



IA's Insurtech Initiatives for 2025

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IA vs AI

Insurance Authority (IA)

Policy and Legislation Division

Insurtech Facilitation Team

Regulatory & Development

Artificial Intelligence (AI)

Machine Learning

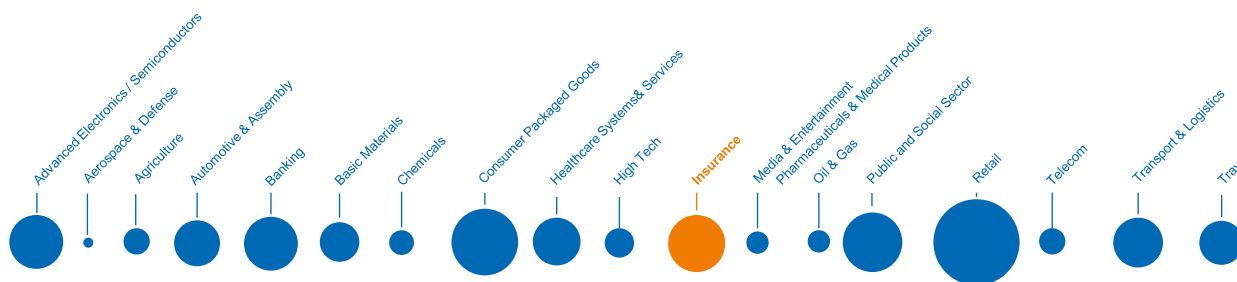
Deep Learning

Generative AI

AI Annual Value and Benefits in Insurance

Potential Total Annual Value of AI and Analytics across Industries

US\$ 9.5T – US\$ 15.4T



- A global consulting firm estimates that AI technologies could add up to **\$1.1 trillion** in annual value for the global insurance industry:
 - approximately **\$400 billion** from pricing, underwriting and promotion technology upgrades
 - **\$300 billion** from AI-powered customer service and personalized offerings

Key potential AI Applications in Insurance

A latest joint survey conducted by HKTDC and PwC HK revealed the most potential application areas of AI in insurance are:

- **Virtual assistant/chatbots: 80%**
- **Fraud detection: 70%**
- **Customer service: 64%**
- **Efficient claims processing: 60%**

