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The Institute of Internal Auditors Australia

Session 2A

The robots are here: Smart technologies that are disrupting the mindset

Presented by

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The robots are here: Leading Life Insurance into the era of AI

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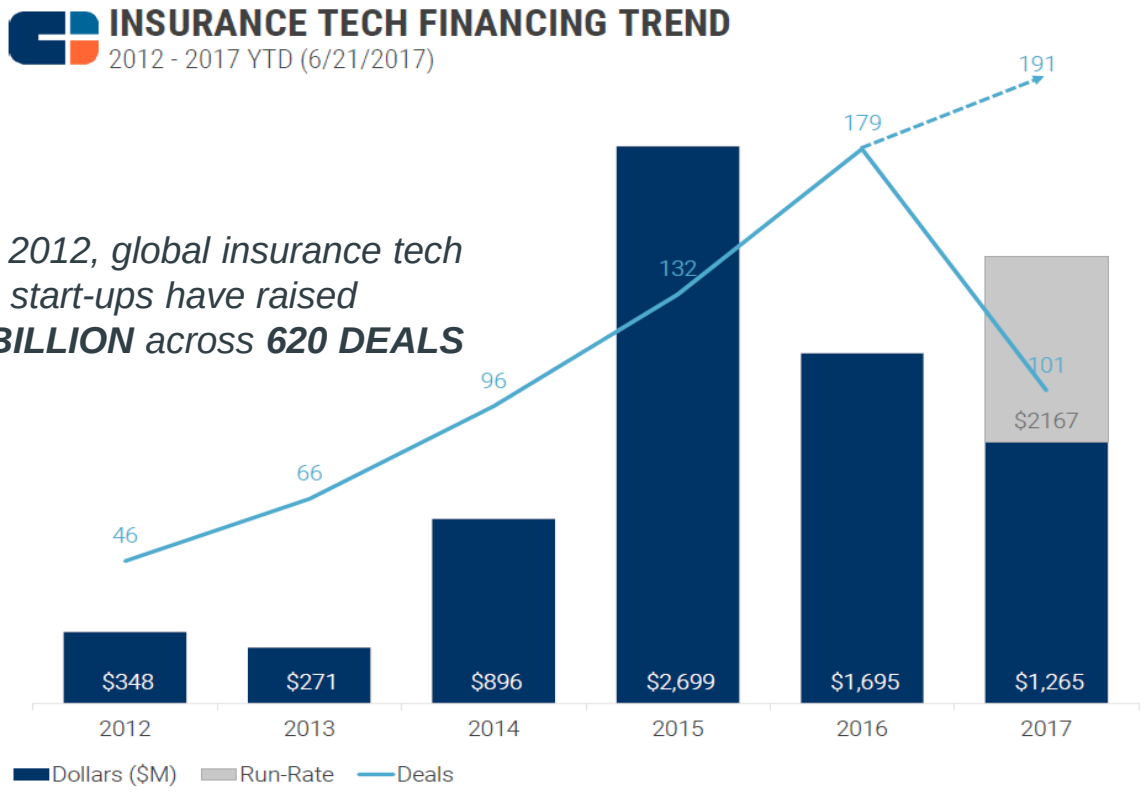
There is strong growth in InsurTech, with AI a hotspot



Since 2012, global insurance tech start-ups have raised ***$7.2 BILLION*** *across* ***620 DEALS***

AI in fintech and insurance tech is the leading category for deals in 2017

Source: CB Insights, Trends in Insurance Tech, July 2017

So what does A.I. mean for Insurance?

AI can mean a lot of things…

"It can think"
- Machine Learning

"It can hear"
- Voice to text
- NLP

"It can see"
- OCR

"It can move"
- Robotics

"It can talk"
- Chat bots

AI could enable us to move from paying claims to preventing the illness that creates claims

Amazon Prime shows the potential

So how has TAL approached this challenge?

