AI AND INSURANCE CLAIMS OUTLINE FOR 2025 I-3

Learning Objectives

By the end of this CLE session, participants will be able to:

1. Understand how generative AI works and its relevance to the insurance claims process.

2. Identify the benefits and limitations of using AI in claims analysis and coverage decisions.

3. Consider future regulatory and litigation trends involving AI in the insurance industry.

4. Understand the potential coverage implications for claims involving the use of AI.

5. Do other stuff

Session Outline

I. Introduction and Speaker Credentials (5 minutes)

- Overview of session goals

II. How Generative AI Works (10 minutes)

- Visual explanation of generative AI and its creative processes

- Technical overview: training data, large language models (LLMs), pattern recognition

- Example: How AI generates a reservation of rights letter

III. Benefits and Use Cases for Insurance Professionals (10 minutes)

- Drafting claim letters, coverage positions, and policy summaries

- Enhancing efficiency in claims review

- Automating repetitive communications

IV. Pitfalls of Generative AI (10 minutes)

- Bias in AI

    o Review of NIST SP 1270 and sources of bias

    o Real-world implications for underrepresented groups

- Hallucinations and Inaccuracies

    - Examples of fabricated legal citations and policy terms

    - Visual: Robot "hallucinating" metaphor

- Data Poisoning and Overselling

    - Risks from corrupted training data

    - Hype vs. capability

V. Ethical and Legal Considerations (5 minutes)

- Duty of competence when using AI (ABA Model Rule 1.1, Comment 8)

- Risks of relying on unverified AI outputs

- Preserving confidentiality and avoiding unauthorized practice of law

- Need for human review in AI-assisted claims handling

VI. The Future: AI vs. AI (5 minutes)

- AI detecting fraud vs. claimants using AI to craft false narratives

- Implications for adjusters, litigators, and regulators

VII. Legal Exposure and Coverage Implications for AI Claims (10 minutes)

- Legal liability arising out of AI use, including privacy claims, intellectual property claims, D&O claims and regulatory exposure

- Coverage available for claims based on AI under cyber, E&O, D&O and CGL policies

VII. Q&A and Practical Takeaways (5 minutes)

- How to responsibly integrate AI into legal and claims workflows

- Guidance for drafting AI policies in claims departments