ARTIFICIAL INTELLIGENCE – STRENGTHS, CONCERNS, OPPORTUNITIES, AND VALUE TO PUBLIC ENTITY RISK MANAGERS

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- ATTENDEE TAKEAWAYS:
  - Discussion of some of the ai tools that are of value in managing public risk
  - Better understanding of how ai usage has revolutionized the public risk sector
  - Considerations (pros and cons) when introducing ai tools into the workplace
  - Ways to measure value/ROI of ai tools

WHAT IS ARTIFICIAL INTELLIGENCE?

Artificial intelligence, or AI, is technology that enables computers and machines to simulate human intelligence and problem-solving capabilities.

- TYPES OF AI
  - Predictive
  - Proactive
  - Problem Solving

- PREDICTIVE ARTIFICIAL INTELLIGENCE
  - Predictive AI tools are those that help us look at potential risk exposure, and allow such risk to be addressed in advance.

- PREDICTIVE ARTIFICIAL INTELLIGENCE
  - Underwriting tools which assess risk, allowing for more accurate setting of costs for insurance
  - Medical data assessment tools allowing for understanding of cost and length of treatment
  - Data sets which track frequencies of incidents, which allow for predicating likelihood of events

- PROACTIVE ARTIFICIAL INTELLIGENCE
  - Proactive AI tools allow for decision making (or decision making assistance) in real time that lowers risk exposure and makes task completion easier

- PROACTIVE ARTIFICIAL INTELLIGENCE
  - Items that prompt reminders in real time so action can be taken (ticklers, expense tracking tools)
  - Intelligence that alerts drivers of adverse conditions or detect distracted driving
  - Tools that can prevent incidents by comparing all currently available data (prescription drug interactions)

- PROBLEM SOLVING ARTIFICIAL INTELLIGENCE
  - AI that can complete tasks which previously required human effort

- PROBLEM SOLVING ARTIFICIAL INTELLIGENCE
  - Chat boxes and ChatGPT tools
  - Drones that can measure and photograph objects and provide accurate data to assess size, repair costs
  - Photo estimating

- STRENGTHS OF UTILIZATION OF AI
  - Efficiencies
  - Accuracy
  - Cost savings
  - Improved decision making
  - Opportunities for customer engagement

- STRENGTHS – EFFICIENCIES
  - Productivity
  - Data retention
  - Automated processes
  - Preserve staff time for operations necessarily involving human interaction

- STRENGTHS – ACCURACY
  - Repetitive tasks consistently producing similar results
  - Correct predictions based on consistent data
  - Anomaly detection enhanced

- ## STRENGTHS – COST SAVINGS
  - In most cases AI systems can process and analyze data more quickly and accurately than humans. As AI capabilities continue to advance, and more data becomes available, functions will increasingly benefit from intelligent automation.
  - One recent study (VINTTI.COM) suggests savings ranging from 20-50% where effective AI tools are employed

- STRENGTHS – IMPROVED DECISION MAKING
  - Smart use of AI tools allows for speedy analysis of large amounts of complicated data, permits the recognition of data patterns as well as detection of deviations, and can ultimately assist in determining optimal solutions for specific issues/needs of a risk management organization.

- STRENGTHS – OPPORTUNITIES FOR CUSTOMER/EMPLOYEE ENGAGEMENT
  - Through use of tools such as chat boxes, photo estimating , ChatGPT, video learning and testing, customers and staff can utilize training and problem resolution tools at their convenience, often 24/7

- CONCERNS WITH ARTIFICIAL INTELLIGENCE USAGE
  - Employee concerns
  - Biased/incomplete data utilization
  - Hackings/ransomware threats

- CONCERNS – EMPLOYEE ISSUES
  - Many members of the workforce remain convinced that AI will replace their jobs
  - AI tools such as facial/thumbprint recognition allow for passive surveillance
  - Tracking tools create a work environment where employees feel they are being watched (internet browsing, phone monitoring)