A clear focus on practical innovation drives our industry leadership

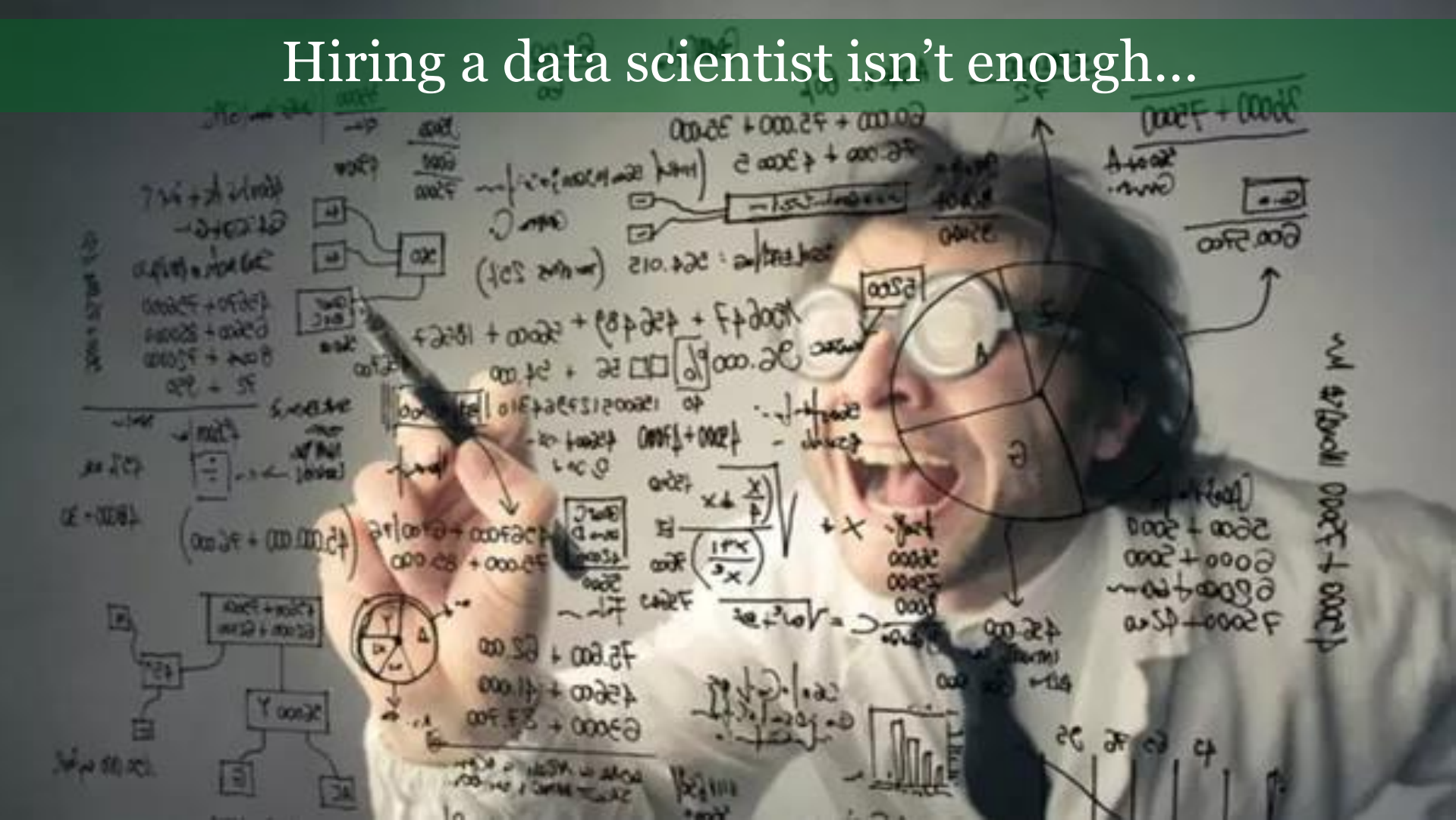
Creating signature experience design