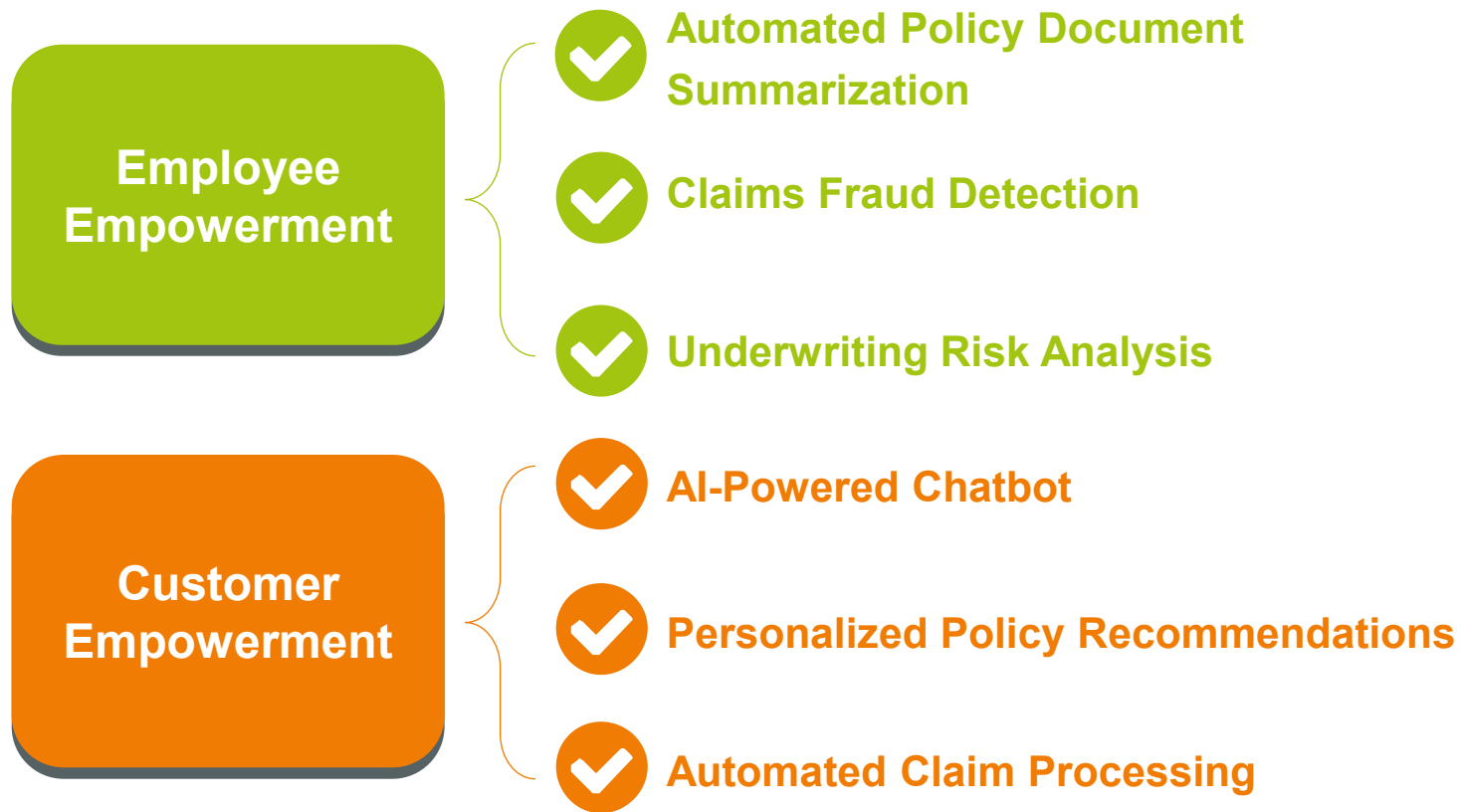
Proven Benefits of AI/GenAI



Source: Forbes, IBM, McKinsey, PwC

AI Adoption in Insurance

Industry-Wide GenAI Adoption Trends



Observations in the industry

- Insurers are gradually testing GenAI in internal workflows.
- External adoption progresses cautiously due to uncertainties in regulatory and technical maturity.

Generative AI Top Capabilities



Content Generation



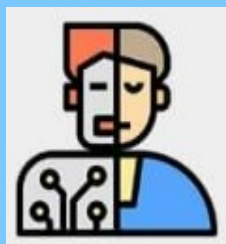
Summarization



Code Generation



Semantic Reasoning



AI Agent

Workflow Generation + Workflow Execution

IA's AI Initiatives in 2025



Two-Pronged Approach on 2025 AI Initiatives

Enhance regulatory clarity and ensure responsible AI adoption.

