ARTIFICIAL INTELLIGENCE....HMM

MY HOME

MY MUSIC

MY MOVIES

MY FRIENDS

MY LOVE

MY INVESTMENTS

MY CAREER

MY HEALTH

MY TRAVEL
ARTIFICIAL INTELLIGENCE OPPORTUNITY AND CHALLENGE

AI IS GOING TO IMPACT YOUR BUSINESS. YOU NEED TO DECIDE HOW YOU WILL ADAPT.

- REDEFINE BEST IN CLASS IN THE MARKET
- DO THINGS DIFFERENTLY
- AND
- DO DIFFERENT THINGS
- REDEFINE YOUR BUSINESS
NEW BUSINESS MODELS
LIFE SCIENCES

80%

GREATER ACCURACY IN GENOME SEQUENCING USING DEEP LEARNING
10% INCREASED YIELD (SAME LAND)
OPTIMIZING BACK OFFICE: OIL AND GAS

VIRTUAL AGENT TO HANDLE INVOICE INQUIRIES FOR FINANCE & ACCOUNTING PROCURE-TO-PAY PROCESSING.
AI IN INSURANCE....

- ABie – THE INTELLIGENT ASSISTANT
- WEARABLES WITH AI FOR HUMAN SAFETY
- ZURICH – AI-BASED CLAIMS HANDLING
- AI-BASED UNDERWRITING
- MEIJI YASUDA – ROBOTS SELLING LIFE INSURANCE
- Swyfft
- Metromile
- Lemonade
- I·lippo

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QUICK POLL

PLEASE TEXT FACI TO 22333 ONCE TO JOIN, THEN TEXT A, B OR C TO RESPOND FOR THE BELOW QUESTION

Q.1 How comfortable would you be in taking Insurance-related advise from an AI-based Robot instead of a Human Agent?

A. Prefer AI-based Robot
B. Prefer Human Agent
C. Indifferent
PROJECTED IMPACT OF AI

AI HELPS UNLOCK TRAPPED VALUE AND WILL MARKEDLY INCREASE INDUSTRY SHARE OF PROFIT

84% 74% 71% 59% 55% 53% 46% 44%
Education Accommodation & Food Services Construction Wholesale & Retail Healthcare Agriculture, Forestry & Fishing Social Services Transportation & Storage

39% 36% 31% 27% 26% 24% 17% 9%
Manufacturing Other Services Financial Services Public Services Arts, Entertainment & Recreation Professional Services Information & Communication Utilities

Share-of-profit increase per industry between baseline in 2035 and AI steady state in 2035 in %, Source: Accenture and Frontier Economics.
ACCELERATE RESEARCH
ARTIFICIAL INTELLIGENCE: THE FUTURE OF GROWTH

3 GROWTH ACCELERATORS:

Intelligent Automation
Labor and Capital Augmentation
Innovation Diffusion
QUICK POLL

PLEASE TEXT FACI to 22333 ONCE TO JOIN, THEN TEXT A, B, C OR D TO RESPOND FOR THE BELOW QUESTION

Q.2 How much incremental growth impact do you believe Artificial Intelligence (AI) will have on Insurance industry in North America in the next 5 years

A. Highly Positive
B. Negligible
C. Highly Negative
D. Uncertain
AI (MACHINE LEARNING) USAGE IN INSURANCE

**INSURERS USING ML**

- Investigating: 6%
- Piloting or experimenting: 30%
- Used in one business process: 19%
- Used in more than one business process: 27%
- Used across the value chain: 17%

**WHICH PROCESSES**

- Recruitment, sourcing and...: 18%
- Underwriting: 22%
- Advisory: 22%
- Rating: 24%
- Sales: 29%
- Distribution: 30%
- Claims and benefits: 31%
- Billing: 32%
- Policy operations: 34%
- Administration: 35%
- Operations: 36%
- Customer service: 37%
- Financial management: 38%
- Other: 1%

AI-BASED PERFORMANCE IMPROVEMENT

WITH AI, GREAT OPPORTUNITY PRESENTS EVEN GREATER RESPONSIBILITY.
GOVERNMENT
Is AI being deployed for “Societal Good” OR “Job Loss”?

REGULATORS
Is AI compliant with regulations like GDPR?

BUSINESS
AI’s possible “unintended consequences” like Brand and PR impact?
RESPONSIBLE AI WILL ENABLE AI TO FLOURISH

RESPONSIBLE AI DRIVERS

- Governance, accountability
- Honesty, transparency, fairness
- Stewardship, reskilling
- Security

ESTABLISH TRUST
CHALLENGES WITH AI

Limitations of Machine Learning – Blackbox / Opaqueness

Machine learning techniques today

- Neural Nets
- Deep Learning
- Graphical Models
- Bayesian Belief Nets
- Ensemble Methods
- Random Forests
- Decision Trees
- Statistical Models
- AOGs
- SVMs
- Deep Learning
- Statistical Models
- AOGs
- SVMs

Prediction Accuracy

Explainability

- Why did you do that?
- Why not something else?
- How do I correct an error?
- How do you unlearn?
QUICK POLL

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Q.3 Many AI systems operate as "Black Box". For key decisions (e.g. pricing/underwriting) if you had to pick between "Superior AI-based decisions" and "Transparency of Decision-making criteria", what would you pick?

A. Superior Decisioning

B. Transparency/Explanability

C. Uncertain
RESPONSIBLE AI FOR INSURANCE: SELECT CONSIDERATIONS

- Pricing for past or predicted future
- Telematics/IoT/Wearables – Safety vs privacy
- Inherent bias – Human vs AI-advisor
- AI-based claims handling – Lower cost vs transparency
- Risk transfer/coverage contract – Who is liable

Humans living with robots/AI – Who will insure who?
### WITH RESPONSIBLE AI, WHAT COULD TOMORROW LOOK LIKE?

<table>
<thead>
<tr>
<th>INTERACTION</th>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human to Human</td>
<td>Human-to-Robot</td>
<td>Robot-to-Robot</td>
</tr>
<tr>
<td></td>
<td>Human</td>
<td>Robot - Human - Robot</td>
</tr>
<tr>
<td>PRIVACY</td>
<td>Right to Information</td>
<td>Right to Explanation</td>
</tr>
<tr>
<td>COMPLIANCE</td>
<td>Reactive</td>
<td>Predictive</td>
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<tr>
<td>DATA</td>
<td>Ancillary</td>
<td>Lifeblood for Enterprise</td>
</tr>
<tr>
<td>REGULATION</td>
<td>Policy Construct &amp; Price</td>
<td>Broad Advocacy across Eco-Systems</td>
</tr>
</tbody>
</table>

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**AI FEARED**

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**AI ARCHITECTED WITH VALUE SYSTEM**
QUICK POLL

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Q.4 Do you believe that solving for "Black Box" nature of AI, to create more value from AI, is something that is better addressed by the following:

A. Individual Insurance Companies
B. Industry Consortium
C. Regulators (with inputs from Insurance Companies)
D. Outside the Insurance Industry Ecosystem (e.g. Academia)
THANK YOU