Accelerate core and adjacent proposition development

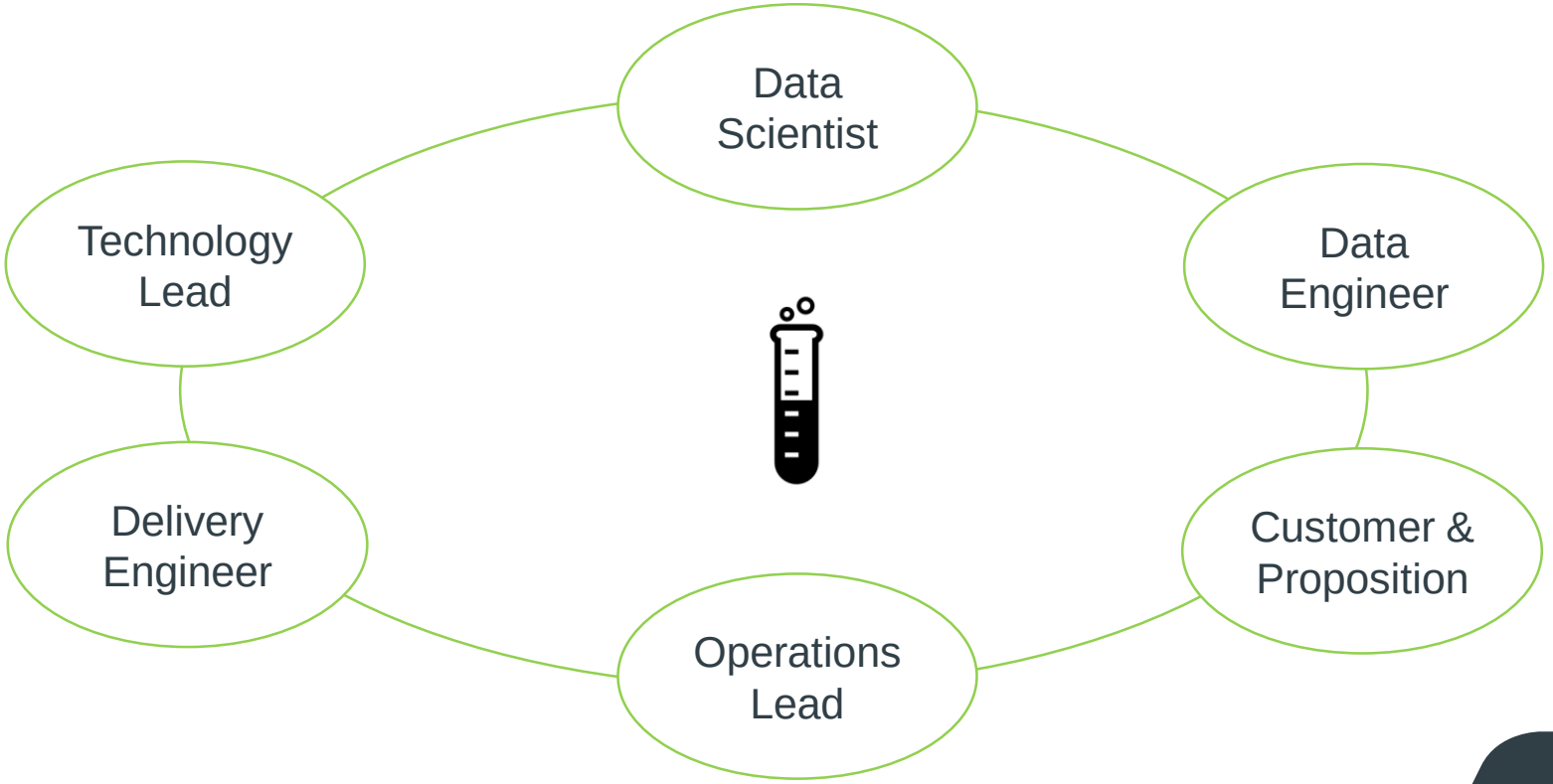
Leverage data and emerging technology to ‘step change’ our business

