initiated, the owner will be culpable.

"This requires a lot of ethics and supervision. Ai remembers and processes faster than us, but it doesn't think or feel so culpability will always remain with the owner. That is what we really need to keep our eye on," he said.

It's a thorny subject and one that gets to the heart of the Ai debate prompting to make a plea for nuance and distinction in the discussion.

"A differentiation has to be made between the liability of the user of the Ai or the company that trained it. Who is liable, the manufacturer or the end user?" she asked.

"If the company has trained it to process claims and the user doesn't change that, I think the liability should stay with the company as the issue is about how the Ai behaves. But if the client trains the Ai on another data set, then perhaps it sits with the end user because they trained it that way," she added.

Adi likened the problem to that of gun manufacturing and ownership: "Once you buy the gun and pull the trigger, whatever happens is on you as the owner and user of the gun."

It is a strong analogy but one that Adi fleshed out further to articulate the complexities involved when asking moral questions in the context of Ai.

“Ai doesn’t have agency and the gun doesn’t shoot on its own but locating liability with the person who has the agency is important,” he said.

“When you make decisions that affect people, you have a lot of ethical questions. Who makes the decision and what frame of mind was the decision maker in? Are they predisposed to certain decisions because of the pre-cursor work done by the AI?”

“Ultimately, the liability lies with the company pulling the trigger.”

In something of a boon for the lawyers in the room, Adi predicted that every insurer using Ai in its operations is creating a whole new world for lawyers to explore ... and bill time for.

“You should be advising these insurers because they are doing things that are going to get them into trouble. Saying ‘the AI said so’ isn’t a defence,” he warned.

Bearing this liability question in mind, Mark asked the panel how Ai could play a larger and better role in managing claims and enhancing fraud detection measures, throughout the value chain.

Ludwig stepped in to argue that Ai probably has a crucial role to play in this respect: “When customers have claims and complaints, that is when you have a customer experience that really matters. It can make the difference to a customer staying or leaving, praising or criticising,” he said.

“These general systems can be finely tuned on specific data sets. There is a lot of value to be unlocked in claims by using the data to drive new insights and drive claims decisions to allow you to get back to customers faster and in a better way,” he added.

For Aura, this was fine in principle but the fact that insurers are reliant upon client declarations, complicated the landscape somewhat.

“Everything we do is grounded in information we are given by clients, and we are reliant upon that. So when you are looking at fraud for example, maybe it’s about having Ai scan the public information in relation to the applicant in a D&O case for example. That could be a good place to start,” she suggested.

“Ai allows us to be pre-emptive rather than reactive but whether we will have permission to do that, is a legal question. It’s about getting a balance. Has there been consent for us to use the information or has it just ended up in a public place where we happened to find it?” she asked.

The next edition of our coverage of the panel session, exploring the regulatory landscape around the use of Ai, will be issued next week. You can read the first instalment on what Ai is and how it should be use, here [Ethics of AI in Insurance - Article 1 - Forum of Insurance Lawyers \(FOIL\)](#)