- CONCERNS – BIASED/INCOMPLETE DATA
  - Effective use of AI tools relies on accurate, non-biased inputted data
  - Un/under-representative data can negatively affect results and outcomes (e.g. analyzing health data by sex, ethnicity)
  - Incorrect data can produce long lasting negative results impacting outcomes, operations and costs

- CONCERNS – HACKING/RANSOMWARE
  - Any mass collection of data is an invitation to "bad guys"
  - Stealing data, illegal usage of personal information and publication to the "dark web" are all threats
  - Malware/Ransomware attacks are occurring more often – holding data for hostage (recent examples SEPTA, City of Baltimore)

- OPPORTUNITIES WITH AI UTILIZATION
  - Forecasting accuracy
  - Increased productivity
  - Precision in risk detection
  - Enhanced decision making

- OPPORTUNITIES – FORECASTING ACCURACY
  - Use of many AI tools allows for superior detection of trends
  - Past KPI and predictive future analytics allow for superior underwriting and expense forecasting (e.g. costs of injuries)

- OPPORTUNITIES – INCREASED PRODUCTIVITY
  - By automating time consuming and duplicative work assignments, staff can be freed up for more focus-driven and creative tasks.
  - Increased efficiencies in answering inquiries, drafting documents

- OPPORTUNITIES – PRECISION IN RISK DETECTION
  - Modeling tools allow for recognition of subtle deviations and eliminate human biases
    - Pattern tracking made easier
    - Historic data can be used for noting future indicators
    - Varied sources can be incorporated into effective algorithms

- OPPORTUNITIES – ENHANCED DECISION MAKING
  - AI can analyze real-time data (often in seconds), and planning can be altered/adapted more quickly
  - Volumes of data can be utilized and added to at any time
  - Allows for consistent performance assessment

- VALUE TO RISK PROFESSIONALS
  - Impact on staffing shortages
  - Safety
  - Training
  - Fraud detection
  - Recognition of cybersecurity threats

- VALUE – STAFFING SHORTAGES
  - "The Great Retirement" – post-COVID, it is estimated that nearly 50% (over 400,000) of the insurance workforce has or will be leaving industry (US Bureau of Labor) leaving gaping holes in risk operations nationwide
  - AI tools can assist with filling gaps in operations, leaving trained professionals available for more critical functions.

- VALUE – SAFETY
  - Camera detection can alert and identify workplace hazards
  - Video monitoring identifying issues at workplace, public locations, theft and other criminal activity

- VALUE – TRAINING AND EVALUATION TOOLS
  - AI tools can provide an adaptable training environment for employees, with tools to adapt to specific training needs and proficiencies
  - Allow for employee evaluations with consistent results
  - Allow for customer feedback for staff performance

- VALUE – FRAUD DETECTION
  - Technology based tools can identify actual or potential fraudulent activity based on analysis of algorithms and data sets.
  - Allows for real-time detection
  - Applications in medical, property and financial fields

- VALUE – RECOGNITION OF CYBERSECURITY THREATS
  - Healthcare and financial services (insurance) industries are top two most vulnerable industries to cyberattacks
  - Data tools that scan emails can help limit phishing schemes and hacking incidents
  - Cyber-testing tools can track vulnerabilities in systems

- MEASURING RETURN ON INVESTMENT WITH ARTIFICIAL INTELLIGENCE
  - AI tools are costly (but coming down as competing products enter marketplace)
  - Need to identify specific tools that would enhance risk management in your office (defining objectives)
  - Need to ensure tools are compatible with operations
  - Define goals (expense reduction, staffing impacts, customer/claimant interaction)

- MEASURING RETURN ON INVESTMENT WITH ARTIFICIAL INTELLIGENCE
  - What are actual costs? Implementation, training, ongoing operation
  - What are benefits? Increased revenue, reduction in expenses, productivity, error reduction, customer experience

2024 WEBINAR SERIES

QUESTIONS?

THANK YOU FOR YOUR PARTICIPATION IN TODAY'S WEBINAR

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