We have empowered a ring-fenced team

Hiring a data scientist isn't enough…



The team is multi-skilled and incentivised to experiment and learn



We have a clear focus on discreet customer experience improvements

"COMPUTER SAYS NO"

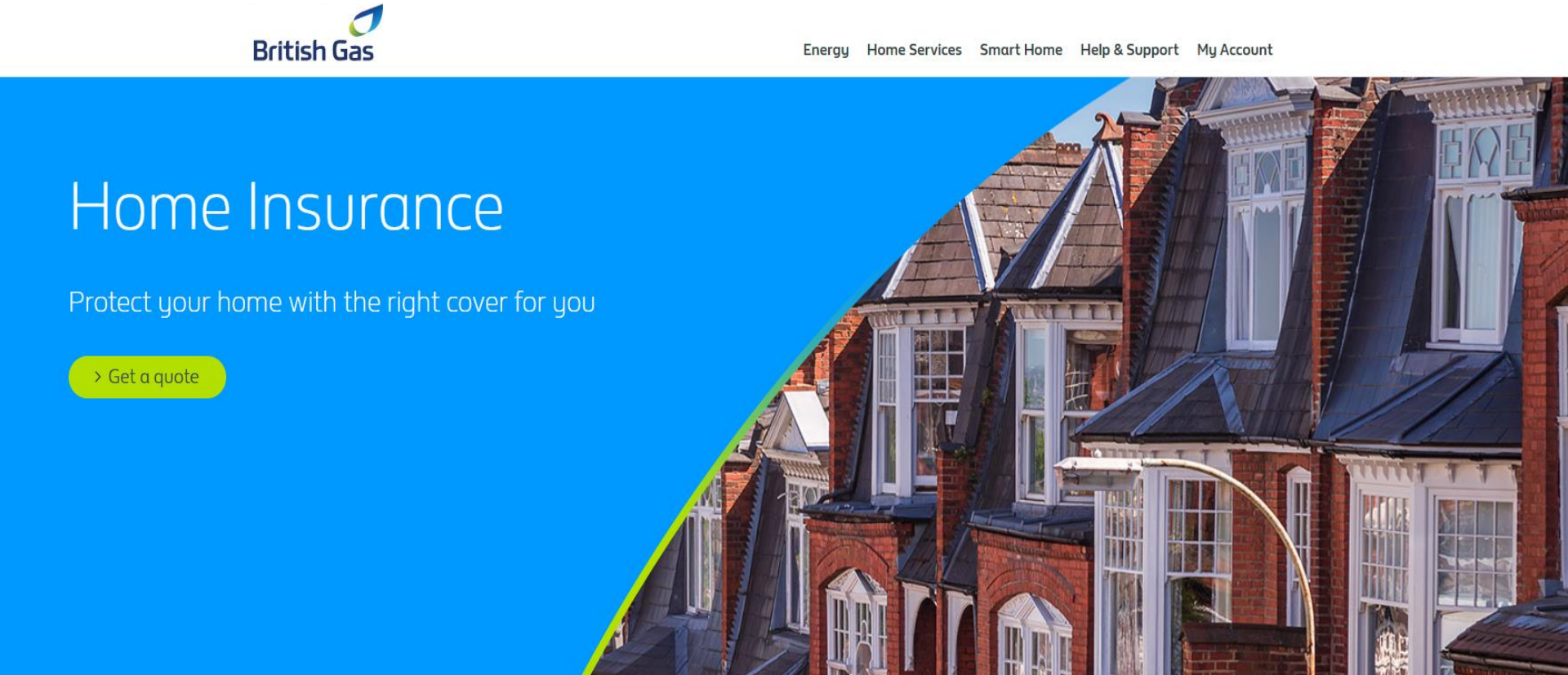
New data creates new opportunities…

A range of 3rd parties have new data

- Physical activity
- Phone usage whilst driving
- Dr and pharmacy visits
- Social activity and connectedness
- When people are at home, or not
- How much alcohol people drink
- What food they eat
- Interests and search history