Regulatory Perspective

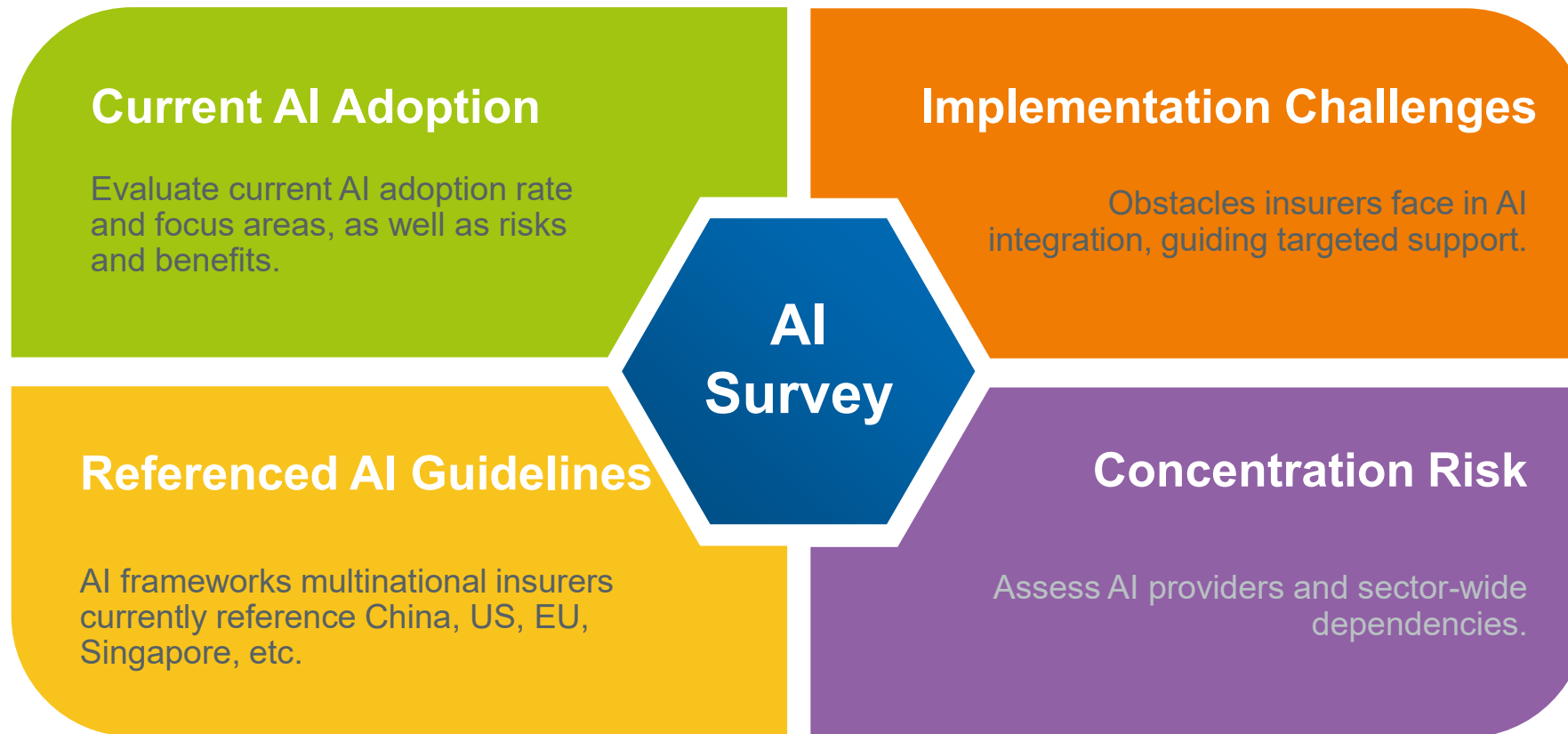


Development Perspective

Drive AI adoption with industry collaboration and support.

