

Artificial Intelligence for Insurance Agencies and Brokers: Opportunities and Concerns

Artificial Intelligence (AI) presents numerous opportunities for insurance agents and brokers to enhance their operations, such as enhanced customer service and personalized marketing, enabling agents to tailor their marketing efforts more effectively. As insurance agents and brokers consider the potential use of artificial intelligence (AI) in their businesses, Berkley Service Professional offers the following for your consideration.

Vision and Intended Use

Insurance technology has evolved significantly over the past decades. In addition to the advent customer relationship management (CRM) systems, a variety of software applications are used for efficiency and productivity of administrative tasks, allowing agents and brokers to focus more on building relationships and providing value-added services to clients. AI represents another advancement of technology application, which may have significant impact on your business. We recommend that your agency establish a vision for use of AI by asking the following questions:

- How can we use AI?
- How should we use AI?
- What can AI do well? What can't AI do well?
- Can AI improve efficiency in our business through automation of certain (repetitive) tasks?
- Can AI augment insurance technologies currently used in our company?
- Can AI promote innovation in our business?
- How can we use AI in a purposeful, thoughtful, and quality manner?

Professional Practice, Policy, and Procedures

After you have crafted an AI vision for your agency, you should establish a policy on its development and use. It's also important to identify an executive leader of your company's AI initiative and a team of staff members to facilitate its development and provide "bottom-up" input and advice. Moreover, we recommend that you proceed thoughtfully and cautiously based on research and knowledge-gathering applicable to your business.

Establish Written AI Practice Standards

Elements of an AI policy manual include the following:

- Definition of intended use and allowable use of AI
- Explanation of the process of oversight and review that will occur as usage evolves
- Determination of specific and appropriate application of AI in conjunction with other technologies used in professional practice

Keep in mind that you will need to apply thorough research and vetting techniques in the use of AI, including confirming the validity, integrity, and accuracy of source data and control of your agency's output.

Do Not Compromise Professional Responsibility

When using AI, it is critical to maintain the human, professional responsibility for oversight.

- Be cautious about over-reliance on technology and automated processes without applying foundational insurance experience and expertise.
- Ensure that you or other expert personnel at your agency review AI output for consistency with professional knowledge and expertise, rather than relying blindly on AI technology.
- Provide training about this advanced technology and an environment of ongoing and continuous learning and education.
- Establish a process and communication system within your organization to share ideas, thoughts, and experience to promote better quality and efficiencies.

Understand Legal, Regulatory, Compliance, and Ethical Requirements

When contemplating the use of AI and creating your policy manual, you also need to recognize legal, regulatory, compliance, ethical, and other requirements governing professional practice and supervisory duties.

Over-reliance on AI and automated processes can reduce human oversight and expertise, potentially leading to errors and a lack of critical thinking in decision-making. Maintaining a balance between AI and human judgment is essential.

Consider these questions:

- Do you understand the source, ownership/copyright, and usage restrictions of material and data that may be identified, used, and relied upon in an AI search?
- Do you have the right to use data and information derived from an AI search?
- Will potentially inaccurate AI-produced content expose you to liability?
- Should you disclose the use of AI to your clients?

In any event, you should understand and adhere to professional and contractual obligations for data privacy and security in the use of electronic data, systems, and tools.



Conclusion

Embracing AI opportunities allows insurance agents and brokers to enhance efficiency, boost customer satisfaction, and drive business growth. It is essential for insurance agencies and their leaders to comprehend both the benefits and risks associated with AI, establish a clear strategy and vision for its use, and meticulously plan and manage its implementation. By recognizing and addressing potential risks, insurance agencies can harness the advantages of AI while mitigating any downsides. Implementing robust governance frameworks, ensuring transparency, and prioritizing ethical considerations are crucial steps in effectively managing AI deployment.



Additional Resources

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Agent for the Future: The Independent Insurance Agent's Introduction to AI

<https://www.agentforthefuture.com/topics/technology/artificial-intelligence-for-insurance-agents/>

Limit: 6 AI Innovations That All Insurance Agents and Brokers Must Prepare For

<https://www.limit.com/blog/ai-insurance-innovations/>

Hitachi Solutions: 5 Ways AI Tools Empower Insurance Agents to Build Better Policyholder Relationships

<https://global.hitachi-solutions.com/blog/ai-for-insurance-agents/>

Insurance Business: Can your brokerage business stay ahead of AI-driven risks?

<https://www.insurancebusinessmag.com/ca/news/commercial-liability/can-your-brokerage-business-stay-ahead-of-aidriven-risks-517264.aspx>

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