… but brings new challenges

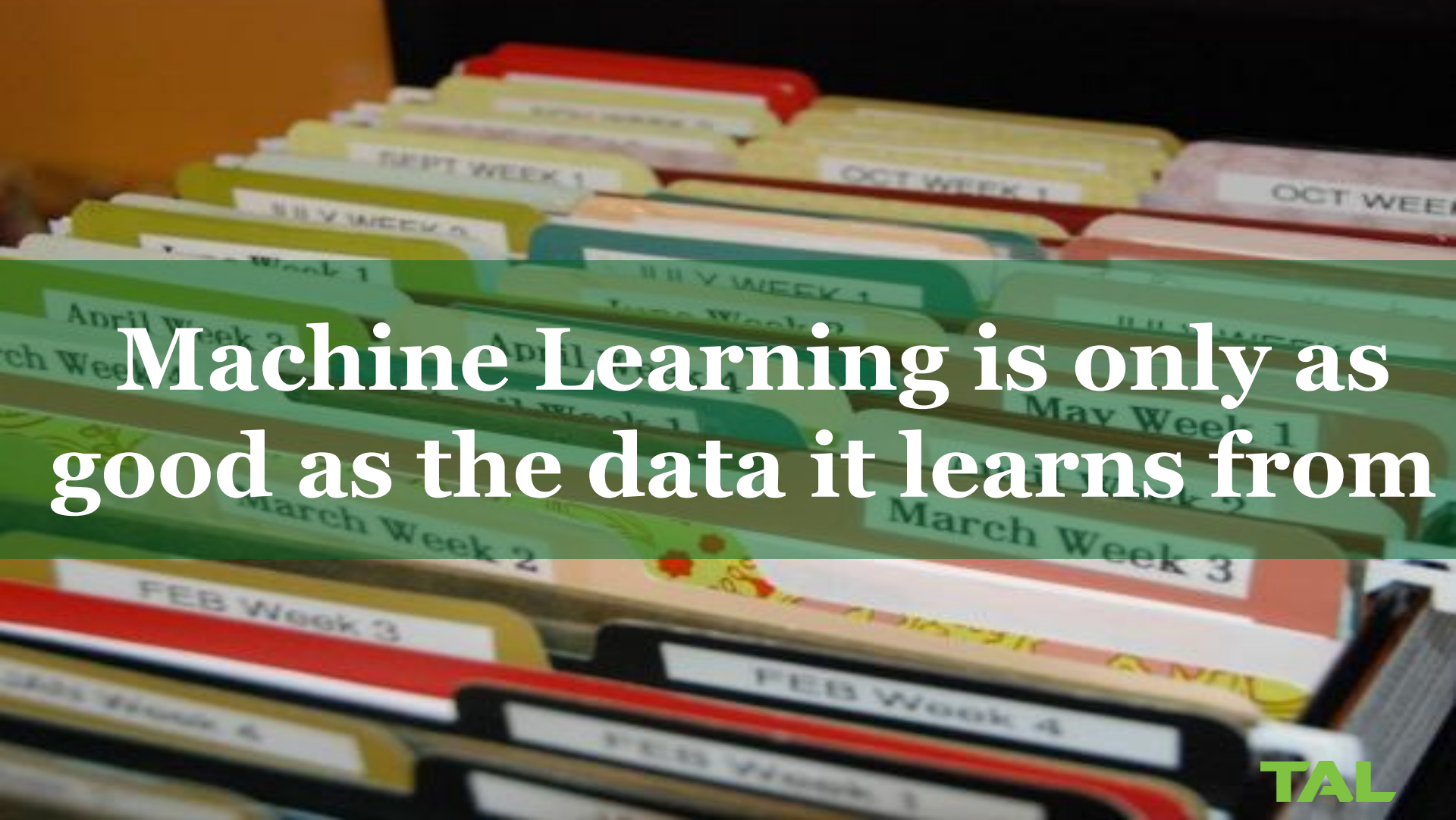
It’s not always obvious which data is the right data



What are the results?