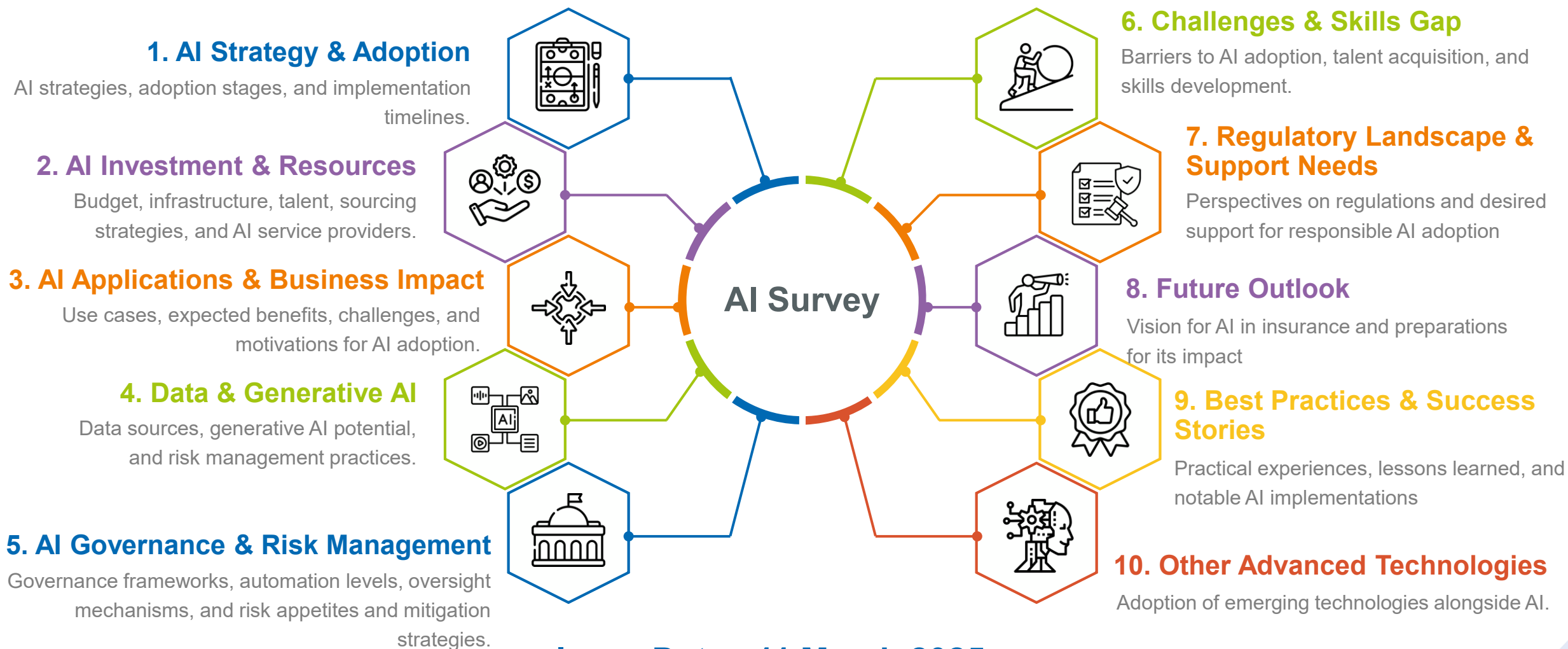
Regulatory Perspective: AI Survey

Focus on the AI Survey:



Shape a flexible regulatory framework and guide AI support initiatives

Regulatory Perspective: Structure of the AI Survey

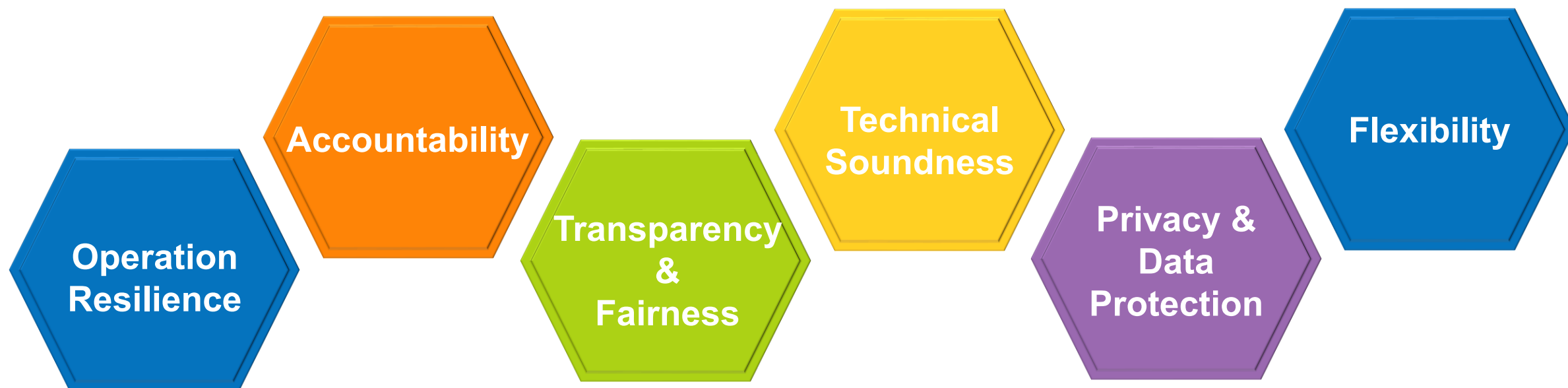


Issue Date : 11 March 2025

Deadline for Submission: 31 March 2025

Regulatory Perspective: Guideline Clarification

Balance of regulatory and development considerations



IAIS Supervision on AI Adoption

IAIS Draft Application Paper on the Supervision of AI

- Developed by IAIS Fintech Forum
- Being finalized after public consultation in Dec 2024



AI Opportunities and Risks:

Opportunities

- ✓ Enhanced policyholder engagement
- ✓ Cost efficiency in policy & claims management
- ✓ Better risk selection & pricing

Risks

- ▲ Bias & discrimination in AI decisions
- ▲ Data privacy challenges
- ▲ Accountability issues
- ▲ Financial stability concerns

Insurance Core Principles (ICPs) covered:

ICP 1.4: Objectives, powers and responsibilities of the supervisor	ICP 7.3: Delegation of responsibilities ICP 7.4: Board member responsibilities	ICP 19.2: Policies, processes and business culture of fair treatment of customers
ICP 2.10: Supervisory resources	ICP 8.8: Outsourcing oversight	ICP 19.7: Information for consumers
ICP 5.2: Competence & integrity	ICP 16: Enterprise risk management for solvency purposes	ICP 19.10: Claims handling ICP 19.11: Complaints handling
ICP 7.2: Corporate culture	ICP 19.0: Fair treatment of customers	ICP 19.12: Protection & use of customer information



To balance AI-driven innovation while ensuring responsible AI use.

IAIS Suggested Governance Framework

AI System Risks	IAIS suggested AI Governance Framework	
• Data protection & security	✓ Data management	<div>Governance & accountability</div> <div>Robustness, safety & security</div> <div>Fairness, ethics & redress</div> <div>Transparency & explainability</div>
• Biased / Discrimination	✓ Statistical robustness ✓ Fairness by design ✓ Documenting inferred causal relationships ✓ Monitoring outcomes	
• Model risk / Explainability	✓ Explaining AI system outcomes ✓ Explanations adapted to the recipient stakeholders ✓ Sufficiency of information from third-party service providers	
• Adverse societal outcomes	✓ Redress mechanisms ✓ Monitoring societal implications	
• Intellectual property infringement	✓ Corporate culture	
• Cybersecurity	✓ Safety and security ✓ Secure AI models against cyber threats	
• Concentration risks	✓ Use of third-party AI systems and data	

Development Perspective: AI Cohort Program

Drive AI adoption across insurers at different levels of technological maturity.

- For **large** insurers with advanced capabilities:
 - Scale the AI applications from basic implementation to more advanced and impactful use cases
 - Serve as leading examples
- For **small-and-medium** size insurers with limited AI experience:
 - Take the first step into AI implementation
 - Identify relevant AI applications through solution-matching workshops
- For those in the "**wait-and-see**" stage:
 - Offer knowledge-sharing sessions, best practices, and case studies to showcase AI's benefits and boost confidence in adoption

Development Perspective: AI Cohort Program

Regulatory advice

- Provide guidance and share good practices on the adoption of A.I.