There is a lot of hype about Machine Learning taking away jobs


It’s Machine Learning…
… not Machine Knowing


Machine Learning is only as good as the data it learns from
March Week 2
March Week 3
FEB Week 3
FEB Week 4
May Week 1
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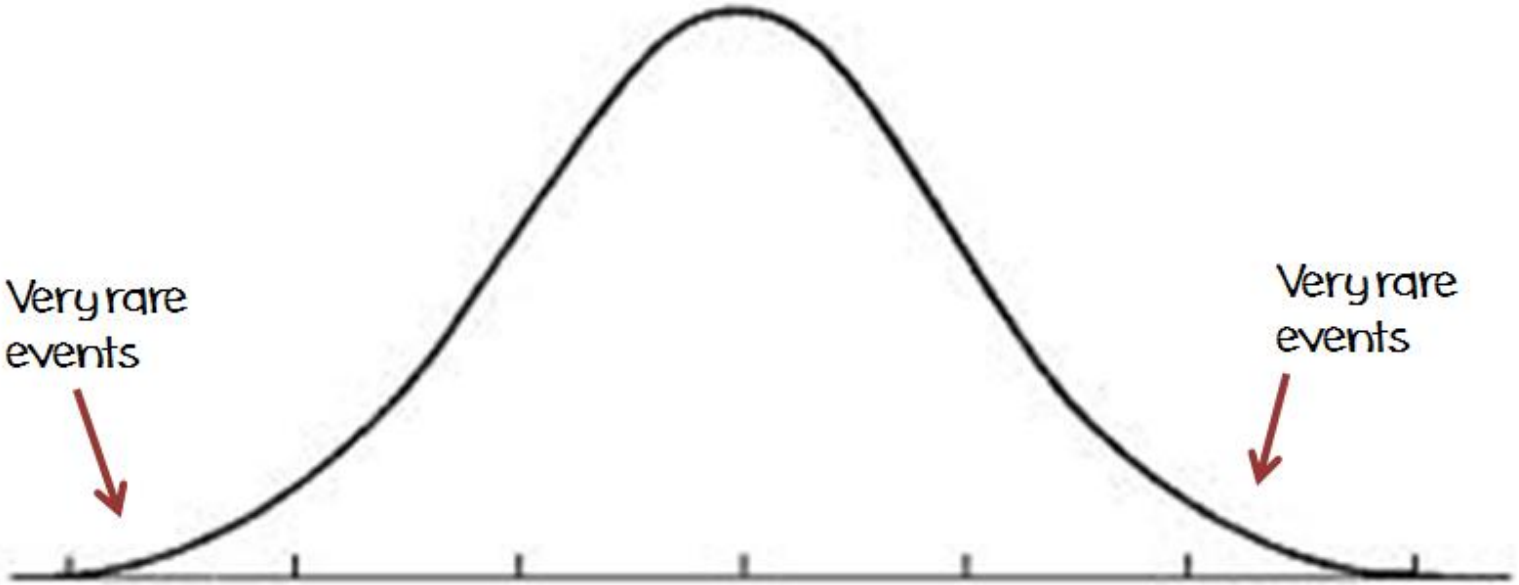
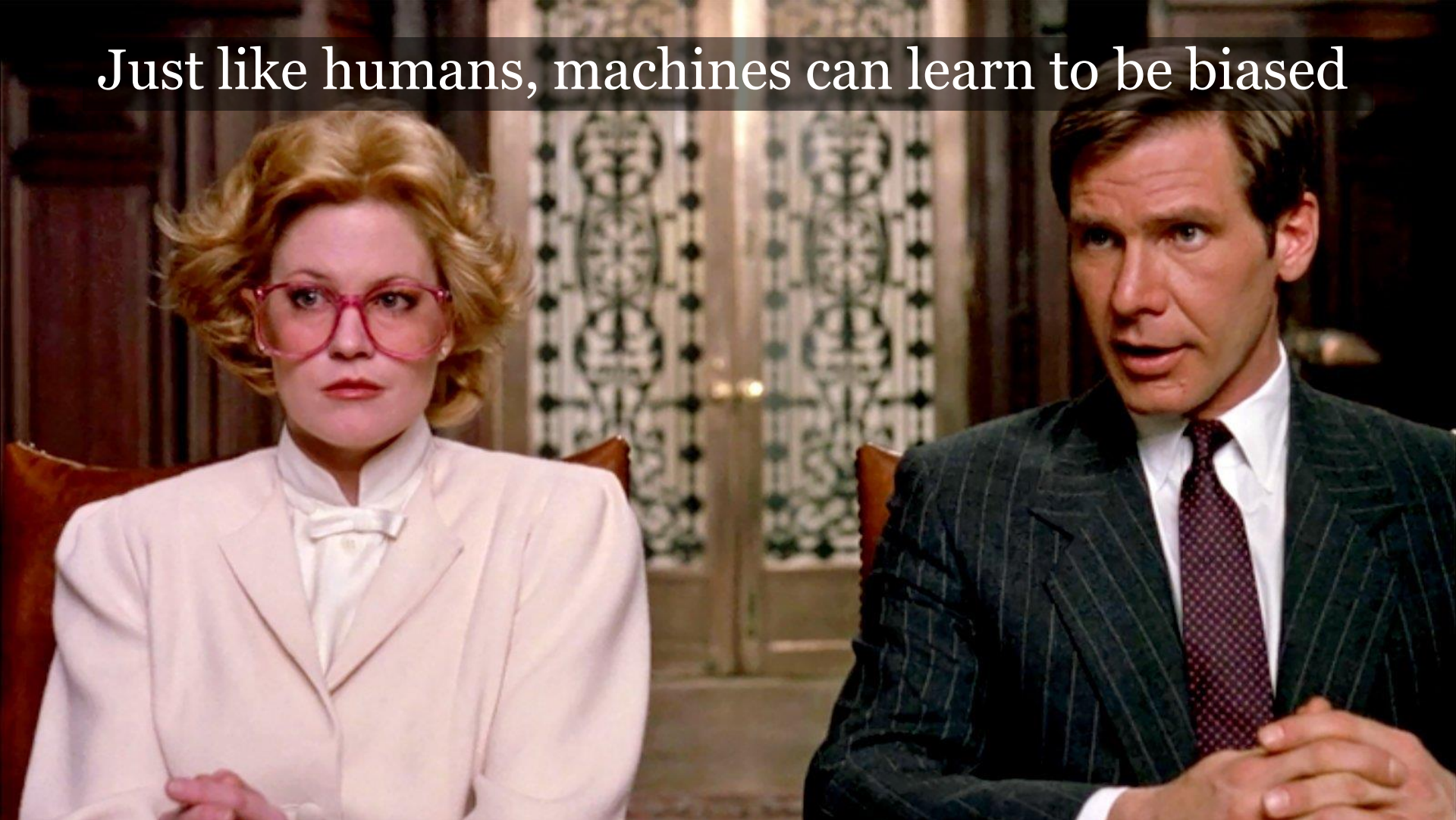
Data is rarely complete and correct

There are always ‘edge’ cases



Just like humans, machines can learn to be biased



They are hard to audit


We have to learn to trust something we don’t understand
TheGoodFilms

We've established trust in a number of ways

Appropriate use cases
How do you know you're focused on the right problem?

Triage - Use ML to triage (and automate) the simple cases and enable the humans to focus on the complex ones

Commercial confidence
How do you know the model works … and will stay working?

deploy in 'shadow mode' to prove reliability

Transparency
How do you know why it makes a decision?

Surface decision making factors and include in normal QA

Fairness & compliance
How do you know it's not discriminating?

Customer can't lose - only deploy machine learning decisions in ways that can't negatively impact the customer

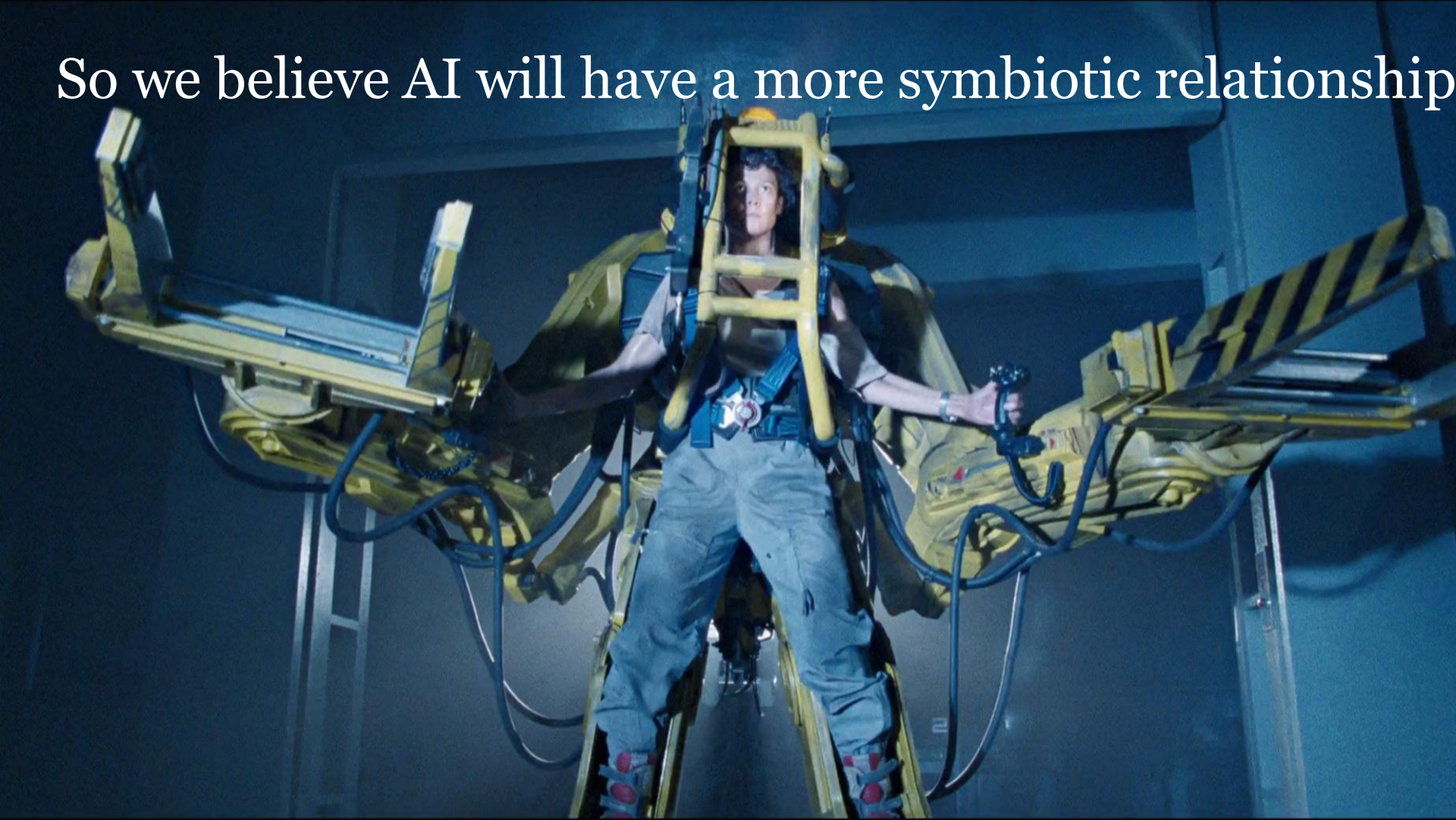
Security
How do you know it's not been abused?

Strict user access control and automated monitoring & reporting of output

Machine reviews 100% of cases to triage which cases the QA team should audit fully

Adds new dimension (outcome) to normal process compliance audit

So we believe AI will have a more symbiotic relationship



Thank you!

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