Solution-matching workshops

- Connect insurers with diverse AI providers through HKSTP, Cyberport, and other relevant solution providers.

AI panel expert

- Experts from academia, consulting and tech firms and industry
- Technical guidance for responsible AI implementation

Seminars, panel discussions & case studies

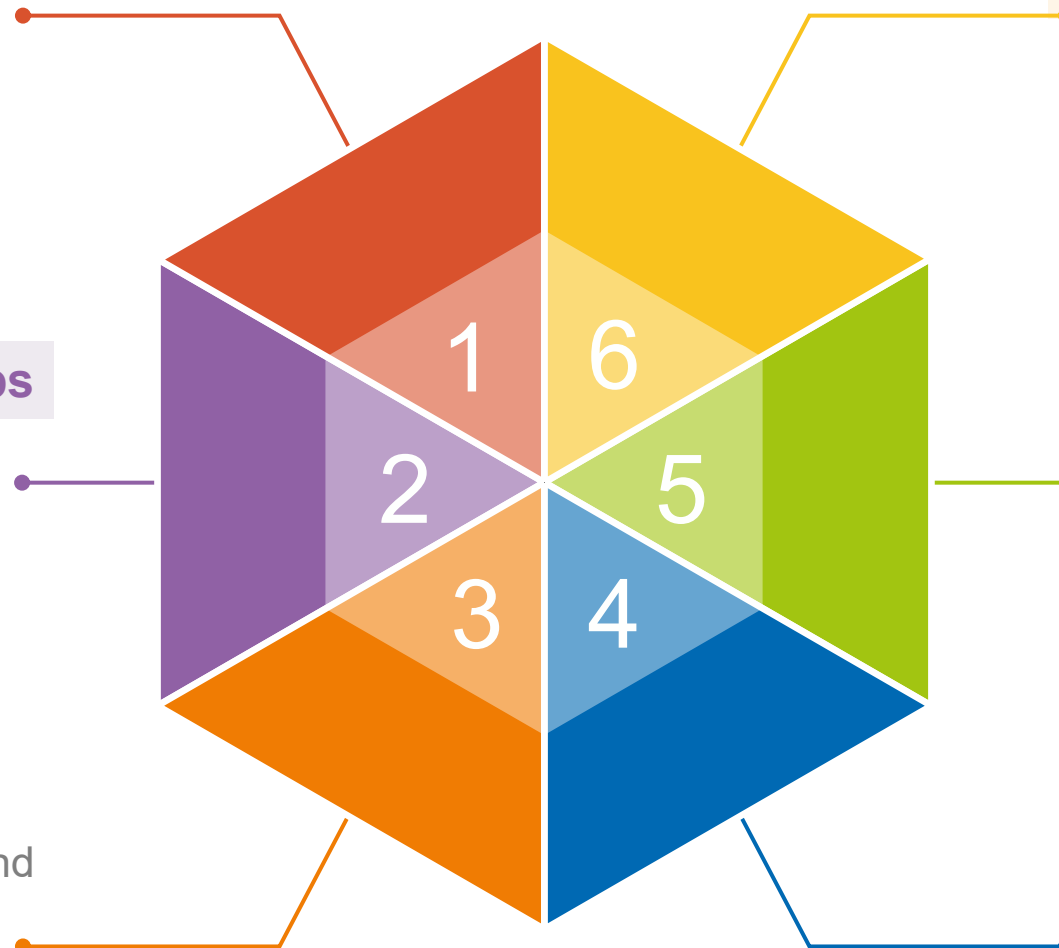
- Share successful AI implementation experiences
- Highlight industry best practices to boost adoption confidence

Empower adoption with diverse solutions

- Promote diverse AI solutions
- Showcase the strengths of leading AI solutions

Computing power support

- Shared resources for Proof-Of-Concept testing via HKSTP/Cyberport
- Lower AI development costs for SME insurers





Thank You

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